

BELLE PLAINE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14
Governmental Fund Financial Statements:		
Balance Sheet	C	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures and Changes in Fund Balances	E	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	18
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	19
Statement of Revenues, Expenses and Changes in Net Assets	H	20
Statement of Cash Flows	I	21
Notes to Financial Statements		22-33
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		34
Notes to Required Supplementary Information - Budgetary Reporting		35
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	1	36
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	37
Schedule of Changes in Student Activity Accounts	3	38
Combining Balance Sheet for Capital Projects Fund	4	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Projects Fund	5	40
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	6	41
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 <u>Government Auditing Standards</u>		42-43
Schedule of Findings		44-48

Belle Plaine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Mitch Robinson	President	2008
Don McKinney	Vice President	2009
Jim Pierce	Board Member	2009
Mike Bachelder	Board Member	2008
Joyce Livermore	Board Member	2010
Board of Education (After September 2008 Election)		
Joyce Livermore	President	2011*
Don McKinney	Vice President	2009
Jim Pierce	Board Member	2009
Mike Bachelder	Board Member	2011
Marie Stratford	Board Member	2011
School Officials		
William Lynch	Superintendent	2009
Lori McClenathan	Business Manager	2009
Gruhn Law Office	Attorney	2009

*Board terms extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Belle Plaine 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 Belle Plaine Community School District, Belle Plaine, 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 District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Belle Plaine 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 U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2010 on our consideration of Belle Plaine Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 34 through 35 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. 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 Belle Plaine 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 five years ended June 30, 2008 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Belle Plaine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,668,505 in fiscal 2008 to \$5,824,312 in fiscal 2009 while General Fund expenditures increased from \$4,964,654 in fiscal 2008 to \$5,624,702 in fiscal 2009. This resulted in an increase in the District's General Fund balance from \$723,464 in fiscal 2008 to a balance of \$923,074 in fiscal 2009, a 27.59% increase over the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax revenues and operating grant, contributions, and restricted interest revenue in fiscal 2009. The largest increase in expenditures was in Support Services Functional Area. The revenues exceeding expenditures guaranteed the increase in General Fund balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Belle Plaine Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Belle Plaine Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Belle Plaine Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

