

ANAMOSA COMMUNITY SCHOOL DISTRICT
ANAMOSA, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

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ANAMOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2008 Election)		
Brian Darrow	President	2008
Connie McKean	Vice President	2009
Rich Crump	Board Member	2008
LeAnn Ridgeway	Board Member	2009
Lowell Tiedt	Board Member	2009
Anna Mary Riniker	Board Member	2011
Brian Bieber	Board Member	2011

<u>Board of Education</u>		
(After September 2008 Election)		
Brian Darrow	President	2011
Connie McKean	Vice President	2009
LeAnn Ridgeway	Board Member	2009
Lowell Tiedt	Board Member	2009
Anna Mary Riniker	Board Member	2011
Brian Bieber	Board Member	2011
Rich Crump	Board Member	2011

<u>School Officials</u>		
Dale Monroe	Superintendent	2009
Don L. Folkerts	District Secretary	2009
Linda Von Behren	District Treasurer	2009
Brian Gruhn	Attorney	2009
Adrian Knuth Law Firm	Attorney	2009

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Anamosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2009 on our consideration of Anamosa Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information on pages 7 through 21 and 56 through 57 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anamosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
December 14, 2009

Management's Discussion and Analysis

Anamosa Community School District provides this discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2009. Please consider this information in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District designated \$175,000 from the general fund balance for the purposes of technology, curriculum, and professional development for the 2008-2009 year.
- The District used School Infrastructure Local Option Sales Tax (SILO) proceeds to call the balance of the 1997 general obligation bonds. The District called the remainder of the bonds totaling of \$670,000 during fiscal year 2009. The bonds otherwise had maturity dates of 2010 and 2011. These bonds first became callable in June 2006. By using SILO funds to call bonds in fiscal years 2006 through 2009, the Anamosa Community School District saved approximately \$917,000 in interest costs.
- Interest rates continued to decline during the year, resulting in a decrease in interest revenues of \$77,484 or 66.9% from the previous year.
- During the year, the Governor of the State of Iowa ordered an across- the-board cut of 1.5%. This reduction amounted to approximately \$91,500 less in State Aid and Phase funds than originally allocated.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

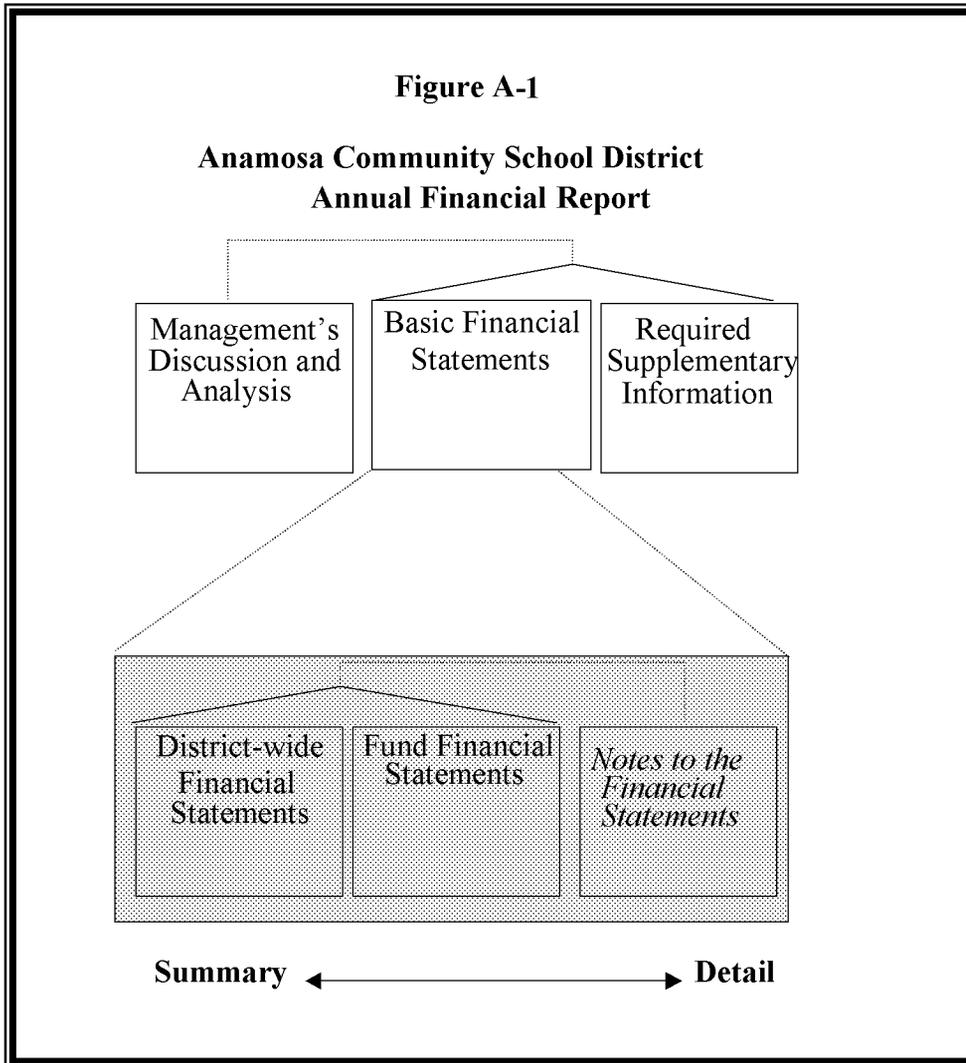


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2: Major Features of the District Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service, day care and preschool are included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and agency fund monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service, day care, construction trades, and preschool programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in

the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District has four enterprise funds, the School Nutrition Fund, the Construction Trades Fund, the Three-Year Old Preschool Fund and the Day Care Fund, consisting of Rainbow Day Care and Kids Quest.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
 - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other entities.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

	Governmental Activities		Business Type Activities		Total School District	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
	Current and other assets	\$ 8,233,011	\$ 8,593,774	\$ 170,344	\$ 189,030	\$ 8,403,355
Capital assets	<u>7,612,135</u>	<u>7,363,957</u>	<u>60,754</u>	<u>77,168</u>	<u>7,672,899</u>	<u>7,441,125</u>
Total assets	<u>\$15,845,146</u>	<u>\$15,957,731</u>	<u>\$231,098</u>	<u>\$266,198</u>	<u>\$16,076,244</u>	<u>\$16,223,929</u>
Long-term obligations	\$1,086,337	\$ 86,824	\$ 18,995	\$ 15,596	\$1,105,332	\$ 102,420
Other liabilities	<u>5,466,293</u>	<u>5,424,033</u>	<u>117,243</u>	<u>84,444</u>	<u>5,583,536</u>	<u>5,508,477</u>
Total liabilities	<u>\$6,552,630</u>	<u>\$ 5,510,857</u>	<u>\$136,238</u>	<u>\$100,040</u>	<u>\$6,688,868</u>	<u>\$ 5,610,897</u>
Net assets						
Invested in capital assets, net of related debt	\$6,564,535	\$ 7,345,157	\$60,754	\$77,168	\$6,625,289	\$7,422,325
Restricted	657,173	1,108,222	-	-	657,173	1,108,222
Unrestricted	<u>2,070,808</u>	<u>1,993,495</u>	<u>34,106</u>	<u>88,990</u>	<u>2,104,914</u>	<u>\$2,082,485</u>
Total net assets	<u>\$9,292,516</u>	<u>\$10,446,874</u>	<u>\$94,860</u>	<u>\$166,158</u>	<u>\$9,387,376</u>	<u>\$10,613,032</u>

Net assets from governmental activities increased by \$1,154,358 in FY '09. This is primarily due to retiring principal on the District's long term debt using SILO funds. The net assets of the District's business-type activities increased by \$71,298. This is primarily due to three reasons, the addition of capital assets greater than the existing capital assets are decreasing value, the decrease in short-term liabilities and the increase in accounts receivable. (See Figure A-4)

