

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Center Point-Urbana Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Carol Engelken	President	2008
Scott Millikin	Vice-President	2010
Mark Boies	Board Member	2009
Tammy Carolan	Board Member	2009
Dan Jones	Board Member	2010
Board of Education (After September 2008 Election)		
Carol Engelken	President	2011
Scott Millikin	Vice-President	2011 *
Mark Boies	Board Member	2009
Tammy Carolan	Board Member	2009
Dan Jones	Board Member	2011 *
School Officials		
Alan Marshall	Superintendent	2009
Kristy Bruce	District Secretary/Treasurer/ Business Manager	2009
Gruhn Law Firm	Attorney	2009

* Board Term extended per the District's transition 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)

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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Center Point-Urbana 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 the Center Point-Urbana Community School District, Center Point, Iowa as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as 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 Center Point-Urbana Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2010 on our consideration of Center Point-Urbana 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 13 and 38 through 39 are not required parts of the basic financial statements, but are supplementary

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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 Center Point-Urbana Community School District's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for two years ending June 30, 2005 and we audited the financial statements for the three years ending June 30, 2008 (which are not presented herein) and an unqualified opinion was expressed on those financial statements. Other supplementary information included in Schedules 1 through 8, 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 PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Center Point-Urbana 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 \$10,767,153 in fiscal 2008 to \$11,162,718 in fiscal 2009, while General Fund expenditures increased from \$10,444,238 in fiscal 2008 to \$11,096,802 in fiscal 2009. This allowed the District's General Fund balance to increase from a deficit \$159,985 in fiscal 2008 to a deficit \$94,069 in fiscal 2009, a 41.20% increase over the prior year.
- The increase in General Fund revenues was mainly attributable to an increase in state and federal sources in fiscal 2009. The increase in expenditures was due primarily to an increase in the negotiated salaries and benefits.

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 Center Point-Urbana 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 Center Point-Urbana 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 Center Point-Urbana 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-1