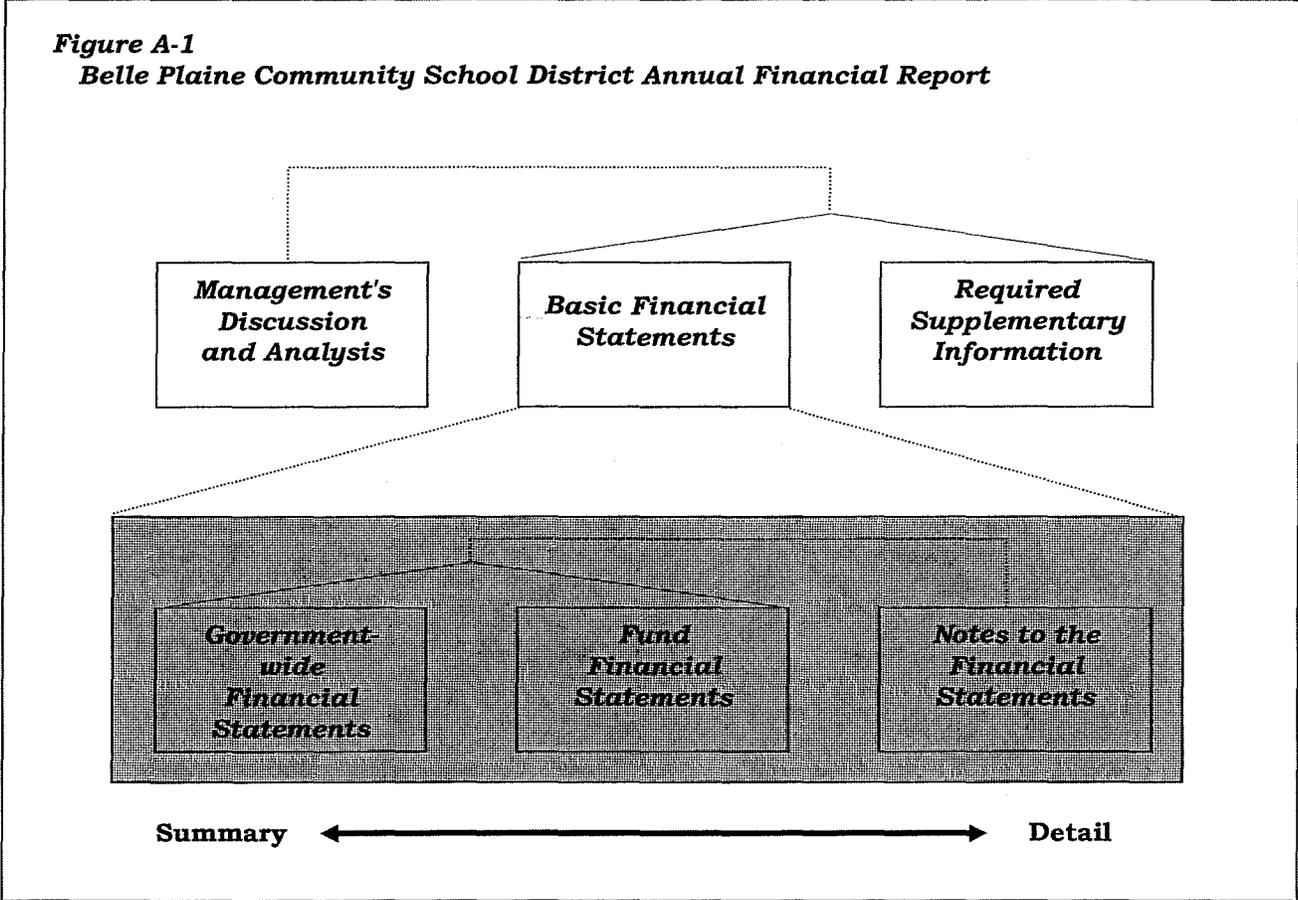


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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 services and adult education
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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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 during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial 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 government-wide financial statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – are 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 financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-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 tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is 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 accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *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 government-wide financial 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 currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets						
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets							
Capital assets	\$ 15,068,764	7,011,824	5,099	17,241	15,073,863	7,029,065	114.45%
Total assets	1,480,313	992,585	5,585	7,519	1,485,898	1,000,104	48.57%
	<u>16,549,077</u>	<u>8,004,409</u>	<u>10,684</u>	<u>24,760</u>	<u>16,559,761</u>	<u>8,029,169</u>	<u>106.25%</u>
Long-term obligations							
Other liabilities	8,471,685	32,539	0	0	8,471,685	32,539	25935.48%
Total liabilities	3,652,710	4,575,987	26,133	25,449	3,678,843	4,601,436	-20.05%
	<u>12,124,395</u>	<u>4,608,526</u>	<u>26,133</u>	<u>25,449</u>	<u>12,150,528</u>	<u>4,633,975</u>	<u>162.21%</u>
Net assets:							
Invested in capital assets	911,321	992,585	5,585	7,519	916,906	1,000,104	-8.32%
Restricted	2,401,752	1,521,818	0	0	2,401,752	1,521,818	57.82%
Unrestricted	1,111,609	881,480	(21,034)	(8,208)	1,090,575	873,272	24.88%
Total net assets	<u>\$ 4,424,682</u>	<u>3,395,883</u>	<u>(15,449)</u>	<u>(689)</u>	<u>4,409,233</u>	<u>3,395,194</u>	<u>29.87%</u>

The District's combined net assets increased by 29.87%, or \$1,014,039, over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased 57.82%, or \$879,934, over the prior year.

Unrestricted net assets-the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased 24.88%, or \$217,303, over the prior year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 as compared to year ended June 30, 2008.

Figure A-4
Changes of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 485,580	342,919	146,854	130,656	632,434	473,575	33.54%
Operating grants and contributions and restricted interest	744,394	684,283	133,044	109,537	877,438	793,820	10.53%
General revenues:							
Property tax	2,318,146	2,130,723	0	0	2,318,146	2,130,723	8.80%
Statewide sales and service tax	351,279	354,450	0	0	351,279	354,450	-0.89%
Unrestricted state grants	2,592,302	2,651,254	0	0	2,592,302	2,651,254	-2.22%
Other	229,410	258,121	252	63	229,662	258,184	-11.05%
Transfers	0	(22,000)	0	22,000	0	0	-100.00%
Total revenues and transfers	6,721,111	6,399,750	280,150	262,256	7,001,261	6,662,006	5.09%
Program expenses:							
Governmental activities:							
Instructional	3,920,387	3,635,605	0	0	3,920,387	3,635,605	7.83%
Support services	1,501,714	1,506,905	0	0	1,501,714	1,506,905	-0.34%
Non-instructional programs	0	0	294,910	275,265	294,910	275,265	7.14%
Other expenses	270,211	265,752	0	0	270,211	265,752	1.68%
Total expenses	5,692,312	5,408,262	294,910	275,265	5,987,222	5,683,527	5.34%
Change in net assets	1,028,799	991,488	(14,760)	(13,009)	1,014,039	978,479	3.63%
Net assets beginning of year	3,395,883	2,404,395	(689)	12,320	3,395,194	2,416,715	40.49%
Net assets end of year	\$ 4,424,682	3,395,883	(15,449)	(689)	4,409,233	3,395,194	29.87%

In fiscal 2009, local tax and unrestricted state grants account for 78.29% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.91% of the revenue from business type activities.

The District's total revenues were \$7,001,261 of which \$6,721,111 was for governmental activities and \$280,150 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.09% increase in revenues and a 5.34% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$6,721,111 and expenses were \$5,692,312. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services				Net Cost of Services		
	2009	2008	Change 2008-09		2009	2008	Change 2008-09
Instruction	\$ 3,920,387	3,635,605	0	7.83%	2,906,840	2,820,400	3.06%
Support services	1,501,714	1,506,905	0	-0.34%	1,501,714	1,506,905	-0.34%
Other expenses	270,211	265,752	0	1.68%	53,784	53,755	0.05%
Totals	\$ 5,692,312	5,408,262		5.25%	4,462,338	4,381,060	1.86%

- The cost financed by users of the District's programs was 485,580
- Federal and state governments subsidized certain programs with grants and contributions totaling \$744,394.
- The net cost of governmental activities was financed with \$2,318,146 in local tax, \$351,279 in statewide sales and service tax, \$2,592,302 in unrestricted state grants, \$94,948 in interest income, and \$134,462 in other general revenue.

Business type Activities

Revenues of the District's business type activities were \$280,150 and expenses were \$294,910. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Belle Plaine 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 balance of \$11,195,323, compared to last year's ending fund balances of \$2,233,560.

Governmental Fund Highlights

- The General Fund balance increased from \$723,464 to \$923,074, due to revenues exceeding expenditures.
- The Capital Projects fund balance increased from \$1,080,272 to \$9,647,517, due to general obligation bonds and revenue bonds issued during the year.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from a deficit \$689 at June 30, 2008 to a deficit fund balance of \$15,499 at June 30, 2009, representing a decrease of 2,142.24%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$400,363 more than budgeted revenues, a variance of 6.03%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at 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 always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$1,485,898, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 48.57% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$121,338.