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-type Activities		Total School District	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Revenues						
Program revenues						
Charges for services	\$ 1,416,833	\$1,602,798	\$683,248	\$1,155,463	\$2,100,081	\$ 2,758,261
Operating Grants & Contributions	2,077,901	1,861,339	298,500	289,549	2,376,401	2,150,888
Capital Grants & Contributions	-	-	-	32,105	-	32,105
General revenues						
Property taxes	3,577,119	3,836,692	-	-	3,577,119	3,836,692
Other taxes	1,210,097	1,206,139	-	-	1,210,097	1,206,139
Unrestricted Grants/Entitlements & interest	6,318,847	6,204,373	1,034	273	6,319,881	6,204,646
Total revenues	\$ 14,600,797	\$14,711,341	\$982,782	\$1,477,390	\$15,583,579	\$16,188,731
Expenses						
Instruction	\$ 8,719,709	\$8,988,304	\$ 6,202	8,381	\$ 8,725,911	\$ 8,996,685
Support Services	4,189,132	3,781,364	8,100	149,166	4,197,232	3,930,530
Debt Service, interest on long-term debt	97,687	36,930	-	-	97,687	36,930
Other	781,367	750,385	998,220	1,248,545	1,779,587	1,998,930
Total expenses	\$ 13,787,895	\$13,556,983	\$1,012,522	\$1,406,092	\$14,800,417	\$14,963,075
Change in net assets	\$ 812,902	\$1,154,358	\$(29,740)	\$ 71,298	\$783,162	\$1,225,656

Figure A-5 shows the sources of revenues of governmental activities for fiscal year 2009. State Aid made up 41.7% of total revenues, a decrease from 42.1% the previous year. Property Taxes made up 26.1% of revenues, up from 24.5% last year. Federal & State categorical grants made up 12.6% of the revenues, down from 14.2% last year. Charges for services as a percentage of total revenues increased from 9.7% to 10.9%. Other taxes, which consist of SILO and Income Surtax, made up 8.2% of governmental revenues, down slightly from 8.3% last year. Investment earnings made up .5% of total revenues.

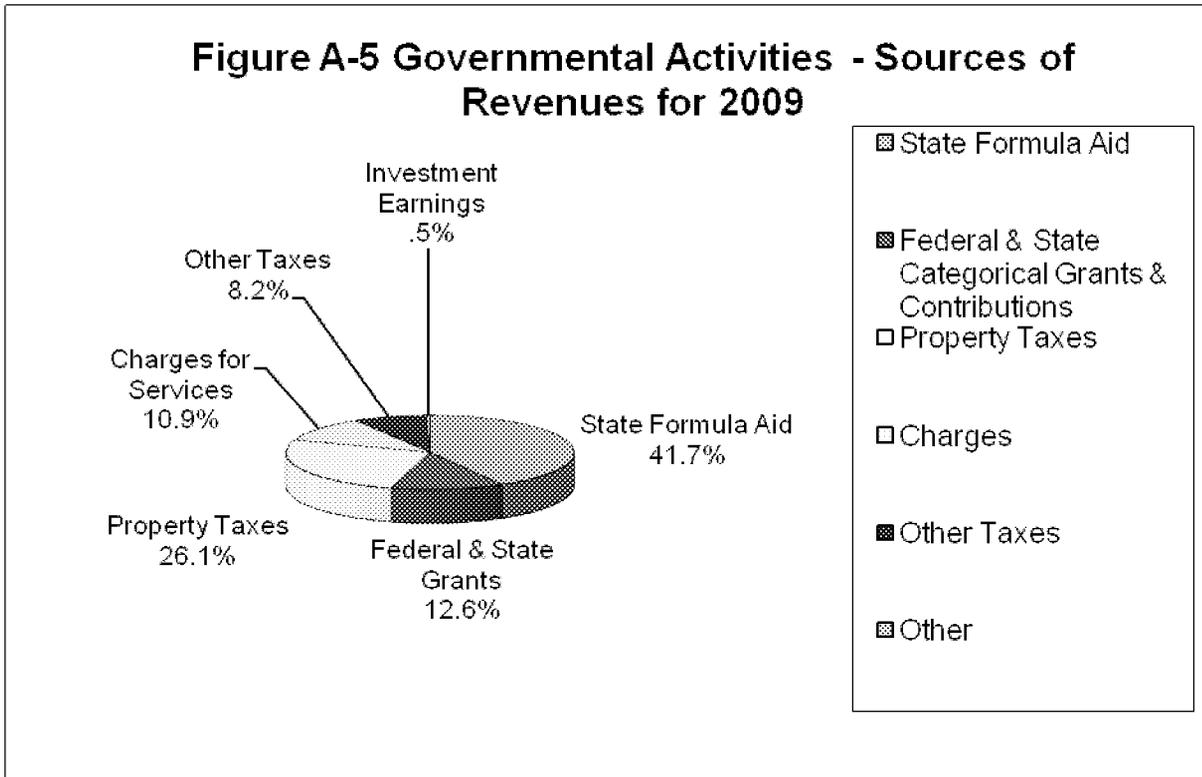


Figure A-6 illustrates the expenses of the District’s governmental activities divided into seven categories and presents them as a percent of all governmental activities expenses. Instructional expenses made up 66.3% of all governmental activities expenses. This is up from 63.3% in 2008. Pupil and Instructional Support, which includes media, guidance, and technology support, made up 7.7% of all expenses. Administration represented 8.4% of all expenses, up slightly from 8.1%. Maintenance and Transportation accounted for 6.9% and 4.9% respectively of all expenses. Transportation decreased as a percent of total expenses from 5.5% last year. Debt Service accounted for .3%, down from .7%. All Other was 5.5% of total expenses. All Other includes AEA Flowthrough and Depreciation.

**Figure A-6
Governmental Activities
Expenses for 2009**

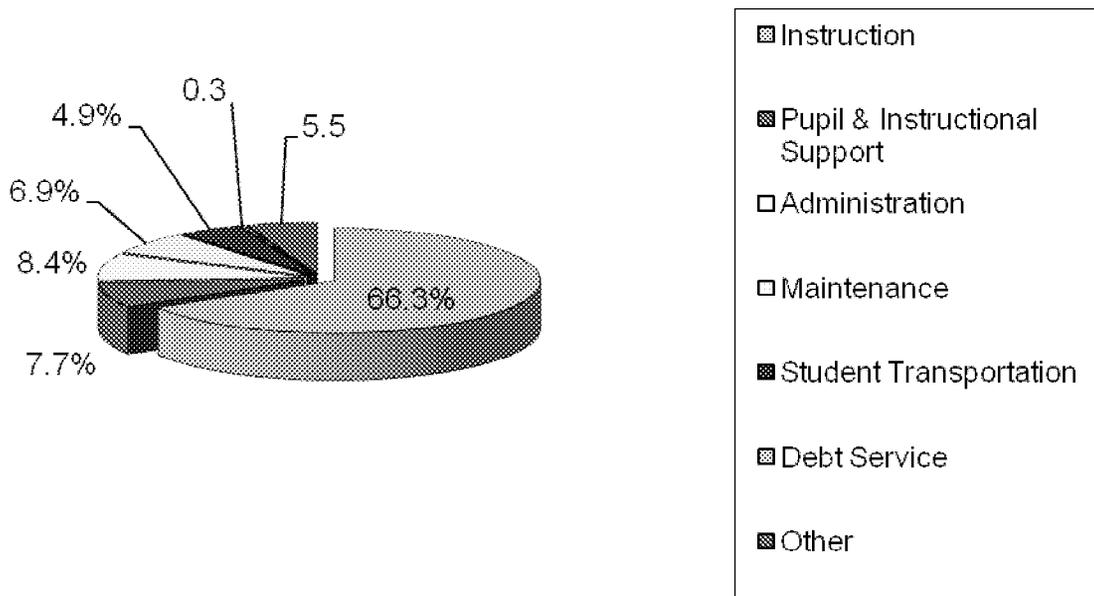


Figure A-7 presents the cost of four major district activities: instruction, support services including maintenance and transportation, debt service, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7

**Total and Net Cost of Governmental
Activities**

	Total Cost of Services		Net Cost of Services	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Instruction	\$ 8,719,709	\$ 8,988,304	\$ 6,154,288	\$ 6,244,780
Support Services	4,189,132	3,781,364	3,744,327	3,551,592
Debt Service	97,687	36,930	97,687	36,930
Other	<u>781,367</u>	<u>750,385</u>	<u>296,859</u>	<u>259,544</u>
Total	\$13,787,895	\$13,556,983	\$ 10,293,161	\$10,092,846

- The cost of all governmental activities for FY '09 was \$13,556,983, a decrease of 1.7% from FY '08.
- Some of the cost was financed by the users of the District's programs (see Figure A-4)
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$1,861,339, and charges for district services financed \$1,602,798.
- Most of the District's costs (\$10,092,846), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$3,836,692 in property taxes, \$6,132,676 of unrestricted state aid based on the statewide finance formula, and investment earnings.