Center Point-Urbana Community School District Annual Financial Report

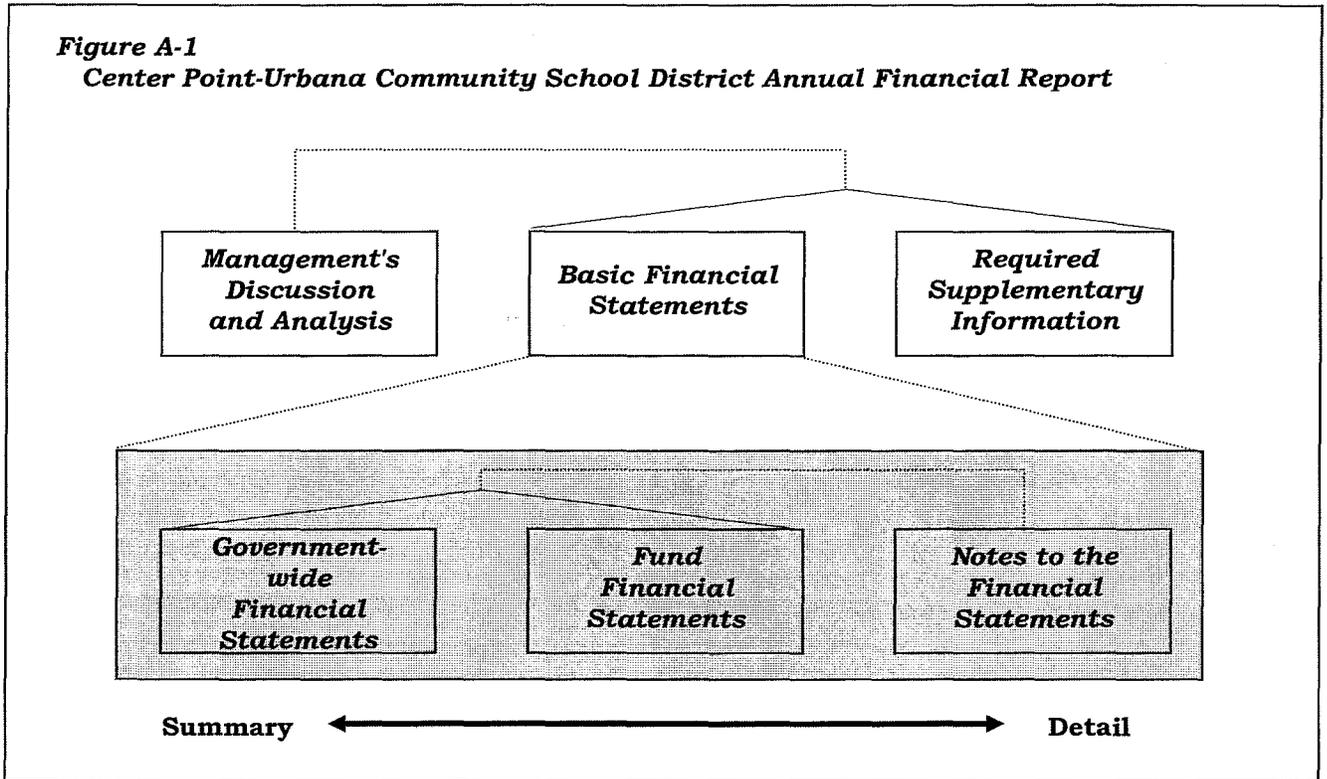


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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 three 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, Debt Service Fund 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.

The District's internal service funds, one type of proprietary fund, are the same as its governmental activities, but provide more detail and additional information, such as cash

flows. The District currently has one internal service fund account accounting for self-funded insurance.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust funds.

- Private Purpose Trust Funds - The District accounts for outside donations for scholarships for individual students in this fund.

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

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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 compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets

	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
Current and other assets	\$ 9,815,316	10,284,328	62,345	21,015	9,877,661	10,305,343	-4.15%
Capital assets	8,774,478	8,736,390	30,580	33,287	8,805,058	8,769,677	0.40%
Total assets	18,589,794	19,020,718	92,925	54,302	18,682,719	19,075,020	-2.06%
Long-term obligations	7,485,386	7,790,465	0	0	7,485,386	7,790,465	-3.92%
Other liabilities	7,580,496	8,639,480	55,962	52,033	7,636,458	8,691,513	-12.14%
Total liabilities	15,065,882	16,429,945	55,962	52,033	15,121,844	16,481,978	-8.25%
Net assets:							
Invested in capital assets, net of related debt	1,651,413	1,427,112	30,580	33,287	1,681,993	1,460,399	15.17%
Restricted	2,094,102	1,448,561	0	0	2,094,102	1,448,561	44.56%
Unrestricted	(221,603)	(284,900)	6,383	(31,018)	(215,220)	(315,918)	31.87%
Total net assets	\$ 3,523,912	2,590,773	36,963	2,269	3,560,875	2,593,042	37.32%

The District's combined net assets increased by 37.32%, or \$967,833, compared to the prior year. A portion of the District's net assets is invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

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 increased by \$645,541, or 44.56% over the prior year. The increase is mostly the result of increases in fund balance for the Special Revenue, Management Levy Fund and Capital Projects Fund.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$100,698, or 31.87%. The primary reason for the increase was due to the increase in the General Fund balance.