The original cost of the District's capital assets was 4,054,071. Governmental funds account for \$3,981,858 with the remainder of \$72,213 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$599,776 at June 30, 2009, compared to \$0 reported at June 30, 2008. The increase is mainly because the District started the Elementary and Jr. High School addition and renovations during the fiscal year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 28,065	28,065	0	0	28,065	28,065	0.00%
Construction in progress	599,776	0	0	0	599,776	0	100.00%
Buildings	663,924	707,403	0	0	663,924	707,403	-6.15%
Improvements other than buildings	46,461	52,535	0	0	46,461	52,535	-11.56%
Machinery and equipment	142,087	204,582	5,585	7,519	147,672	212,101	-30.38%
Total	\$ 1,480,313	992,585	5,585	7,519	1,485,898	1,000,104	48.57%

Long-Term Debt

At June 30, 2009, the District had \$8,471,685 in long-term debt outstanding. This represents an increase of 25,935.48% over last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

During fiscal 2009, the District once again offered early retirement benefits to employees. As of year end, the District had \$6,997 in early retirement benefits to be paid.

Also during fiscal 2009, the District offered compensated absences to certain District employees for vacation days not used during the year. As of year end, the District had \$14,688 in compensated absences due to employees.

Figure A-7
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2009	2008	2008-09
General obligation bonds	\$ 4,300,000	0	100.0%
Revenue bonds	4,150,000	0	100.0%
Early retirement	6,997	24,760	-71.74%
Compensated absences	14,688	7,779	88.82%
Totals	<u>\$ 8,471,685</u>	<u>32,539</u>	<u>25935.48%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- The District has experienced declining enrollment for the past few years.
- The FY 2010 state budget cut of 10% results in a significant decrease in General Fund revenue, shifting funding on property taxes and other revenue sources. As a result of these lost revenues, the District will explore all opportunities to reduce expenditures and/or increase revenues.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

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 Lori McClenathan, District Board Secretary/Business Manager, Belle Plaine Community School District, 707 7th Street, Belle Plaine, Iowa, 52208.

BASIC FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP	\$ 517,059	0	517,059
Other	11,483,397	133,317	11,616,714
Receivables:			
Property tax:			
Delinquent	84,948	0	84,948
Succeeding year	2,333,710	0	2,333,710
Income surtax	198,658	0	198,658
Interfund	140,929	(140,929)	0
Accounts	9,670	167	9,837
ISCAP interest	64	0	64
Due from other governments	300,329	0	300,329
Inventories	0	12,544	12,544
Capital assets, net of accumulated depreciation	1,480,313	5,585	1,485,898
TOTAL ASSETS	16,549,077	10,684	16,559,761
LIABILITIES			
Accounts payable	167,929	0	167,929
Salaries and benefits payable	558,536	22,802	581,338
ISCAP warrants payable	509,000	0	509,000
ISCAP interest payable	174	0	174
ISCAP unamortized premium	9,853	0	9,853
Deferred revenue:			
Succeeding year property tax	2,333,710	0	2,333,710
Other	73,508	0	73,508
Unearned revenue	0	3,331	3,331
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	145,000	0	145,000
Early retirement	6,997	0	6,997
Compensated absences	14,688	0	14,688
Portion due after one year:			
General obligation bonds	4,155,000	0	4,155,000
Revenue bonds	4,150,000	0	4,150,000
TOTAL LIABILITIES	12,124,395	26,133	12,150,528
NET ASSETS			
Invested in capital assets	911,321	5,585	916,906
Restricted for:			
Categorical funding	20,705	0	20,705
Debt Service	357,718	0	357,718
Management levy	83,497	0	83,497
Physical plant & equipment levy	381,036	0	381,036
Capital projects	1,408,791	0	1,408,791
Other special revenue purposes	150,005	0	150,005
Unrestricted	1,111,609	(21,034)	1,090,575
TOTAL NET ASSETS	\$ 4,424,682	(15,449)	4,409,233

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,376,612	172,195	479,426	(1,724,991)	0	(1,724,991)
Special	741,855	4,009	29,581	(708,265)	0	(708,265)
Other	801,920	309,376	18,960	(473,584)	0	(473,584)
	<u>3,920,387</u>	<u>485,580</u>	<u>527,967</u>	<u>(2,906,840)</u>	<u>0</u>	<u>(2,906,840)</u>
Support services:						
Student	51,378	0	0	(51,378)	0	(51,378)
Instructional staff	84,716	0	0	(84,716)	0	(84,716)
Administration	654,027	0	0	(654,027)	0	(654,027)
Operation and maintenance of plant	458,574	0	0	(458,574)	0	(458,574)
Transportation	253,019	0	0	(253,019)	0	(253,019)
	<u>1,501,714</u>	<u>0</u>	<u>0</u>	<u>(1,501,714)</u>	<u>0</u>	<u>(1,501,714)</u>
Other expenditures:						
Facilities acquisitions	4	0	0	(4)	0	(4)
Long-term debt interest	600	0	0	(600)	0	(600)
AEA flowthrough	216,427	0	216,427	0	0	0
Depreciation(unallocated)*	53,180	0	0	(53,180)	0	(53,180)
	<u>270,211</u>	<u>0</u>	<u>216,427</u>	<u>(53,784)</u>	<u>0</u>	<u>(53,784)</u>
Total governmental activities	5,692,312	485,580	744,394	(4,462,338)	0	(4,462,338)
Business Type activities:						
Non-instructional programs:						
Nutrition services	294,910	146,854	133,044	0	(15,012)	(15,012)
Total business type activities	<u>294,910</u>	<u>146,854</u>	<u>133,044</u>	<u>0</u>	<u>(15,012)</u>	<u>(15,012)</u>
Total	<u>\$ 5,987,222</u>	<u>632,434</u>	<u>877,438</u>	<u>(4,462,338)</u>	<u>(15,012)</u>	<u>(4,477,350)</u>
General Revenues:						
Local tax levied for:						
General purposes				\$ 1,972,372	0	1,972,372
Capital outlay				89,225	0	89,225
Debt service				4,768	0	4,768
Statewide sales and service tax				351,279	0	351,279
Income surtax				251,781	0	251,781
Unrestricted state grants				2,592,302	0	2,592,302
Unrestricted investment earnings				94,948	252	95,200
Other				134,462	0	134,462
Total general revenues				<u>5,491,137</u>	<u>252</u>	<u>5,491,389</u>
Change in net assets				1,028,799	(14,760)	1,014,039
Net assets beginning of year				<u>3,395,883</u>	<u>(689)</u>	<u>3,395,194</u>
Net assets end of year				<u>\$ 4,424,682</u>	<u>(15,449)</u>	<u>4,409,233</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Nonmajor Special Revenue	Total
ASSETS				
Cash and pooled investments:				
ISCAP	\$ 517,059	0	0	517,059
Other	1,274,459	9,557,978	650,960	11,483,397
Receivables:				
Property tax:				
Delinquent	72,164	0	12,784	84,948
Succeeding year	1,756,023	0	577,687	2,333,710
Income surtax	198,658	0	0	198,658
Interfund	215,688	0	35,747	251,435
Accounts	9,670	0	0	9,670
ISCAP interest	64	0	0	64
Due from other governments	117,370	160,886	22,073	300,329
TOTAL ASSETS	\$ 4,161,155	9,718,864	1,299,251	15,179,270
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 35,747	0	74,759	110,506
Accounts payable	96,582	71,347	0	167,929
Salaries and benefits payable	558,536	0	0	558,536
ISCAP warrants payable	509,000	0	0	509,000
ISCAP interest payable	174	0	0	174
ISCAP unamortized premium	9,853	0	0	9,853
Deferred revenue:				
Succeeding year property tax	1,756,023	0	577,687	2,333,710
Income surtax	198,658	0	22,073	220,731
Other	73,508	0	0	73,508
Total liabilities	3,238,081	71,347	674,519	3,983,947
Fund balances:				
Reserved for:				
Categorical funding	20,705	0	0	20,705
Debt service	0	0	10,194	10,194
Reserved for construction	0	7,881,008	0	7,881,008
Reserved for revenue bond	0	357,718	0	357,718
Unreserved fund balance	902,369	1,408,791	614,538	2,925,698
Total fund balances	923,074	9,647,517	624,732	11,195,323
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,161,155	9,718,864	1,299,251	15,179,270