Business-Type Activities

Program revenues of the District's business-type activities increased to \$1,477,390 from \$982,782, an increase of \$494,608. Most of this increase can be attributed to the sale of two student-built homes in fiscal year 2009. This was also the first full year of operation of the Day Care program within the School District. Expenses for business-type activities increased to \$1,406,092 from \$1,012,522. The majority of this increase is the recognition of the expenses of two student-built homes and a full year of expenses for the Day Care program. (Refer to Figure A-4.)

Financial Analysis of the District's Funds

As previously noted, the Anamosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of approximately \$2,814,000. This is up from a combined governmental fund balance of approximately \$2,415,000 at June 30, 2008. The general fund balance and capital projects funds balance increased by \$117,922 and \$155,000, respectively. The increase in the general fund balance is due to an increase in unspent categorical funding at year end.

Governmental Fund Highlights

- The General Fund balance increased by 5.3% from \$2,222,956 to approximately \$2,340,878. This increase is primarily due to an increase in unexpended categorical dollars such as state preschool, educator quality and model core funding at year end.
- The Capital Projects Fund balance increased by 52.2% or \$154,363. This is due to the accumulation of sales tax revenues since the general obligation bonds were redeemed at June 1, 2009.
- The Physical Plant and Equipment Fund (PPEL) fund balance increased by 33.2% or \$99,399. This is due to the pay back on the interfund loan with the General Fund as property tax dollars are collected. Projects funded and items purchased from the PPEL fund in fiscal year 2009 include a walk-in freezer, utility vehicle, building improvements, musical instruments, and athletic scoreboards.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased by \$3,459 from last year to \$73,287 at June 30, 2009. This was primarily due to an increase in operating revenue.

The Construction Trades Fund experienced an increase in net assets of \$20,792 from the previous year. This is the result of the sale of both the 2007-2008 and 2008-2009 student-built homes.

The Preschool Fund net assets increased by \$674 from June 30, 2008. To the extent costs exceed revenues, costs for this program are transferred into the General Fund, covered by Title I and At Risk funds.

The Daycare Fund net assets increased by \$46,373 from the previous year. This includes contributions of approximately \$44,000 during the year.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a basis consistent with generally accepted accounting principles (GAAP).

Over the course of the year, the District amended its annual operating budget one time to reflect an increase in costs in the Non-Instructional Program function. This increase was necessary to allow for the possible sale of two student-built homes with the costs of both homes being recognized in one fiscal year.

With the amendment of the budget, none of the function areas exceeded the certified budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total revenues were \$228,727 more than budgeted, a variance of 1.4%. This was primarily due to federal revenues collected for disaster relief (FEMA).

Total expenditures were less than the budgeted amount by 12.7% primarily due to the District's practice to budget expenditures near the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the District had invested approximately \$7.4 million in a broad range of assets, including school buildings, athletic facilities, transportation, and technology equipment. (See Figure A-8) This is a net decrease of \$231,764 from last year. The decrease is attributed to depreciation outpacing capital purchases during the year. Building capital improvements for the year included window and door replacements at the High School and Strawberry Hill Elementary at a total cost of \$42,235 and roof repairs at each of the school buildings at a total cost of \$13,133. Equipment additions for the year included the purchase of scoreboards for baseball and softball as well as a high jump package at a total cost of \$17,919 with some of this cost reimbursed by FEMA; chimes and a baritone sax for instrumental music at a total cost of \$6,598; a 2004 Chevy Suburban for District use for \$15,000, among other equipment. Site improvements consisted of the replacement of athletic lights and power boxes funded by FEMA funds at a total cost of \$25,956. **(More detailed information about capital assets can be found in Note 5 to the financial statements.)** Depreciation expense for the year was \$397,802 for governmental activities.

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change <u>2008-2009</u>
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	
Land	\$591,350	\$591,350	\$ -	\$ -	\$591,350	\$ 591,350	0.0%
Land Improvements	418,013	413,539			418,013	413,539	-1.1%
Construction In Progress	∞	7,883				7,883	100.0%
Buildings	6,129,555	5,991,987	-	-	6,129,555	5,991,987	-2.2%
Equipment & Furniture	<u>473,217</u>	<u>359,198</u>	<u>60,754</u>	<u>77,168</u>	<u>533,971</u>	<u>436,366</u>	-18.3%
	\$ 7,612,135	\$7,363,957	\$60,754	\$77,168	\$7,672,889	\$7,441,125	-3.0%

Long-Term Debt

At year-end, the District had \$0 in general obligation bonds outstanding. This is a decrease of \$1,010,000 from the previous fiscal year as can be seen in Figure A-9 below. More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

During the year the District called \$670,000 of bonds using SILO funds and paid the 2009 bonds maturing of \$340,000. By calling the bonds as SILO funds

became available, the District saved approximately \$917,000 in interest costs on these obligations from the time these bonds were issued until they were retired.

Figure A-9

Outstanding Long-Term Liabilities

	Total		Total Percentage Change <u>2008-2009</u>
	School District		
	<u>2008</u>	<u>2009</u>	
Early retirement	\$ 38,737	\$ 19,369	-50.0%
General obligation bonds & notes (financed with property taxes)	1,010,000	0	100.0%
Compensated Absences	0	48,655	100.0%
Notes Payable	<u>37,600</u>	<u>18,800</u>	-50.0%
Total	\$1,086,337	\$ 86,824	-92.0%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that will affect its financial condition in the future:

- On October 8, 2009, the Governor of the State of Iowa announced a 10% across the board cut effective immediately. The impact on the District's state aid to be received is a reduction of \$625,163. This across the board cut was in addition to a 1.5% cut implemented in fiscal year 2009 and continued into fiscal year 2010.
- The District is receiving funds distributed under the American Recovery and Reinvestment Act (ARRA). This funding is expected to be temporary. The District will need to find alternative sources of funding or make reductions to the extent these funds are supporting on-going commitments.
- The Board of Directors of the District has designated \$125,000 of general fund balance for the purposes of professional development, technology, and curriculum.

- Certified teaching staff, represented by the Anamosa Education Association, make up approximately \$6,208,000 in wages and benefits or 47.8% of all General Fund expenditures. Salary and benefit settlements with any employee group in excess of “new money” or allowable growth in state funding has an adverse effect on the District’s General Fund budget and related fund balance.
- Rainbow Day Care was in need of a new location as new owners were to take possession of their previous location in November 2009. The District has remodeled space within the elementary building to accommodate this program. Rainbow Day Care moved into Strawberry Hill Elementary in September 2009. The District now also provides meals and custodial services to this program.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Von Behren, Business Manager, Anamosa Community School District, 200 S Garnavillo Street, Anamosa, Iowa, 52205.