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

Figure A-4
Changes 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
Revenues:							
Program revenues:							
Charges for services	\$ 1,360,744	1,275,931	490,215	451,554	1,850,959	1,727,485	7.15%
Operating grants and contributions and restricted interest	1,603,191	1,553,995	182,377	165,541	1,785,568	1,719,536	3.84%
General revenues:							
Property tax	3,367,970	3,091,905	0	0	3,367,970	3,091,905	8.93%
Income Surtax	343,617	267,164	0	0	343,617	267,164	28.62%
Statewide sales and service tax	962,247	964,222	0	0	962,247	964,222	-0.20%
Unrestricted state grants	5,763,935	5,415,623	0	0	5,763,935	5,415,623	6.43%
Unrestricted interest revenue	125,971	203,592	289	73	126,260	203,665	-38.01%
Other general revenue	179,846	337,056	1,836	0	181,682	337,056	-46.10%
Total revenues	13,707,521	13,109,488	674,717	617,168	14,382,238	13,726,656	4.78%
Program expenses:							
Governmental activities:							
Instructional	8,080,386	7,292,273	0	0	8,080,386	7,292,273	10.81%
Support services	3,313,293	3,239,246	9,140	7,668	3,322,433	3,246,914	2.33%
Non-instructional programs	0	0	630,883	601,396	630,883	601,396	4.90%
Other expenses	1,380,703	1,246,327	0	0	1,380,703	1,246,327	10.78%
Total expenses	12,774,382	11,777,846	640,023	609,064	13,414,405	12,386,910	8.30%
Change in net assets	933,139	1,331,642	34,694	8,104	967,833	1,339,746	-27.76%
Net assets beginning of year	2,590,773	1,259,131	2,269	(5,835)	2,593,042	1,253,296	106.90%
Net assets end of year	\$ 3,523,912	2,590,773	36,963	2,269	3,560,875	2,593,042	37.32%

In fiscal 2009, property tax, statewide sales and services tax and unrestricted state grants account for 73.64% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.69% of the revenue from business type activities.

The District's total revenues were \$14,382,238 of which \$13,707,521 was for governmental activities and \$674,717 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.78% increase in revenues and an 8.30% increase in expenses. The unrestricted state grants increased \$348,312 or 6.43% to fund increases in expenditures. The increase in expenses related to increases in the negotiated salary and benefits and programs funded by grants received by the District.

Governmental Activities

Revenues for governmental activities were \$13,707,521 and expenses were \$12,774,382.

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	\$ 8,080,386	7,292,273	10.81%	5,548,330	4,865,610	14.03%
Support services	3,313,293	3,239,246	2.29%	3,310,699	3,234,392	2.36%
Other expenses	1,380,703	1,246,327	10.78%	951,418	847,918	12.21%
Totals	\$ 12,774,382	11,777,846	8.46%	9,810,447	8,947,920	9.64%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$1,360,744.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,603,191.
- The net cost of governmental activities was financed with \$4,673,834 in local tax, \$5,763,935 in unrestricted state grants, \$125,971 in interest income and \$179,846 in other general revenue.

Business type Activities

Revenues of the District's business type activities were \$674,717 and expenses were \$640,023. 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, investment income and other miscellaneous revenue.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Center Point-Urbana 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 \$1,985,120, above last year's ending fund balances of \$1,429,081. However, the primary reason for the increase in combined fund balances in fiscal 2009 is due to the increase in fund balance for the General Fund, Special Revenue, Management Levy Fund and the Capital Projects Fund.

Governmental Fund Highlights

- The District's improved General Fund financial position is the product of many factors. Growth during the year in state and federal source revenues increased by \$396,535 or

5.70% was the primary reason for the increase in revenues. Total expenditures increased by \$652,564 or 6.25%. The instruction expenditures increased by \$639,159 or 9.11% and the support services expenditures decreased by \$17,471 or 0.58% primarily with the largest decrease in the administration functional area. The increase in revenues was enough to offset the increase in expenditures; the net result was an increase in fund balance from a deficit \$159,985 in fiscal 2008 to a deficit \$94,069 in fiscal 2009.

- The Special Revenue, Management Levy Fund balance increased from \$5,090 at June 30, 2008 to \$79,754 at June 30, 2009. Local revenues increased by \$109,864 or 80.40%, while, expenditures increased by \$12,711 or 7.99%, with the largest increase in the regular instruction functional area. With revenues exceeding expenses, this ensured the increase in the fund balance.
- The Special Revenue, Physical Plant and Equipment Levy Fund balance decreased from \$140,076 at June 30, 2008 to \$22,005 at June 30, 2009, representing a decrease of \$118,071 or 84.74%. Local revenues increased by \$21,528 or 10.52%. The District received \$81,069 in Capital Lease proceeds, which was added to the long-term debt. Expenses increased by \$307,371 or 260.64%. The student transportation support services and facilities acquisitions were the major share of the increased expenditures.
- The Capital Projects fund balance overall increased from \$1,315,322 in fiscal 2008 to \$1,816,517 in fiscal 2009. While, the local revenues decreased by \$30,328 or 2.94%, expenditures decreased by \$37,422 or 6.95%. The biggest decrease was primarily in facilities acquisitions.