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE 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 (page 15)	\$	11,195,323
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		1,480,313
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		220,731
Long-term liabilities, including compensated absences, early retirement, general obligation bonds payable and revenue bonds payable are not due and payable, in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(8,471,685)</u>
Net assets of governmental activities (page 13)	\$	<u><u>4,424,682</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Nonmajor Special Revenue	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,099,134	351,279	200,558	2,650,971
Tuition	176,204	0	0	176,204
Other	231,238	0	382,732	613,970
State sources	3,205,102	0	0	3,205,102
Federal sources	112,634	0	0	112,634
Total revenues	<u>5,824,312</u>	<u>351,279</u>	<u>583,290</u>	<u>6,758,881</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,392,766	0	0	2,392,766
Special	741,855	0	0	741,855
Other	558,216	0	241,262	799,478
	<u>3,692,837</u>	<u>0</u>	<u>241,262</u>	<u>3,934,099</u>
Support services:				
Student	50,455	0	0	50,455
Instructional staff	76,334	0	0	76,334
Administration	975,903	0	120,016	1,095,919
Operation and maintenance of plant	395,934	22,760	28,899	447,593
Transportation	216,812	0	0	216,812
	<u>1,715,438</u>	<u>22,760</u>	<u>148,915</u>	<u>1,887,113</u>
Other expenditures:				
Facilities acquisitions	0	149,024	3,631	152,655
Long-term debt:				
Interest and fiscal charges	0	0	600	600
AEA flowthrough	216,427	0	0	216,427
	<u>216,427</u>	<u>149,024</u>	<u>4,231</u>	<u>369,682</u>
Total expenditures	<u>5,624,702</u>	<u>171,784</u>	<u>394,408</u>	<u>6,190,894</u>
Excess(deficiency) of revenues over(under) expenditures	199,610	179,495	188,882	567,987
Other financing sources(uses):				
Issuance of General Obligation bonds	0	4,300,000	2,924	4,302,924
Issuance of revenue bonds	0	4,150,000	0	4,150,000
Premium on bonds	0	57,864	0	57,864
Bond issuance costs	0	(117,012)	0	(117,012)
Transfer in	0	0	3,102	3,102
Transfer out	0	(3,102)	0	(3,102)
Total other financing sources(uses)	<u>0</u>	<u>8,387,750</u>	<u>6,026</u>	<u>8,393,776</u>
Net change in fund balances	199,610	8,567,245	194,908	8,961,763
Fund balance beginning of year	723,464	1,080,272	429,824	2,233,560
Fund balance end of year	<u>\$ 923,074</u>	<u>9,647,517</u>	<u>624,732</u>	<u>11,195,323</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE 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 (page 17) \$ 8,961,763

*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 reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense, capital outlay expenditures, and loss on disposal of assets in the current year are as follows:

Expenditures for capital assets	\$ 607,418	
Depreciation expense	(118,003)	
Loss on asset disposal	(1,687)	487,728

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(8,450,000)
--------	-------------

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.

18,454

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.

Compensated absences	(6,909)	
Early retirement	17,763	10,854

Changes in net assets of governmental activities (page 14) \$ 1,028,799

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

	<u>School Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 133,317
Receivables:	
Accounts	167
Inventories	12,544
Capital assets, net of accumulated depreciation	<u>5,585</u>
TOTAL ASSETS	<u>151,613</u>
LIABILITIES	
Interfund payable	140,929
Salaries and benefits payable	22,802
Unearned revenue	<u>3,331</u>
TOTAL LIABILITIES	<u>167,062</u>
NET ASSETS	
Invested in capital assets	5,585
Unrestricted	<u>(21,034)</u>
TOTAL NET ASSETS	<u>\$ (15,449)</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2009