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Basic Financial Statements

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 3,695,045	\$ 109,050	\$ 3,804,095
Receivables:			
Property tax:			
Current year	50,378	-	50,378
Succeeding year	3,800,892	-	3,800,892
Income surtax	356,065	-	356,065
Accrued interest	139	-	139
Accounts	27,079	205,295	232,374
Due from other governments	458,935	-	458,935
Interfund balances (note 4)	160,826	(160,826)	-
Inventories	-	35,511	35,511
Prepaid expenses	44,415	-	44,415
Capital assets, net of accumulated depreciation (note 5)	7,363,957	77,168	7,441,125
Total assets	15,957,731	266,198	16,223,929
Liabilities			
Accounts payable	336,189	39,267	375,456
Salaries and benefits payable	1,215,977	37,169	1,253,146
Deferred revenue:			
Succeeding year property tax	3,800,892	-	3,800,892
Other	70,975	8,008	78,983
Long-term liabilities (note 6):			
Portion due within one year:			
Compensated absences	48,655	15,596	64,251
Early retirement	19,369	-	19,369
Notes payable	18,800	-	18,800
Total liabilities	5,510,857	100,040	5,610,897

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 7,345,157	\$ 77,168	\$ 7,422,325
Restricted for:			
Categorical funding	454,393	-	454,393
Management levy	26,493	-	26,493
Other special revenue purposes	105,707	-	105,707
Debt service	71,761	-	71,761
Capital projects	449,868	-	449,868
Unrestricted	<u>1,993,495</u>	<u>88,990</u>	<u>2,082,485</u>
Total net assets	<u>\$ 10,446,874</u>	<u>\$ 166,158</u>	<u>\$ 10,613,032</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 8,988,304	\$ 1,570,206	\$ 1,173,318	\$ -
Support services:				
Student services	479,442	-	73,670	-
Instructional staff services	563,855	-	14,300	-
Administration services	1,136,718	-	-	-
Operation and maintenance of plant services	936,098	8,622	93,591	-
Transportation services	665,251	23,970	15,619	-
	<u>3,781,364</u>	<u>32,592</u>	<u>197,180</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	17,270	-	-	-
Long-term debt interest and fiscal charges	36,930	-	-	-
AEA flowthrough	490,841	-	490,841	-
Depreciation (unallocated) *	242,274	-	-	-
	<u>787,315</u>	<u>-</u>	<u>490,841</u>	<u>-</u>
Total governmental activities	<u>13,556,983</u>	<u>1,602,798</u>	<u>1,861,339</u>	<u>-</u>
Business-Type Activities:				
Instruction	8,381	-	-	-
Support services:				
Administration services	12,591	-	-	-
Operation and maintenance of plant services	136,398	-	-	-
Transportation services	177	-	-	-
	<u>149,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	629,541	369,790	240,646	32,105
Construction and trades operations	200,672	359,930	-	-
Preschool operations	9,800	14,130	4,725	-
Daycare operations	408,532	411,613	44,178	-
	<u>1,248,545</u>	<u>1,155,463</u>	<u>289,549</u>	<u>32,105</u>
Total business-type activities	<u>1,406,092</u>	<u>1,155,463</u>	<u>289,549</u>	<u>32,105</u>
Total	<u>\$ 14,963,075</u>	<u>\$ 2,758,261</u>	<u>\$ 2,150,888</u>	<u>\$ 32,105</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (6,244,780)	\$ -	\$ (6,244,780)
(405,772)	-	(405,772)
(549,555)	-	(549,555)
(1,136,718)	-	(1,136,718)
(833,885)	-	(833,885)
(625,662)	-	(625,662)
(3,551,592)	-	(3,551,592)
(17,270)	-	(17,270)
(36,930)	-	(36,930)
-	-	-
(242,274)	-	(242,274)
(296,474)	-	(296,474)
(10,092,846)	-	(10,092,846)
-	(8,381)	(8,381)
-	(12,591)	(12,591)
-	(136,398)	(136,398)
-	(177)	(177)
-	(149,166)	(149,166)
-	13,000	13,000
-	159,258	159,258
-	9,055	9,055
-	47,259	47,259
-	228,572	228,572
-	71,025	71,025
(10,092,846)	71,025	(10,021,821)

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

Functions/Programs

General Revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Income surtax

Statewide sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ 3,179,273	\$ -	\$ 3,179,273
394,234	-	394,234
263,185	-	263,185
372,315	-	372,315
833,824	-	833,824
6,132,676	-	6,132,676
41,445	273	41,718
30,252	-	30,252
11,247,204	273	11,247,477
1,154,358	71,298	1,225,656
9,292,516	94,860	9,387,376
\$ 10,446,874	\$ 166,158	\$ 10,613,032

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and pooled investments	\$ 3,145,168	\$ 549,877	\$ 3,695,045
Receivables:			
Property tax:			
Current year	39,383	10,995	50,378
Succeeding year	3,321,152	479,740	3,800,892
Income surtax	356,065	-	356,065
Accrued interest	-	139	139
Interfund receivable (note 4)	419,926	-	419,926
Accounts	27,079	-	27,079
Due from other governments	270,381	188,554	458,935
Prepaid expenses	44,415	-	44,415
	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>7,623,569</u>	\$ <u>1,229,305</u>	\$ <u>8,852,874</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 318,522	\$ 17,667	\$ 336,189
Salaries and benefits payable	1,215,977	-	1,215,977
Interfund payable (note 4)	-	259,100	259,100
Deferred revenue:			
Succeeding year property tax	3,321,152	479,740	3,800,892
Other	427,040	-	427,040
Total liabilities	<u>5,282,691</u>	<u>756,507</u>	<u>6,039,198</u>
Fund balances:			
Reserved for:			
Categorical funding	454,393	-	454,393
Prepaid expenses	44,415	-	44,415
Debt service	-	71,761	71,761
Unreserved:			
Designated for:			
Wellness	54,162	-	54,162
Curriculum	50,000	-	50,000
Technology	50,000	-	50,000
Professional development	25,000	-	25,000
Undesignated, reported in:			
General fund	1,662,908	-	1,662,908
Special revenue funds	-	(48,831)	(48,831)
Capital projects fund	-	449,868	449,868
Total fund balances	<u>2,340,878</u>	<u>472,798</u>	<u>2,813,676</u>
Total liabilities and fund balances	<u>\$ 7,623,569</u>	<u>\$ 1,229,305</u>	<u>\$ 8,852,874</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2009

Total fund balances of governmental funds	\$ 2,813,676
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,363,957
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	356,065
Long-term liabilities, including notes payable, early retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(86,824)</u>
Net assets of governmental activities	<u><u>\$ 10,446,874</u></u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Nonmajor Governmental Funds	Total
Revenues:			
Local sources:			
Local tax	\$ 3,359,761	\$ 1,679,428	\$ 5,039,189
Tuition	779,802	-	779,802
Other	157,388	517,906	675,294
Intermediate sources	8,569	-	8,569
State sources	7,465,076	791	7,465,867
Federal sources	736,779	-	736,779
Total revenues	<u>12,507,375</u>	<u>2,198,125</u>	<u>14,705,500</u>
Expenditures:			
Current:			
Instruction	<u>8,392,619</u>	<u>617,217</u>	<u>9,009,836</u>
Support services:			
Student services	479,442	-	479,442
Instructional staff services	521,540	-	521,540
Administration services	1,050,951	55,311	1,106,262
Operation and maintenance of plant services	895,259	71,989	967,248
Transportation services	541,912	50,819	592,731
	<u>3,489,104</u>	<u>178,119</u>	<u>3,667,223</u>
Other expenditures:			
Facilities acquisition	-	74,688	74,688
Long term debt:			
Principal	-	1,028,800	1,028,800
Interest and fiscal charges	-	41,394	41,394
AEA flowthrough	490,841	-	490,841
	<u>490,841</u>	<u>1,144,882</u>	<u>1,635,723</u>
Total expenditures	<u>12,372,564</u>	<u>1,940,218</u>	<u>14,312,782</u>
Excess of revenues over expenditures	<u>134,811</u>	<u>257,907</u>	<u>392,718</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):			
Sale of equipment	\$ 25	\$ -	\$ 25
Compensation for loss of capital assets	3,194	2,622	5,816
Interfund transfers in (note 3)	-	690,108	690,108
Interfund transfers out (note 3)	(20,108)	(670,000)	(690,108)
Total other financing sources (uses)	<u>(16,889)</u>	<u>22,730</u>	<u>5,841</u>
Net change in fund balances	117,922	280,637	398,559
Fund balances beginning of year	<u>2,222,956</u>	<u>192,161</u>	<u>2,415,117</u>
Fund balances end of year	<u>\$ 2,340,878</u>	<u>\$ 472,798</u>	<u>\$ 2,813,676</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 398,559