Proprietary Fund Highlights

- The Proprietary Funds net assets increased from \$2,269 at June 30, 2008 to \$36,963 at June 30, 2009, representing an increase of \$34,694 or 1,529.04%. Charges for service increased by \$38,661 or 8.56% and state and federal sources increased by \$16,836 or 10.17% resulting in the increase of revenues. Expenditures increased from \$609,064 in fiscal 2008 to \$640,023 in fiscal 2009 or by \$30,959 or 5.08% with the majority of the increase due to increased salaries and benefits and supplies.
- In fiscal 2009, the District established an Internal Service Fund. Internal service funds are typically self-insurance funds and flex-benefit (cafeteria) plans. The Internal Service Fund balance was \$7,108 at June 30, 2009. The revenues for fiscal 2009 were \$1,084,029 and expenditures were \$1,076,921. The Internal Service Fund is blended into the Governmental Activities Statement of Net Assets and Statement of Activities.

BUDGETARY HIGHLIGHTS

The District's revenues were \$2,039,452 less than budgeted revenues, a variance of 12.44%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Initially, total expenditures were less than budgeted, due 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. During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$8,804,986, 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 0.40% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$656,525.

The original cost of the District's capital assets was \$19,103,367. Governmental funds account for \$19,026,801 with the remainder of \$76,566 in the Proprietary funds.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$207,108 at June 30, 2008, compared to \$494,108 reported at June 30, 2009. The increase was due to the purchase of five buses.

Figure A-6
Capital Assets, Net of Depreciation

	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
Land	\$ 408,736	408,736	0	0	408,736	408,736	0.00%
Construction in progress	169,769	0	0	0	169,769	0	100.00%
Buildings	7,416,831	7,806,171	0	0	7,416,831	7,806,171	-4.99%
Improvements other than buildings	315,614	347,662	0	0	315,614	347,662	-9.22%
Machinery and equipment	463,528	173,821	30,580	33,287	494,108	207,108	138.58%
Total	\$ 8,774,478	8,736,390	30,580	33,287	8,805,058	8,769,677	0.40%

Long-Term Debt

At June 30, 2009, the District had \$7,485,386 in general obligation bonds payable, bus lease payable, early retirement and compensated absences outstanding. This represents a decrease of 3.92% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had an outstanding balance of \$7,280,000 in general obligation bonds at June 30, 2009.

In fiscal 2009, the District acquired a bus lease of \$81,069 and the outstanding balance at June 30, 2009 was \$53,376.

At June 30, 2009, the District had an early retirement outstanding balance of \$43,000 payable from the Special Revenue, Management Levy Fund.

At June 30, 2009, the District had an outstanding compensated absences balance of \$109,010 payable from the General Fund.

Figure A-7
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2009	2008	2008-09
General obligation bonds	\$ 7,280,000	7,655,000	-4.90%
Bus Lease	53,376	0	100.00%
Early retirement	43,000	23,250	84.95%
Compensated absences	109,010	112,215	-2.86%
Totals	<u>\$ 7,485,386</u>	<u>7,790,465</u>	<u>-3.92%</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:

- The District has experienced increasing enrollment trends over the past couple of decades. This trend is expected to continue with new homes and businesses being built in both the Center Point and Urbana communities.
- The additions and renovations project at the middle school was completed during fiscal 2009. The District is considering the construction of a new high school. If a new high school is to be built, the District will use a revenue bond issue to fund the first phase of construction.
- The District will need to stay abreast of current economic trends as a downturn in the economy could impact future state aid payments as well as Statewide Sales and Services Tax proceeds.
- During the 2008-09 school year, two portable were refurbished for use with the preschool program. The District also decided to move ahead with the first phase of construction of a new high school. To finance the construction, the District will issue a combination of revenue bonds and PPEL notes. In addition, the District received a Harken grant to remodel the existing high school.