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 145,277
Other local income	1,577
TOTAL OPERATING REVENUES	146,854
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	119,561
Benefits	21,776
Services	4,174
Supplies	146,064
Depreciation	3,335
Total non-instructional programs	294,910
OPERATING LOSS	(148,056)
NON-OPERATING REVENUES:	
State sources	3,869
Federal sources	129,174
Interest income	253
TOTAL NON-OPERATING REVENUES	133,296
Change in net assets	(14,760)
Net assets beginning of year	(689)
Net assets end of year	\$ (15,449)

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 146,192
Cash received from miscellaneous sources	1,577
Cash payments to employees for services	(118,535)
Cash payments to suppliers for goods or services	(3,585)
Net cash used in operating activities	25,649
Cash flows from non-capital financing activities:	
State grants received	3,869
Federal grants received	100,320
Net cash provided by non-capital financing activities	104,189
Cash flows from capital and related financing activities:	
Purchase of capital assets	(1,401)
Cash flows from investing activities:	
Interest on investments	253
Net decrease in cash and cash equivalents	128,690
Cash and cash equivalents at beginning of year	4,627
Cash and cash equivalents at end of year	\$ 133,317
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (148,056)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	28,854
Depreciation	3,335
Increase in inventories	(736)
Decrease in accounts receivable	639
Increase in accounts payable	118,535
Increase in Salaries and benefits payable	22,802
Increase in unearned revenue	276
Net cash used in operating activities	\$ 25,649

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal commodities valued at \$28,854.

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) **Summary of Significant Accounting Policies**

The Belle Plaine Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. 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 City of Belle Plaine, Iowa, and the predominate agricultural territory in Poweshiek, Benton, Iowa and Tama Counties. 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, Belle Plaine 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. The Belle Plaine 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 do 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 Poweshiek, Benton, Iowa and Tama County Assessors' Conference Board.

B. Basis of Presentation

Government-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 support.

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 consists of capital assets, net of accumulated depreciation.

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

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but 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 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 that are 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 Government-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 other 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 receipts that are 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 expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The District reports the following proprietary fund:

The District's proprietary funds is the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary 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 fund of the District applies 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 nonoperating 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 nonoperating 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.

D. Assets, Liabilities and Fund Balances

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, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are 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. Delinquent property tax receivable represents unpaid taxes for the current and prior years. 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 Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% 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.

Due to and Due from other funds - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as June 30, 2009, balances of interfund accounts receivable or payable have been recorded.

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.

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, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-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	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 years
Machinery and equipment	12 years

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means 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 fund financial statements represent 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 consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

Long-term Liabilities - In the government-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 government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that 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.

Restricted Net Assets - In the Government-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.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, no disbursements exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2009 were entirely covered by federal depository insurance or 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. The District's investments as of June 30, 2009 are as follows:

	Amortized Cost
Iowa Schools Joint Investment Trust	\$ 360,820

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2009-10A	6/25/2009	6/23/2010	\$ 517,059	64	509,000	174

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009, is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ 0	200,000	200,000	0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%
2009-10A	2.500%	0.902%

(4) Due To And Due From Other Funds

The detail of the interfund receivables and payables at June 30, 2008, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue: Physical Plant and Equipment Levy	General Fund	\$ 35,747
General Fund	Special Revenue: Management Levy	24,759
General Fund	Special Revenue: Physical Plant and Equipment Levy	50,000
General Fund	Nutrition Fund	<u>140,929</u>
Total		<u>\$ 251,435</u>

The General Fund will be repaying the Special Revenue: Physical Plant and Equipment Levy for expenditures incorrectly recorded in the General Fund.

The Special Revenue: Physical Plant and Equipment Levy will pay the General Fund for a CD that was cashed and coded to the wrong fund.

Special Revenue: Management Levy, will repay the General Fund for early retirement benefits paid out of the General Fund instead of the Management Levy.

The Nutrition Fund owes the General Fund for salaries and benefits paid during the year by the General Fund.

(5) Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$ 3,102</u>

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

The Capital Projects Fund transferred funds to the Debt Service Fund for accrued interest charges on the issuance of revenue bonds.

(6) 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	\$ 28,065	0	0	28,065
Construction in progress	0	599,776	0	599,776
Total capital assets not being depreciated	<u>28,065</u>	<u>599,776</u>	<u>0</u>	<u>627,841</u>
Capital assets being depreciated:				
Buildings	2,154,949	3,627	0	2,158,576
Land improvements	143,917	0	0	143,917
Machinery and equipment	1,120,243	4,015	72,734	1,051,524
Total capital assets being depreciated	<u>3,419,109</u>	<u>7,642</u>	<u>72,734</u>	<u>3,354,017</u>
Less accumulated depreciation for:				
Buildings	1,447,546	47,106	0	1,494,652
Land improvements	91,382	6,074	0	97,456
Machinery and equipment	915,661	64,823	71,047	909,437
Total accumulated depreciation	<u>2,454,589</u>	<u>118,003</u>	<u>71,047</u>	<u>2,501,545</u>
Total capital assets being depreciated, net	<u>964,520</u>	<u>(110,361)</u>	<u>1,687</u>	<u>852,472</u>
Governmental activities capital assets, net	<u>\$ 992,585</u>	<u>489,415</u>	<u>1,687</u>	<u>1,480,313</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 70,812	1,401	0	72,213
Less accumulated depreciation	63,293	3,335	0	66,628
Business type activities capital assets, net	<u>\$ 7,519</u>	<u>(1,934)</u>	<u>0</u>	<u>5,585</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 1,609
Other	2,442
Support services:	
Student services	923
Instructional staff services	8,382
Administration services	6,049
Operation and maintenance of plant services	10,177
Transportation	35,241
Unallocated depreciation	<u>53,180</u>
Total governmental activities depreciation expense	<u>\$ 118,003</u>
Business type activities:	
Food services	<u>\$ 3,335</u>

(7) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 0	4,300,000	0	4,300,000	145,000
Revenue bonds	0	4,150,000	0	4,150,000	0
Early retirement	24,760	6,997	24,760	6,997	6,997
Accrued compensated absences	7,779	14,688	7,779	14,688	14,688
Total	\$ 32,539	8,471,685	32,539	8,471,685	166,685