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 149,624	
Depreciation expense	<u>(397,802)</u>	(248,178)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 1,028,800

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,464

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	19,368	
Compensated absences	<u>(48,655)</u>	<u>(29,287)</u>

Change in net assets of governmental activities \$ 1,154,358

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	School Nutrition	Nonmajor Enterprise Funds	Total
Assets			
Cash and cash equivalents	\$ 5,883	\$ 103,167	\$ 109,050
Accounts receivable	-	205,295	205,295
Inventories	10,511	25,000	35,511
Capital assets, net of accumulated depreciation (note 5)	77,168	-	77,168
Total assets	<u>93,562</u>	<u>333,462</u>	<u>427,024</u>
Liabilities			
Accounts payable	88	39,179	39,267
Salaries and benefits payable	7,204	29,965	37,169
Interfund payable (note 4)	5,700	155,126	160,826
Deferred revenue	7,283	725	8,008
Compensated absences (note 6)	-	15,596	15,596
Total liabilities	<u>20,275</u>	<u>240,591</u>	<u>260,866</u>
Net Assets			
Invested in capital assets	77,168	-	77,168
Unrestricted	<u>(3,881)</u>	<u>92,871</u>	<u>88,990</u>
Total net assets	<u>\$ 73,287</u>	<u>\$ 92,871</u>	<u>\$ 166,158</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	<u>School Nutrition</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 369,790	\$ 785,018	\$ 1,154,808
Operating expenses:			
Instruction	-	8,381	8,381
Support services:			
Administration services	9,679	2,912	12,591
Operation and maintenance of plant services	-	136,398	136,398
Transportation services	-	177	177
Non-instructional programs	629,541	619,004	1,248,545
	<u>639,220</u>	<u>766,872</u>	<u>1,406,092</u>
Operating income (loss)	<u>(269,430)</u>	<u>18,146</u>	<u>(251,284)</u>
Non-operating revenues:			
Interest on investments	138	135	273
Contributions	32,105	44,178	76,283
State sources	6,193	5,380	11,573
Federal sources	234,453	-	234,453
Total non-operating revenues	<u>272,889</u>	<u>49,693</u>	<u>322,582</u>
Change in net assets	3,459	67,839	71,298
Net assets beginning of year	<u>69,828</u>	<u>25,032</u>	<u>94,860</u>
Net assets end of year	<u>\$ 73,287</u>	<u>\$ 92,871</u>	<u>\$ 166,158</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	School Nutrition	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 371,491	\$ -	\$ 371,491
Cash received from miscellaneous operating activities	1,659	580,443	582,102
Cash payments to employees for services	(388,447)	(378,817)	(767,264)
Cash payments to suppliers for goods or services	(261,968)	(234,205)	(496,173)
Net cash used by operating activities	<u>(277,265)</u>	<u>(32,579)</u>	<u>(309,844)</u>
Cash flows from non-capital financing activities:			
Contributions received	32,000	2,470	34,470
State grants received	6,193	5,380	11,573
Federal grants received	197,655	-	197,655
Net cash provided by non-capital financing activities	<u>235,848</u>	<u>7,850</u>	<u>243,698</u>
Cash flows from investing activities:			
Interest on investments	138	135	273
Net decrease in cash and cash equivalents	(41,279)	(24,594)	(65,873)
Cash and cash equivalents beginning of year	<u>47,162</u>	<u>(23,576)</u>	<u>23,586</u>
Cash and cash equivalents end of year	<u>\$ 5,883</u>	<u>\$ (48,170)</u>	<u>\$ (42,287)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

	School Nutrition	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (269,430)	\$ 18,146	\$ (251,284)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	15,691	-	15,691
Commodities used	36,798	-	36,798
(Increase) in accounts receivable	-	(204,760)	(204,760)
(Increase) decrease in inventories	(1,708)	148,748	147,040
Increase (decrease) in accounts payable	(3,753)	890	(2,863)
Increase in salaries and benefits payable	1,743	6,484	8,227
Increase (decrease) in interfund payable	(59,966)	1,127	(58,839)
Increase in deferred revenue	3,360	185	3,545
(Decrease) in compensated absences	-	(3,399)	(3,399)
Net cash used by operating activities	<u>\$ (277,265)</u>	<u>\$ (32,579)</u>	<u>\$ (309,844)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$36,798 of federal commodities and \$32,105 of capital contributions.

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2009

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>70,460</u>	\$ <u>110,987</u>
Liabilities:		
Accounts payable	-	57,763
Other payables	<u>-</u>	<u>53,224</u>
Total liabilities	<u>-</u>	<u>110,987</u>
Net assets:		
Reserved for scholarships	\$ <u><u>70,460</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2009

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$	1,100
Interest		<u>2,120</u>
Total additions		<u>3,220</u>
Deductions:		
Support services:		
Scholarships awarded		<u>3,643</u>
Change in net assets		(423)
Net assets beginning of year		<u>70,883</u>
Net assets end of year	\$	<u><u>70,460</u></u>
See notes to financial statements.		

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Anamosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve, special education pre-kindergarten, and a preschool program for three and four year olds. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Anamosa, Martelle, Viola, Morley, Fairview, and Stone City, Iowa, and agricultural territory in Jones County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Anamosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Anamosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jones County Assessor's Conference Board.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2009 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental funds consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue for governmental activities in the Statement of Net Assets consists of unspent grant proceeds and the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Deferred revenue for proprietary funds and business-type activities consists of unearned meal and preschool revenues.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance – The District has designated a portion of the fund balance of the General Fund for wellness, curriculum, technology, and professional development.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$1,108,222.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u>3,231,033</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ 20,108
	Capital Projects	<u>670,000</u>
Total		\$ <u>690,108</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 4. Interfund Receivables and Payables

At June 30, 2009, interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund balances between governmental funds:		
Other receivables:		
General	Special Revenue - Physical Plant and Equipment Levy	\$ <u>259,100</u>
Interfund balances between governmental and proprietary funds:		
Pooled cash balances:		
General	Enterprise - Construction and Trades	<u>151,337</u>
Other receivables:		
General	Enterprise - Construction and Trades	3,789
General	Enterprise - School Nutrition	<u>5,700</u>
		<u>9,489</u>
		<u>160,826</u>
Total		\$ <u><u>419,926</u></u>

Pooled cash balances are temporary financing between funds which is necessary due to the timing of expected revenues from the sale of the student built house and the related expenses.

The other receivable interfund balance between the General Fund and the Physical Plant and Equipment Levy Fund is a long-term loan to finance land acquisition. This loan will be repaid over six years and includes interest at 4.0% per annum. The remaining other receivable interfund balances are due to timing differences involved in various reimbursements at year end.