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 Kristy Bruce, District Secretary/Treasurer/Business Manager, Center Point-Urbana Community School District, 102 Trader Street, Center Point, Iowa, 52213.

BASIC FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
Assets			
Cash and pooled investments:			
ISCAP	\$ 2,170,836	0	2,170,836
Other	3,021,951	46,538	3,068,489
Receivables:			
Property tax:			
Delinquent	45,655	0	45,655
Succeeding year	3,709,867	0	3,709,867
Income surtax	291,975	0	291,975
Accounts	39,692	263	39,955
Accrued ISCAP interest	268	0	268
Due from other governments	534,879	0	534,879
Inventories	0	15,544	15,544
Prepaid expenses	193	0	193
Capital assets, net of accumulated depreciation	8,774,478	30,580	8,805,058
Total Assets	18,589,794	92,925	18,682,719
Liabilities			
Accounts payable	367,335	823	368,158
Salaries and benefits payable	1,270,097	43,044	1,313,141
ISCAP warrants payable	2,137,000	0	2,137,000
ISCAP accrued interest payable	732	0	732
ISCAP unamortized premium	41,368	0	41,368
Accrued interest payable	49,383	0	49,383
Deferred revenue:			
Succeeding year property tax	3,709,867	0	3,709,867
Other	4,714	0	4,714
Unearned revenue	0	12,095	12,095
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	390,000	0	390,000
Bus Lease	26,018	0	26,018
Early retirement	16,666	0	16,666
Compensated absences	109,010	0	109,010
Portion due after one year:			
General obligation bonds	6,890,000	0	6,890,000
Bus Lease	27,358	0	27,358
Early retirement	26,334	0	26,334
Total Liabilities	15,065,882	55,962	15,121,844
Net Assets			
Invested in capital assets, net of related debt	1,651,413	30,580	1,681,993
Restricted for:			
Categorical funding	268,224	0	268,224
Management levy	36,754	0	36,754
Physical plant and equipment levy	22,005	0	22,005
Capital projects	1,606,206	0	1,606,206
Debt service	34,610	0	34,610
Other special revenue purposes	126,303	0	126,303
Unrestricted	(221,603)	6,383	(215,220)
Total Net Assets	\$ 3,523,912	36,963	3,560,875