General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond issue July 1, 2009		
		Principal	Interest	Total
2010	2.10	% \$ 145,000	175,440	320,440
2011	2.50	150,000	171,815	321,815
2012	2.60	155,000	168,065	323,065
2013	3.00	160,000	164,190	324,190
2014	3.40	165,000	159,390	324,390
2015-2019	3.60-4.40	940,000	702,300	1,642,300
2020-2024	4.60-5.10	1,150,000	488,512	1,638,512
2025-2029	5.20-5.50	1,435,000	205,880	1,640,880
Subtotal		\$ 4,300,000	2,235,592	6,535,592

Revenue Bonds Payable

Details of the District's June 30, 2009 revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond issue May 1, 2009		
		Principal	Interest	Total
2010	2.10	% \$ 0	124,095	124,095
2011	2.50	65,000	185,460	250,460
2012	2.60	130,000	183,152	313,152
2013	3.00	160,000	179,446	339,446
2014	3.40	155,000	175,042	330,042
2015-2019	3.60-4.40	960,000	777,548	1,737,548
2020-2024	4.60-5.10	1,095,000	557,371	1,652,371
2025-2030	5.20-5.50	1,585,000	266,254	1,851,254
Subtotal		\$ 4,150,000	2,448,368	6,598,368

The District has pledged future statewide sales and services tax revenues to repay the \$4,150,000 bonds issued in May 2009. The bonds were issued for the purpose of financing a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the

District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$6,598,368. For the current year, no principal and interest payments were made.

The resolution providing for the issuance of the statewide sales and services tax revenue bonds includes the following provisions:

- a) \$357,718 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. For the year ended June 30, 2009, the District paid \$24,670 in early retirement benefits.

(8) 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 years ended June 30, 2009, 2008, and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2007, and 2006 were \$215,674, \$178,182, and \$216,331 respectively, equal to the required contributions for each year.

(9) Risk Management

Belle Plaine 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.

(10) 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 \$216,427 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.

(11) Deficit Net Assets

As of the year ended June 30, 2009, the Nutrition Fund had a deficit unrestricted net assets of \$21,034.

(12) Construction Commitments

The District entered into contracts totaling \$8,819,630 for the Elementary and Jr. High School additions and renovations. As of June 30, 2009, costs of \$599,776 had been incurred against the contract. The balance of \$8,319,854 remaining at June 30, 2009 will be paid as work on the project progresses.

(13) Categorical Funding

The District's ending balances for categorical funding by project as of the year ended June 30, 2009 are as follows:

<u>Project</u>	<u>Amount</u>
Gifted and talented	1,822
Market factor	\$ 4,794
Model core curriculum	873
Market factor incentives	4,503
Professional development	8,713
Total reserved for categorical funding	<u>\$ 20,705</u>

(14) Other Post-employment Benefits (OPEB)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other post-employment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB No. 45.

REQUIRED SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON 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	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,441,145	147,106	3,588,251	3,184,793	3,184,793	403,458
State sources	3,205,102	3,869	3,208,971	3,237,559	3,237,559	(28,588)
Federal sources	112,634	129,175	241,809	216,316	216,316	25,493
Total revenues	<u>6,758,881</u>	<u>280,150</u>	<u>7,039,031</u>	<u>6,638,668</u>	<u>6,638,668</u>	<u>400,363</u>
Expenditures/Expenses:						
Instruction	3,934,099	0	3,934,099	3,791,907	4,000,000	65,901
Support services	1,887,113	0	1,887,113	2,297,093	2,297,093	409,980
Non-instructional programs	0	294,910	294,910	309,608	309,608	14,698
Other expenditures	369,682	0	369,682	520,181	600,000	230,318
Total expenditures/expenses	<u>6,190,894</u>	<u>294,910</u>	<u>6,485,804</u>	<u>6,918,789</u>	<u>7,206,701</u>	<u>720,897</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	567,987	(14,760)	553,227	(280,121)	(568,033)	1,121,260
Other financing sources, net	<u>8,393,776</u>	<u>0</u>	<u>8,393,776</u>	<u>0</u>	<u>0</u>	<u>8,393,776</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	8,961,763	(14,760)	8,947,003	(280,121)	(568,033)	9,515,036
Balance beginning of year	<u>2,233,560</u>	<u>(689)</u>	<u>2,245,191</u>	<u>1,602,338</u>	<u>1,602,338</u>	<u>642,853</u>
Balance end of year	<u>\$ 11,195,323</u>	<u>(15,449)</u>	<u>11,192,194</u>	<u>1,322,217</u>	<u>1,034,305</u>	<u>10,157,889</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard 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 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 a GAAP 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 functional 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 \$287,912.

OTHER SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2009

	Nonmajor Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 103,741	150,005	391,788	645,534	5,426	650,960
Receivables:						
Property tax:						
Delinquent	4,515	0	3,501	8,016	4,768	12,784
Succeeding year	165,000	0	91,748	256,748	320,939	577,687
Income surtax	0	0	22,073	22,073	0	22,073
Interfund	0	0	35,747	35,747	0	35,747
TOTAL ASSETS	\$ 273,256	150,005	544,857	968,118	331,133	1,299,251
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund payable	\$ 24,759	0	50,000	74,759	0	74,759
Deferred revenue:						
Succeeding year property tax	165,000	0	91,748	256,748	320,939	577,687
Income surtax	0	0	22,073	22,073	0	22,073
Total liabilities	189,759	0	163,821	353,580	320,939	674,519
Fund balances:						
Reserved for:						
Debt Service	0	0	0	0	10,194	10,194
Unreserved fund balances	83,497	150,005	381,036	614,538	0	614,538
Total fund balances	83,497	150,005	381,036	614,538	10,194	624,732
TOTAL LIABILITIES AND FUND BALANCES	\$ 273,256	150,005	544,857	968,118	331,133	1,299,251