The balances between governmental funds are not included on the government-wide Statement of Net Assets. The balances between governmental and proprietary funds have been eliminated on the face of the government-wide Statement of Net Assets.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,350	\$ -	\$ -	\$ 591,350
Construction in progress	-	7,883	-	7,883
Total capital assets not being depreciated	<u>591,350</u>	<u>7,883</u>	<u>-</u>	<u>599,233</u>
Capital assets being depreciated:				
Buildings	8,572,916	55,368	-	8,628,284
Improvements other than buildings	645,672	25,956	-	671,628
Furniture and equipment	1,970,242	60,417	15,635	2,015,024
Total capital assets being depreciated	<u>11,188,830</u>	<u>141,741</u>	<u>15,635</u>	<u>11,314,936</u>
Less accumulated depreciation for:				
Buildings	2,443,361	192,936	-	2,636,297
Improvements other than buildings	227,659	30,430	-	258,089
Furniture and equipment	1,497,025	174,436	15,635	1,655,826
Total accumulated depreciation	<u>4,168,045</u>	<u>397,802</u>	<u>15,635</u>	<u>4,550,212</u>
Total capital assets being depreciated, net	<u>7,020,785</u>	<u>(256,061)</u>	<u>-</u>	<u>6,764,724</u>
Governmental activities capital assets, net	<u>\$ 7,612,135</u>	<u>\$ (248,178)</u>	<u>\$ -</u>	<u>\$ 7,363,957</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 218,776	\$ 32,105	\$ -	\$ 250,881
Less accumulated depreciation	158,022	15,691	-	173,713
Business-type activities capital assets, net	<u>\$ 60,754</u>	<u>\$ 16,414</u>	<u>\$ -</u>	<u>\$ 77,168</u>

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	\$ 17,149
Support services:	
Instructional staff	39,696
Operation and maintenance of plant services	19,128
Transportation	79,555
	<u>155,528</u>
Unallocated depreciation	<u>242,274</u>
Total governmental activities depreciation expense	<u>\$ 397,802</u>
Business-type activities:	
Food service operations	<u>\$ 15,691</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2009 is as follows:

	<u>Compensated Absences</u>	<u>Early Retirement</u>	<u>General Obligation Bonds</u>	<u>Technology Loan Notes</u>	<u>Total</u>
Balance beginning of year	\$ -	\$ 38,737	\$ 1,010,000	\$ 37,600	\$ 1,086,337
Additions	48,655	-	-	-	48,655
Reductions	-	19,368	1,010,000	18,800	1,048,168
Balance end of year	<u>\$ 48,655</u>	<u>\$ 19,369</u>	<u>\$ -</u>	<u>\$ 18,800</u>	<u>\$ 86,824</u>
Due within one year	<u>\$ 48,655</u>	<u>\$ 19,369</u>	<u>\$ -</u>	<u>\$ 18,800</u>	<u>\$ 86,824</u>

Early Retirement

The District previously offered a voluntary early retirement plan to its certified employees. The plan was not offered in the fiscal year ended June 30, 2009. Under the plan, eligible employees had to be at least age fifty-five and employees had to have completed fifteen years of continuous service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible employee was equal to 45% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay and subject to a maximum of \$20,000 per individual. Early retirement benefits are paid in four equal annual payments into a 403(b) retirement plan or a health care savings plan.

At June 30, 2009, the District has obligations to four participants with a total liability of \$19,369. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$19,368. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Technology Loan Notes

Details of the District's June 30, 2009 technology loan note indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.99 %	<u>\$ 18,800</u>	<u>\$ 408</u>	<u>\$ 19,208</u>

During the year ended June 30, 2009, the District retired \$18,800 of notes.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Long-Term Liabilities (continued)

A summary of changes in business-type activities long-term liabilities for the year ended June 30, 2009 is as follows:

		Compensated Absences
Balance beginning of year	\$	18,995
Additions		8,987
Reductions		12,386
Balance end of year	\$	15,596
Due within one year	\$	15,596

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$536,367, \$495,065, and \$420,167, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Anamosa Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$490,841 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 10. Deficit Balance

The Special Revenue, Physical Plant and Equipment Levy Fund within the nonmajor governmental funds had a deficit fund balance of \$200,400 at June 30, 2009.

Note 11. Contingency

The District has two ongoing lawsuits. The District's insurance carrier is providing coverage for the lawsuits. The outcomes of the two cases can not be determined at this time.

Note 12. Subsequent Event

In October 2009, the District approved the future issuance of \$7,915,000 of school infrastructure sales, services and use tax revenue bonds.

Required Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
 Budget and Actual – All Governmental Funds
 and Proprietary Funds
 Required Supplementary Information
 Year Ended June 30, 2009

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 6,494,285	\$ 1,231,364	\$ 7,725,649	\$ 7,392,886	\$ 7,392,886	\$ 332,763
Intermediate sources	8,569	-	8,569	-	-	8,569
State sources	7,465,867	11,573	7,477,440	7,742,927	7,742,927	(265,487)
Federal sources	736,779	234,453	971,232	818,350	818,350	152,882
Total revenues	14,705,500	1,477,390	16,182,890	15,954,163	15,954,163	228,727
EXPENDITURES/EXPENSES:						
Instruction	9,009,836	8,381	9,018,217	10,067,435	10,067,435	1,049,218
Support services	3,667,223	149,166	3,816,389	4,469,476	4,469,476	653,087
Non-instructional programs	-	1,248,545	1,248,545	1,081,915	1,373,874	125,329
Other expenditures	1,635,723	-	1,635,723	2,087,982	2,087,982	452,259
Total expenditures/expenses	14,312,782	1,406,092	15,718,874	17,706,808	17,998,767	2,279,893
Excess (deficiency) of revenues over (under) expenditures/ expenses	392,718	71,298	464,016	(1,752,645)	(2,044,604)	2,508,620
Other financing sources, net	5,841	-	5,841	1,500	1,500	4,341
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	398,559	71,298	469,857	(1,751,145)	(2,043,104)	2,512,961
Balance beginning of year	2,415,117	94,860	2,509,977	1,995,052	1,995,052	514,925
Balance end of year	\$ <u>2,813,676</u>	\$ <u>166,158</u>	\$ <u>2,979,834</u>	\$ <u>243,907</u>	\$ <u>(48,052)</u>	\$ <u>3,027,886</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$291,959.

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted.

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Other Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	<u>Special Revenue</u>			
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Debt Service</u>
Assets				
Cash and pooled investments	\$ 44,000	\$ 108,341	\$ 59,067	\$ 66,614
Receivables:				
Property tax:				
Current year	2,512	-	3,396	5,087
Succeeding year	205,000	-	274,740	-
Accrued interest	6	-	14	60
Due from other governments	-	-	-	-
	<hr/>			
Total assets	<u>\$ 251,518</u>	<u>\$ 108,341</u>	<u>\$ 337,217</u>	<u>\$ 71,761</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 656	\$ 2,634	\$ 3,777	\$ -
Interfund payable	-	-	259,100	-
Deferred revenue:				
Succeeding year property tax	205,000	-	274,740	-
Total liabilities	<u>205,656</u>	<u>2,634</u>	<u>537,617</u>	<u>-</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	71,761
Unreserved:				
Undesignated	45,862	105,707	(200,400)	-
Total fund balances	<u>45,862</u>	<u>105,707</u>	<u>(200,400)</u>	<u>71,761</u>
	<hr/>			
Total liabilities and fund balances	<u>\$ 251,518</u>	<u>\$ 108,341</u>	<u>\$ 337,217</u>	<u>\$ 71,761</u>

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
\$ 271,855	\$ 549,877
-	10,995
-	479,740
59	139
<u>188,554</u>	<u>188,554</u>
<u>\$ 460,468</u>	<u>\$ 1,229,305</u>
\$ 10,600	\$ 17,667
-	259,100
-	479,740
<u>10,600</u>	<u>756,507</u>
-	71,761
<u>449,868</u>	<u>401,037</u>
<u>449,868</u>	<u>472,798</u>
<u>\$ 460,468</u>	<u>\$ 1,229,305</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Revenues:				
Local sources:				
Local tax	\$ 188,796	\$ -	\$ 262,941	\$ 393,867
Other	10,214	505,606	187	760
State sources	180	-	244	367
Total revenues	<u>199,190</u>	<u>505,606</u>	<u>263,372</u>	<u>394,994</u>
Expenditures:				
Current:				
Instruction	112,405	475,156	29,656	-
Support services:				
Administration services	10,406	-	44,905	-
Operation and maintenance of plant services	59,043	-	12,946	-
Transportation services	35,819	-	15,000	-
Other expenditures:				
Facilities acquisition	-	-	64,088	-
Long term debt:				
Principal	-	-	-	1,028,800
Interest and fiscal charges	-	-	-	41,394
Total expenditures	<u>217,673</u>	<u>475,156</u>	<u>166,595</u>	<u>1,070,194</u>
Excess (deficiency) of revenues over (under) expenditures	(18,483)	30,450	96,777	(675,200)
Other financing sources (uses):				
Compensation for loss of capital assets	-	-	2,622	-
Interfund transfers in	-	-	-	690,108
Interfund transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,622</u>	<u>690,108</u>
Net change in fund balances	(18,483)	30,450	99,399	14,908
Fund balances beginning of year	<u>64,345</u>	<u>75,257</u>	<u>(299,799)</u>	<u>56,853</u>
Fund balances end of year	<u>\$ 45,862</u>	<u>\$ 105,707</u>	<u>\$ (200,400)</u>	<u>\$ 71,761</u>

See accompanying independent auditor's report.