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA 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	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 5,765,236	607,494	1,056,184	(4,101,558)	0	(4,101,558)
Special	1,329,432	285,014	105,520	(938,898)	0	(938,898)
Other	985,718	468,236	9,608	(507,874)	0	(507,874)
	<u>8,080,386</u>	<u>1,360,744</u>	<u>1,171,312</u>	<u>(5,548,330)</u>	<u>0</u>	<u>(5,548,330)</u>
Support services:						
Student	309,446	0	0	(309,446)	0	(309,446)
Instructional staff	259,524	0	0	(259,524)	0	(259,524)
Administration	1,289,958	0	0	(1,289,958)	0	(1,289,958)
Operation and maintenance of plant	977,584	0	0	(977,584)	0	(977,584)
Transportation	476,781	0	2,594	(474,187)	0	(474,187)
	<u>3,313,293</u>	<u>0</u>	<u>2,594</u>	<u>(3,310,699)</u>	<u>0</u>	<u>(3,310,699)</u>
Other expenditures:						
Facilities acquisitions	104,666	0	0	(104,666)	0	(104,666)
Long-term debt interest	308,645	0	0	(308,645)	0	(308,645)
AEA flowthrough	429,285	0	429,285	0	0	0
Depreciation (unallocated)*	538,107	0	0	(538,107)	0	(538,107)
	<u>1,380,703</u>	<u>0</u>	<u>429,285</u>	<u>(951,418)</u>	<u>0</u>	<u>(951,418)</u>
Total governmental activities	12,774,382	1,360,744	1,603,191	(9,810,447)	0	(9,810,447)
Business Type activities:						
Support services:						
Administration	9,140	0	0	0	(9,140)	(9,140)
Non-instructional programs:						
Nutrition services	630,883	490,215	182,377	0	41,709	41,709
Total business type activities	<u>640,023</u>	<u>490,215</u>	<u>182,377</u>	<u>0</u>	<u>32,569</u>	<u>32,569</u>
Total	<u>\$ 13,414,405</u>	<u>1,850,959</u>	<u>1,785,568</u>	<u>(9,810,447)</u>	<u>32,569</u>	<u>(9,777,878)</u>
General Revenues						
Local tax for:						
General purposes				\$ 2,581,064	0	2,581,064
Debt service				587,816	0	587,816
Capital outlay				199,090	0	199,090
Income surtax				343,617	0	343,617
Statewide sales and services tax				962,247	0	962,247
Unrestricted state grants				5,763,935	0	5,763,935
Unrestricted investment earnings				125,971	289	126,260
Other general revenue				179,846	1,836	181,682
				<u>10,743,586</u>	<u>2,125</u>	<u>10,745,711</u>
Total general revenues				10,743,586	2,125	10,745,711
Changes in net assets				933,139	34,694	967,833
Net assets beginning of year				<u>2,590,773</u>	<u>2,269</u>	<u>2,593,042</u>
Net assets end of year				<u>\$ 3,523,912</u>	<u>36,963</u>	<u>3,560,875</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments:				
ISCAP	\$ 2,170,836	0	0	2,170,836
Other	1,069,753	1,665,378	271,548	3,006,679
Receivables:				
Property tax:				
Delinquent	32,388	0	13,267	45,655
Succeeding year	2,671,133	0	1,038,734	3,709,867
Income surtax	291,975	0	0	291,975
Accounts	38,821	0	871	39,692
Accrued ISCAP interest	268	0	0	268
Due from other governments	262,325	272,554	0	534,879
Prepaid expenses	193	0	0	193
Total Assets	<u>\$ 6,537,692</u>	<u>1,937,932</u>	<u>1,324,420</u>	<u>9,800,044</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 214,742	121,415	23,014	359,171
Salaries and benefits payable	1,270,097	0	0	1,270,097
ISCAP warrants payable	2,137,000	0	0	2,137,000
ISCAP accrued interest payable	732	0	0	732
ISCAP unamortized premium	41,368	0	0	41,368
Deferred revenue:				
Succeeding year property tax	2,671,133	0	1,038,734	3,709,867
Income surtax	291,975	0	0	291,975
Other	4,714	0	0	4,714
Total liabilities	<u>6,631,761</u>	<u>121,415</u>	<u>1,061,748</u>	<u>7,814,924</u>
Fund balances:				
Reserved for:				
Categorical funding	268,224	0	0	268,224
Construction	0	210,311	0	210,311
Debt service	0	0	34,610	34,610
Unreserved	(362,293)	1,606,206	228,062	1,471,975
Total fund balances	<u>(94,069)</u>	<u>1,816,517</u>	<u>262,672</u>	<u>1,985,120</u>
Total Liabilities and Fund Balances	<u>\$ 6,537,692</u>	<u>1,937,932</u>	<u>1,324,420</u>	<u>9,800,044</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA 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 16)	\$ 1,985,120
 <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 in the governmental funds.	8,774,478
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	291,975
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	7,108
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(49,383)
Long-term liabilities, including general obligation bonds, early retirement and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(7,485,386)</u>
 Net assets of governmental activities (page 14)	 <u><u>\$ 3,523,912</u></u>