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUES FUNDS
 YEAR ENDED JUNE 30, 2009

	Nonmajor Special Revenue Funds					Total
	Management Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 83,232	0	112,558	195,790	4,768	200,558
Other	9,505	272,955	100,272	382,732	0	382,732
TOTAL REVENUES	92,737	272,955	212,830	578,522	4,768	583,290
EXPENDITURES:						
Current:						
Instruction:						
Other	0	241,262	0	241,262	0	241,262
Support services:						
Administration	120,016	0	0	120,016	0	120,016
Operation and maintenance of plant	0	0	28,899	28,899	0	28,899
Other expenditures:						
Facilities acquisition	0	0	3,631	3,631	0	3,631
Long-term debt:						
Interest and fiscal charges	0	0	0	0	600	600
TOTAL EXPENDITURES	120,016	241,262	32,530	393,808	600	394,408
Excess(Deficiency) of revenues over(under) expenditures	(27,279)	31,693	180,300	184,714	4,168	188,882
Other financing sources(uses):						
Transfer in	0	0	0	0	3,102	3,102
Issuance of bonds	0	0	0	0	2,924	2,924
Total other financing sources(uses)	0	0	0	0	6,026	6,026
Change in fund balance	(27,279)	31,693	180,300	184,714	10,194	194,908
Fund balance beginning of year	110,776	118,312	200,736	429,824	0	429,824
Fund balance end of year	\$ 83,497	150,005	381,036	614,538	10,194	624,732

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletic Boosters Club	\$ 6,380	3,516	1,422	8,474
Interest	0	1,422	0	1,422
K-8 Art Club	105	295	348	52
Junior High/Elementary Drama	151	402	357	196
Camp Courageous	859	2,784	2,925	718
6th Grade	5,035	6,076	7,173	3,938
Elementary Student Council	5,446	1,658	1,005	6,099
Junior High Student Council	6,878	15,315	15,808	6,385
School Play	31	510	541	0
Speech	2	198	36	164
Speech fundraiser	0	63	0	63
Vocal	3	197	187	13
Band	0	199	186	13
Boys Cross Country	200	0	0	200
Girls Cross Country	160	40	0	200
Boys Cross Country Fundraiser	200	1,347	1,187	360
Girls Cross Country Fundraiser	254	145	142	257
Boys/Girls Golf	0	750	623	127
Boys Basketball	76	674	744	6
Boys Basketball Fundraiser	4,516	6,151	6,226	4,441
Football	0	4,479	4,188	291
Football Fundraiser	358	13,945	12,213	2,090
Baseball	122	628	750	0
Baseball Fundraiser	2,696	2,625	4,868	453
Boys Track	360	15	314	61
Boys Track Fundraiser	792	3,021	2,322	1,491
Boys Golf Fundraiser	1,671	150	241	1,580
Wrestling	34	1,785	1,772	47
Wrestling Fundraiser	60	1,548	1,532	76
Girls Basketball	102	648	681	69
Girls Basketball Fundraiser	1,788	3,256	4,153	891
Volleyball	32	718	749	1
Volleyball Fundraiser	1,400	2,993	2,714	1,679
Softball	53	697	750	0
Softball Fundraiser	1,114	10,073	10,093	1,094
Girls Track	296	79	314	61
Girls Track Fundraiser	859	4,488	3,630	1,717
Activities	3,354	80,364	54,303	29,415
Cheerleading Fundraiser	1,707	6,340	7,026	1,021
Cheerleading	0	400	355	45
Dance/Drill Team	583	624	919	288
Science Club	1,495	1,016	1,386	1,125
Pep Club	0	63	16	47
High School Student Council	6,430	7,352	6,580	7,202
Annual	10,965	7,972	8,633	10,304
Close Up	18,708	25,226	28,681	15,253
Peer Helpers	149	0	0	149
Spanish club	80	0	0	80
FFA	21,484	36,298	29,230	28,552
Win With Fitness	170	25	15	180
Belle Plaine S.A.D.D.	420	0	0	420
Video Club	123	477	262	338
German Club	80	135	74	141
Student/Staff Pop fund	2,049	8,129	6,258	3,920
Projects	1,671	0	0	1,671
Class of 2009	1,507	2,211	3,317	401
Class of 2010	3,142	1,823	3,691	1,274
Class of 2011	2,162	612	156	2,618
Class of 2012	0	998	166	832
Total	\$ 118,312	272,955	241,262	150,005

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET FOR CAPITAL PROJECTS FUND
 JUNE 30, 2009

	Capital Projects Fund		
	Building Projects	Statewide Sales Tax	Total
Assets			
Cash and pooled investments	\$ 4,185,653	5,300,978	9,486,631
Due from other governments	0	160,886	160,886
Total Assets	\$ 4,185,653	5,461,864	9,647,517
Liabilities and Fund Balances			
Liabilities:	\$ 0	0	0
Fund balances:			
Reserved for construction	4,185,653	3,695,355	7,881,008
Reserved for debt service	0	357,718	357,718
Unreserved fund balance	0	1,408,791	1,408,791
Total fund balances	4,185,653	5,461,864	9,647,517
Total Liabilities and Fund Balances	\$ 4,185,653	5,461,864	9,647,517

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2009

	Capital Projects Fund		
	Building Projects	Statewide Sales Tax	Total
Revenues:			
Local sources:			
Statewide sales and service tax	\$ 0	351,279	351,279
Total revenues	0	351,279	351,279
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	0	22,760	22,760
Other expenditures:			
Facilities acquisitions	114,347	34,677	149,024
Total expenditures	114,347	57,437	171,784
Excess(Deficiency) of revenues over(under) expenditures	(114,347)	293,842	179,495
Other financing uses:			
Issuance of General Obligation bonds	4,300,000	0	4,300,000
Issuance of revenue bonds	0	4,150,000	4,150,000
Bond issuance costs	(54,762)	(62,250)	(117,012)
Premium on bonds	54,762	3,102	57,864
Transfer out	0	(3,102)	(3,102)
Total other financing uses	4,300,000	4,087,750	8,387,750
Excess of revenues over expenditures and other financing uses	4,185,653	4,381,592	8,567,245
Fund balance beginning of year	0	1,080,272	1,080,272
Fund balance end of year	\$ 4,185,653	5,461,864	9,647,517