<u>Capital Projects</u>	<u>Total</u>
\$ 833,824	\$ 1,679,428
1,139	517,906
-	791
834,963	2,198,125
-	617,217
-	55,311
-	71,989
-	50,819
10,600	74,688
-	1,028,800
-	41,394
10,600	1,940,218
824,363	257,907
-	2,622
-	690,108
(670,000)	(670,000)
(670,000)	22,730
154,363	280,637
295,505	192,161
\$ 449,868	\$ 472,798

ANAMOSA COMMUNITY SCHOOL DISTRICT

 COMBINING SCHEDULE OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2009

	<u>Construction and Trades</u>	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ -	\$ 5,050	\$ 98,117	\$ 103,167
Accounts receivable	191,104	65	14,126	205,295
Inventories	25,000	-	-	25,000
Total assets	<u>216,104</u>	<u>5,115</u>	<u>112,243</u>	<u>333,462</u>
Liabilities				
Accounts payable	35,666	-	3,513	39,179
Salaries and benefits payable	168	3,564	26,233	29,965
Interfund payable	155,126	-	-	155,126
Deferred revenue	-	725	-	725
Compensated absences	-	-	15,596	15,596
Total liabilities	<u>190,960</u>	<u>4,289</u>	<u>45,342</u>	<u>240,591</u>
Net Assets				
Unrestricted	<u>\$ 25,144</u>	<u>\$ 826</u>	<u>\$ 66,901</u>	<u>\$ 92,871</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 Year Ended June 30, 2009

	<u>Construction and Trades</u>	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Operating revenues:				
Local sources:				
Charges for services	\$ 359,930	\$ 14,130	\$ 410,958	\$ 785,018
Operating expenses:				
Instruction	-	8,381	-	8,381
Support services:				
Administration services	2,208	-	704	2,912
Operation and maintenance of plant services	136,258	-	140	136,398
Transportation services	-	-	177	177
Non-instructional programs	200,672	9,800	408,532	619,004
	<u>339,138</u>	<u>18,181</u>	<u>409,553</u>	<u>766,872</u>
Operating income (loss)	20,792	(4,051)	1,405	18,146
Non-operating revenues:				
Interest on investments	-	-	135	135
Contributions	-	-	44,178	44,178
State sources	-	4,725	655	5,380
Total non-operating revenues	<u>-</u>	<u>4,725</u>	<u>44,968</u>	<u>49,693</u>
Change in net assets	20,792	674	46,373	67,839
Net assets beginning of year	<u>4,352</u>	<u>152</u>	<u>20,528</u>	<u>25,032</u>
Net assets end of year	<u>\$ 25,144</u>	<u>\$ 826</u>	<u>\$ 66,901</u>	<u>\$ 92,871</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2009

	<u>Construction and Trades</u>	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from miscellaneous operating activities	\$ 168,826	\$ 14,785	\$ 396,832	\$ 580,443
Cash payments to employees for services	-	(17,196)	(361,621)	(378,817)
Cash payments to suppliers for goods or services	(187,875)	(724)	(45,606)	(234,205)
Net cash used by operating activities	<u>(19,049)</u>	<u>(3,135)</u>	<u>(10,395)</u>	<u>(32,579)</u>
Cash flows from non-capital financing activities:				
Contributions received	-	-	2,470	2,470
State grants received	-	4,725	655	5,380
Net cash provided by non-capital financing activities	<u>-</u>	<u>4,725</u>	<u>3,125</u>	<u>7,850</u>
Cash flows from investing activities:				
Interest on investments	-	-	135	135
Net increase (decrease) in cash and cash equivalents	(19,049)	1,590	(7,135)	(24,594)
Cash and cash equivalents beginning of year	<u>(132,288)</u>	<u>3,460</u>	<u>105,252</u>	<u>(23,576)</u>
Cash and cash equivalents end of year	<u>\$ (151,337)</u>	<u>5,050</u>	<u>\$ 98,117</u>	<u>\$ (48,170)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2009

	<u>Construction and Trades</u>	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ 20,792	\$ (4,051)	\$ 1,405	\$ 18,146
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
(Increase) decrease in accounts receivable	(191,104)	470	(14,126)	(204,760)
Decrease in inventories	148,748	-	-	148,748
Increase in accounts payable	764	-	126	890
Increase in salaries and benefits payable	168	261	6,055	6,484
Increase (decrease) in interfund payable	1,583	-	(456)	1,127
Increase in deferred revenue	-	185	-	185
(Decrease) in compensated absences	-	-	(3,399)	(3,399)
Net cash used by operating activities	<u>\$ (19,049)</u>	<u>\$ (3,135)</u>	<u>\$ (10,395)</u>	<u>\$ (32,579)</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Annual	\$ 1,583	\$ 18,216	\$ 17,550	\$ 2,249
Middle School Student Council	3,184	26,563	21,875	7,872
Class of:				
2006	(444)	444	-	-
2007	(607)	607	-	-
2008	(1,696)	1,696	-	-
2009	182	7,288	8,217	(747)
2010	(25)	5,241	3,303	1,913
2011	75	-	-	75
Drama	1,531	1,193	1,410	1,314
Spanish Club	513	1,245	607	1,151
French Club	2,178	2,924	1,912	3,190
Interact Club	2,506	549	-	3,055
High School Art Club	2,443	4,181	3,610	3,014
Cheerleaders	1,699	54,238	56,058	(121)
Archery Club	-	3,717	4,021	(304)
Future Farmers of America	2,155	80,613	69,848	12,920
Instrumental Music	476	6,632	7,072	36
MS Instrumental Music	1,972	25,564	26,498	1,038
High School Music Trip Fund	6,860	70,668	78,911	(1,383)
General Athletics	(12,451)	16,330	4,374	(495)
Middle School Concessions	8,810	6,966	9,402	6,374
Dance Squad	(2,962)	947	912	(2,927)
Football	2,192	39,457	39,818	1,831
Boys Soccer	1,651	3,714	3,686	1,679
Girls Soccer	470	2,637	2,911	196
Baseball	3,377	5,389	7,021	1,745
Softball	2,205	8,279	9,540	944
Girls Track	(188)	5,382	4,161	1,033
Boys Track	1,907	3,226	3,175	1,958
Boys Golf	(790)	3,135	3,072	(727)
Wrestling	(111)	6,845	6,285	449
Cross Country	763	3,261	2,459	1,565
Girls Golf	(781)	1,295	1,594	(1,080)
Volleyball	1,020	7,116	6,788	1,348
Girls Basketball	816	14,460	13,829	1,447
Boys Basketball	1,658	11,533	11,230	1,961
Vocal Music	2,258	6,937	5,467	3,728
Musicals	1,798	2,346	2,009	2,135
Strawberry Hill - Miscellaneous	33,789	33,881	25,325	42,345
Strawberry Hill Service Project	27	-	-	27

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Science Club	\$ 364	\$ -	\$ -	364
Weight Room	-	250	107	143
ELP/SCI Store	1,913	425	149	2,189
Trapshoot Club	271	1,128	832	567
Parent Partner	25	-	-	25
Vending Machine	2,408	8,335	9,354	1,389
Veterans Day	203	753	764	192
NHS Fundraiser	30	-	-	30
 Total	 \$ 75,257	 \$ 505,606	 \$ 475,156	 \$ 105,707