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,676,467	962,247	1,010,309	4,649,023
Tuition	892,508	0	0	892,508
Other	242,597	39,786	507,650	790,033
State sources	7,059,694	0	0	7,059,694
Federal sources	291,452	0	0	291,452
Total revenues	<u>11,162,718</u>	<u>1,002,033</u>	<u>1,517,959</u>	<u>13,682,710</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	5,767,190	0	7,750	5,774,940
Special	1,329,432	0	0	1,329,432
Other	556,010	0	426,591	982,601
	<u>7,652,632</u>	<u>0</u>	<u>434,341</u>	<u>8,086,973</u>
Support services:				
Student	287,909	0	1,787	289,696
Instructional staff	259,524	0	0	259,524
Administration	1,187,930	0	92,671	1,280,601
Operation and maintenance of plant	918,110	0	57,636	975,746
Transportation	361,412	231,069	188,928	781,409
	<u>3,014,885</u>	<u>231,069</u>	<u>341,022</u>	<u>3,586,976</u>
Other expenditures:				
Facilities acquisitions	0	169,769	221,385	391,154
Long-term debt:				
Principal	0	0	402,693	402,693
Interest	0	0	310,659	310,659
AEA flowthrough	429,285	0	0	429,285
	<u>429,285</u>	<u>169,769</u>	<u>934,737</u>	<u>1,533,791</u>
Total expenditures	<u>11,096,802</u>	<u>400,838</u>	<u>1,710,100</u>	<u>13,207,740</u>
Excess(Deficiency) of revenues over(under) expenditures	65,916	601,195	(192,141)	474,970
Other financing sources(uses):				
Transfers in	0	0	128,767	128,767
Transfers out	0	(100,000)	(28,767)	(128,767)
Lease proceeds	0	0	81,069	81,069
Total other financing sources(uses)	<u>0</u>	<u>(100,000)</u>	<u>181,069</u>	<u>81,069</u>
Net change in fund balances	65,916	501,195	(11,072)	556,039
Fund balances beginning of year	(159,985)	1,315,322	273,744	1,429,081
Fund balances end of year	<u>\$ (94,069)</u>	<u>1,816,517</u>	<u>262,672</u>	<u>1,985,120</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2009

Net change in fund balances - total governmental funds (page 18) \$ 556,039

*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. The amounts of capital outlays and depreciation expense are as follows:

Capital outlays	\$ 689,607	
Depreciation expense	<u>(651,519)</u>	38,088

Proceeds of long-term debt 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 debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Issued	\$ (81,069)	
Repaid	<u>402,693</u>	321,624

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

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 2,014

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 24,811

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		
Early retirement	\$ 3,205	
	<u>(19,750)</u>	<u>(16,545)</u>

Changes in net assets of governmental activities (page 15) 7,108

\$ 933,139

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Assets		
Cash and pooled investments	\$ 46,538	15,272
Accounts receivable	263	0
Inventories	15,544	0
Capital assets, net of accumulated depreciation	30,580	0
Total assets	92,925	15,272
Liabilities		
Accounts payable	823	8,164
Salaries and benefits payable	43,044	0
Unearned revenue	12,095	0
Total Liabilities	55,962	8,164
Net Assets		
Invested in capital assets	30,580	0
Unrestricted	6,383	7,108
Total Net Assets	\$ 36,963	7,108

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for services	\$ 490,215	1,084,029
Other miscellaneous revenue	1,836	0
TOTAL OPERATING REVENUES	<u>492,051</u>	<u>1,084,029</u>
OPERATING EXPENSES:		
Support services:		
Administration:		
Salaries	6,189	0
Benefits	895	1,063,085
Services	2,056	13,836
Total support services	<u>9,140</u>	<u>1,076,921</u>
Non-instructional programs:		
Food service operations:		
Salaries	213,607	0
Benefits	47,965	0
Services	5,999	0
Supplies	357,789	0
Other	517	0
Depreciation	5,006	0
Total non-instructional programs	<u>630,883</u>	<u>0</u>
TOTAL OPERATING EXPENSES	<u>640,023</u>	<u>1,076,921</u>
OPERATING INCOME (LOSS)	<u>(147,972)</u>	<u>7,108</u>
NON-OPERATING REVENUES:		
State sources	7,429	0
Federal sources	174,948	0
Interest income	289	0
TOTAL NON-OPERATING REVENUES	<u>182,666</u>	<u>0</u>
Change in net assets	34,694	7,108
Net assets beginning of year	<u>2,269</u>	<u>0</u>
Net assets end of year	<u>\$ 36,963</u>	<u>7,108</u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	492,258	0
Cash received from miscellaneous	1,836	1,084,029
Cash payments to employees for services	(264,591)	0
Cash payments to suppliers for goods or services	(317,987)	(1,068,757)
Net cash provided by(used in) operating activities	<u>(88,484)</u>	<u>15,272</u>
Cash flows from non-capital financing activities:		
Interfund loan repayments	(20,000)	0
State grants received	7,429	0
Federal grants received	130,134	0
Net cash provided by non-capital financing activities	<u>117,563</u>	<u>0</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(2,299)	0
Interest on investments	289	0
Net increase in cash and cash equivalents	27,069	15,272
Cash and cash equivalents at beginning of year	19,469	0
Cash and cash equivalents at end of year	<u>\$ 46,538</u>	<u>15,272</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (147,972)	7,108
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	44,853	0
Depreciation	5,006	0
Decrease in inventories	4,515	0
Decrease in accounts receivable	1,185	0
Increase(Decrease) in accounts payable	(994)	8,164
Increase in salaries and benefits payable	4,065	0
Increase in unearned revenue	858	0
Net cash provided by(used in) operating activities	<u>\$ (88,484)</u>	<u>15,272</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal commodities valued at \$44,853.