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 2,650,971	2,488,684	2,311,470	2,187,039	2,197,074	1,913,270
Tuition	176,204	138,590	167,612	128,317	263,300	187,117
Other	613,970	420,898	357,117	319,339	237,063	266,261
State sources	3,205,102	3,190,242	3,114,097	2,986,849	3,019,856	2,948,051
Federal sources	112,634	127,976	120,028	129,567	126,370	119,061
Total	<u>\$ 6,758,881</u>	<u>6,366,390</u>	<u>6,070,324</u>	<u>5,751,111</u>	<u>5,843,663</u>	<u>5,433,760</u>
Expenditures:						
Instruction:						
Regular	\$ 2,392,766	2,450,902	2,534,811	2,546,399	2,496,924	2,462,224
Special	741,855	624,013	705,497	671,141	675,667	744,499
Other	799,478	558,205	512,360	498,777	489,880	431,840
Support services:						
Student	50,455	44,050	77,402	79,791	92,382	92,838
Instructional staff	76,334	79,943	150,924	170,979	108,201	101,460
Administration	1,095,919	618,806	724,720	693,490	662,511	652,031
Operation and maintenance of plant	447,593	453,011	460,129	472,027	493,409	436,307
Transportation	216,812	294,431	311,662	228,354	208,482	169,826
Other expenditures:						
Facilities acquisitions	152,655	16,188	59,558	139,931	51,903	134,568
Long Term Debt:						
Interest	600	0	0	0	0	0
AEA flow-through	216,427	211,997	208,301	201,163	201,940	205,191
Total	<u>\$ 6,190,894</u>	<u>5,351,546</u>	<u>5,745,364</u>	<u>5,702,052</u>	<u>5,481,299</u>	<u>5,430,784</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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 the
Belle Plaine 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 Belle Plaine 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 March 24, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Belle Plaine 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 our opinion on the effectiveness of Belle Plaine Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Belle Plaine 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 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 and other deficiencies we consider to be material weaknesses.

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 Belle Plaine Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Belle Plaine Community School District's financial statements that is more than inconsequential will not be prevented or detected by Belle Plaine Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings 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 Belle Plaine 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. However, of the significant deficiencies described above, we believe item I-A-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Belle Plaine 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, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the 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.

Belle Plaine Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Belle Plaine 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 Belle Plaine Community School District and other parties to whom Belle Plaine 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 Belle Plaine 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives.

Conclusion - Response accepted.

I-B-09 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Per Chapter 9 of the LEA Financial Accounting Manual. "The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8)." Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

Currently, donations from Target are recorded in the Elementary account in the Student Activity Fund. Target donations are considered an undesignated donation, therefore, they should be receipted into the General Fund for use as determined by the Board of Directors. The designation should be noted annually in the District's board minutes.

Washington DC trip (close-up) costs cannot be charged to Students if the trip is counted as part of the 180 instruction days per the Department of Education Declaratory Ruling.

Response - The District will record Target donations into the General Fund in the future. The District will not charge for field trips included in the 180 instruction days.

Conclusion - Response accepted.

I-C-09 Grant Coding - We noted during our audit, that Drug Free Final Report was filed online but the District did not code accounts receivable or expenses in the 2008-09 year.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures.

Response - The District will review the coding of grant funds.

Conclusion - Response accepted.

I-D-09 Board Policies - We noted during our audit the District has not updated their board policies as required by Department of Education. The policies are to be reviewed and updated every 5 years. It was also, noted that the District has not developed and implemented a cell phone policy.

Recommendation - The District should review their board policies in place and update or implement the necessary policies.

Response - The District will review its policies.

Conclusion - Response accepted.

I-E-09 Revenue Recognition - We noted during our audit that accounts receivable for statewide sales and service tax and property tax were not properly recorded.

Recommendation - The District should accrue two months of statewide sales and service tax and one month of property tax.

Response - The District will take this action in the future.

Conclusion - Response accepted.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS
 YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.
- II-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-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. However, we noted that the mileage reimbursement rate of \$.45 does not match the board policy rate.

Recommendation- The District should pay at the approved mileage reimbursement rate.

Response - The District will review its Board policy regarding mileage reimbursement.

Conclusion - Response accepted.

- II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Jim Pierce, Board Member Owns Pierce Lumber	Supplies	\$491

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Board Member Jim Pierce does not appear to be a conflict of interest.

- II-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.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-09 Certified Enrollment - We noted variances in the basic enrollment data certified to the Department of Education. The number of students that were reported on Line 1 was overstated by 22 students and line 2 was understated by 1.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District will contact the Iowa Department of Education and the Department of Management.

Conclusion - Response accepted.

II-H-09 Deposits and Investments - We noted 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.

II-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-J-09 Financial Condition - As of the year ended June 30, 2009, the Nutrition Fund had deficit unrestricted net assets of \$21,034.

Recommendation - The District should monitor this fund and investigate alternatives to eliminate this deficit.

Response - The District will review this matter.

Conclusion - Response accepted.

II-K-09 Categorical Funding - No instance were noted of categorical funding being used to supplant rather than supplement other funds.

II-L-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.3 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	\$	0
Statewide sales and service tax revenue		351,279
Expenditures/transfers out:		
School Infrastructure:		
Buildings		34,677
		<u>34,677</u>
Ending Balance	\$	<u>316,602</u>

II-M-09 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response - The District will retain both front and back images of cancelled checks in the future.

Conclusion - Response accepted.

II-N-09 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - Officials contracts will be signed by the board president.

Conclusion - Response accepted.