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2009

	<u>Empowerment Fund</u>	<u>Music Boosters</u>	<u>Total</u>
Assets and Liabilities			
Balances beginning of year	\$ <u>117,584</u>	\$ <u>6,336</u>	\$ <u>123,920</u>
Additions:			
Early Childhood Program	34,367	-	34,367
School Ready Children	296,723	-	296,723
Interest	566	-	566
Fees	-	8,127	8,127
Total additions	<u>331,656</u>	<u>8,127</u>	<u>339,783</u>
Deductions:			
Agency remittances:			
Trusts paid out	<u>341,911</u>	<u>10,805</u>	<u>352,716</u>
Balances end of year	<u>\$ <u>107,329</u></u>	<u>\$ <u>3,658</u></u>	<u>\$ <u>110,987</u></u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	\$ 5,039,189	\$ 4,749,517	\$ 4,512,425	\$ 4,335,162	\$ 4,167,435
Tuition	779,802	735,736	651,467	537,216	491,171
Other	675,294	697,412	732,767	630,334	496,660
Intermediate sources	8,569	200	-	-	-
State sources	7,465,867	7,592,452	6,625,602	6,324,145	5,920,355
Federal sources	736,779	778,013	867,161	927,975	862,619
Total revenues	\$ 14,705,500	\$ 14,553,330	\$ 13,389,422	\$ 12,754,832	\$ 11,938,240
Expenditures:					
Instruction	\$ 9,009,836	\$ 8,763,429	\$ 7,960,603	\$ 7,359,279	\$ 6,731,909
Support services:					
Student services	479,442	705,492	757,234	830,925	675,119
Instructional staff services	521,540	611,574	559,333	398,139	347,346
Administration services	1,106,262	1,118,882	1,025,053	920,025	816,421
Operation and maintenance of plant services	967,248	936,804	869,900	883,972	740,929
Transportation services	592,731	683,384	697,788	596,839	540,503
Non-instructional programs	-	32,000	-	-	28,781
Other expenditures:					
Facilities acquisition	74,688	108,081	668,331	197,203	140,819
Long-term debt:					
Principal	1,028,800	1,198,800	1,037,600	1,000,000	304,000
Interest and fiscal charges	41,394	102,846	158,507	216,741	231,535
AEA flowthrough	490,841	484,508	432,227	403,084	378,516
Total expenditures	\$ 14,312,782	\$ 14,745,800	\$ 14,166,576	\$ 12,806,207	\$ 10,935,878

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Grantor / Program	CFDA Number	Grant Number	Expenditures
Direct:			
U. S. Department of Education: Safe and Drug-Free Schools and Communities - National Programs	84.184	FY 09	\$ <u>34,259</u>
Indirect:			
U. S. Department of Agriculture: Iowa Department of Education: School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 09	24,193
National School Lunch Program	10.555	FY 09	173,462
National School Lunch Program (non-cash)	10.555	FY 09	<u>36,798</u>
			<u>234,453</u>
U. S. Department of Homeland Security: Iowa Department of Public Defense: Disaster Grants - Public Assistance	97.036	DR1763	<u>93,591</u>
U. S. Department of Education: Iowa Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	0234G	<u>121,958</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 09	<u>3,837</u>
Improving Teacher Quality State Grants	84.367	FY 09	<u>49,458</u>
Grants for State Assessments and Related Activities	84.369	FY 09	<u>8,411</u>
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 09	<u>112,090</u>
Grant Wood Area Education Agency: Special Education - Grants to States	84.027	FY 09	<u>74,391</u>
Career and Technical Education - Basic Grants to States	84.048	FY 09	<u>10,853</u>
Total			<u>\$ <u>743,301</u></u>

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Anamosa Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Anamosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Anamosa Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anamosa Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Anamosa Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Anamosa Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Anamosa Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Anamosa Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Anamosa Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anamosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Anamosa Community School District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Anamosa Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Anamosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Anamosa Community School District and other parties to whom Anamosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Anamosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
December 14, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Board of Education of
Anamosa Community School District:

Compliance

We have audited the compliance of Anamosa Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Anamosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Anamosa Community School District's management. Our responsibility is to express an opinion on Anamosa Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Anamosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Anamosa Community School District's compliance with those requirements.

In our opinion, Anamosa Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Anamosa Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Anamosa Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Anamosa Community School District and other parties to whom Anamosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
December 14, 2009

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Anamosa Community School District qualified as a low-risk auditee.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

II-A-09 Fundraiser – We noted an athletic fundraiser where the coach collected the money and paid the invoice directly. Only the profits were then turned in to the District. In addition, the required fundraiser reconciliation was not completed for this fundraiser.

Recommendation – All fundraisers should run through the District. All receipts should be turned in to the District intact and all related expenses should be paid through the normal disbursements process. Otherwise, revenues and expenditures are both understated and the budget and District oversight are bypassed. The District should also try to make sure that all fundraisers have a completed reconciliation form.

Response – We will try to make sure all future fundraisers are properly run through the District and have a completed reconciliation.

Conclusion – Response accepted.

II-B-09 Computer Backup – We noted that the food service system lost all of the October information when the mainframe computer crashed during the year and no backup had been done. The District was later able to recreate the information with help from the software provider.

Recommendation – All information in the District’s computer system should be backed up daily and stored off-site.

Response – We are now backing up the food service system daily and storing the information off-site.

Conclusion – Response accepted.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Significant Deficiency:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2009
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-A-09 Computer Backup – We noted that the food service system lost all of the October information when the mainframe computer crashed during the year and no backup had been done. The District was later able to recreate the information with help from the software provider.

Recommendation – All information in the District’s computer system should be backed up daily and stored off-site.

Response – We are now backing up the food service system daily and storing the information off-site.

Conclusion – Response accepted.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, did not exceed the amounts budgeted.
- IV-B-09 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-09 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Connie McKean, Board Vice President	Substitute Teacher	\$2,305

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year.

- IV-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-09 Certified Enrollment – The FTE of 4 year olds attending approved preschool reported to the Iowa Department of Education on line 10 of the Certified Enrollment Certification Form for October 2008 was overstated by 0.6. The District’s certified enrollment count was overstated due to a 3 year old accidentally included as a 4 year old in the preschool program. Line 12 was also overstated by 3.73 due to the wrong number of class periods being used on the form.

 Recommendation – The District should contact the Iowa Department of Education and the Department of Management to resolve these matters.

 Response – We will contact the Iowa Department of Education and the Department of Management.

 Conclusion – Response accepted.
- IV-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-I-09 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$	-
Statewide sales and services tax revenue		833,824
Expenditures/transfers out:		
Debt service for school infrastructure:		
General obligation debt		383,956
Ending balance	\$	449,868

- IV-L-09 Financial Condition – At June 30, 2009, the Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund had a negative fund balance of \$200,400 and the Enterprise, School Nutrition Fund had negative unrestricted net assets of \$3,881. In addition, the Special Revenue, Student Activity Fund had several deficit balances within the group of single activity accounts.

Recommendation – The District needs to explore alternatives to restore the PPEL Fund and the School Nutrition Fund to a sound financial condition. The District also needs to monitor the Student Activity accounts more closely and investigate alternatives to eliminate the deficit balances.

Response – The PPEL Fund deficit is due to a long-term interfund loan to purchase land and will be eliminated as the loan is repaid. We will investigate solutions to eliminate the School Nutrition Fund deficit and the Student Activity deficit balances.

Conclusion – Response accepted.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting (continued):

IV-M-09 School Nutrition – We noted in our testing of applications completed by the participants in the free and reduced price meal program that 1 of 35 applications tested did not include the social security number of the applicant or the income summary as required. We also noted that two applications that had income listed as zero were approved on an annual basis but should have been approved on a temporary basis for 30 days, as stated in the Department of Education eligibility guidelines. No other errors were noted and there are no questioned costs related to this finding.

Recommendation – The District should implement additional controls over the free and reduced application process to ensure that all required information is included in the application and that applications with zero income are approved on a temporary basis.

Response – These were oversights for the applications involved. We will make sure that all applications are complete and zero income applications are only approved on a temporary basis in the future.

Conclusion – Response accepted.