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Private Purpose Funds</u>
Assets	
Cash and pooled investments	<u>\$ 23,952</u>
Liabilities	<u> 0</u>
Net Assets	
Reserved for scholarships	<u><u>\$ 23,952</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2009

	<u>Private Purpose Funds</u>
Additions:	
Interest	\$ 338
Deductions:	
Other enterprise operations:	
Scholarships	<u>1,050</u>
Change in net assets	(712)
Net assets beginning of year	<u>24,664</u>
Net assets end of year	<u><u>\$ 23,952</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

The Center Point-Urbana 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 cities of Center Point and Urbana, Iowa, and the predominate agricultural territory in Linn and Benton 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, Center Point-Urbana 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 Center Point-Urbana 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 Linn and Benton Counties 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, net of related debt consists of capital assets, net of accumulated depreciation plus unspent bond proceeds and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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 used to account for all resources used in the acquisition and construction of capital facilities.

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the District's self-funded health insurance plan.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The proprietary 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 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	\$ 5,000
Buildings	5,000
Land improvements	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Machinery and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for extra duties and curriculum work for the current school year, which is paid 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.

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 funds only if they have matured, for example, as a result of employee resignations or retirements. 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.

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.

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, expenditures in the other expenditures functional area exceeded the budgeted amounts.

(2) **Cash and Pooled Investments**

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered

open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 1,811,744</u>

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

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) 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	Special Revenue, Physical Plant and Equipment Levy	\$ 28,767
Debt Service	Capital Projects	<u>100,000</u>
		<u>\$ 128,767</u>

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

The Special Revenue, Physical Plant and Equipment Levy Fund transferred monies to the Debt Service Fund for the bus lease payment.

The Capital Projects Fund transferred monies to the Debt Service Fund for the debt payment.

(4) 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	6/25/09	6/23/10	\$ 2,170,836	268	2,137,000	732

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 the following:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ 0	2,625,000	2,625,000	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%
2009-10A	2.500%	0.902%

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 74,267	2,299	0	76,566
Less accumulated depreciation	40,980	5,006	0	45,986
Business type activities capital assets, net	\$ 33,287	(2,707)	0	30,580

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 408,736	0	0	408,736
Construction in progress	0	169,769	0	169,769
Total capital assets not being depreciated	408,736	169,769	0	578,505
Capital assets being depreciated:				
Buildings	16,040,684	116,719	0	16,157,403
Land improvements	838,912	0	0	838,912
Machinery and equipment	1,048,862	403,119	0	1,451,981
Total capital assets being depreciated	17,928,458	519,838	0	18,448,296
Less accumulated depreciation for:				
Buildings	8,234,513	506,059	0	8,740,572
Land improvements	491,250	32,048	0	523,298
Machinery and equipment	875,041	113,412	0	988,453
Total accumulated depreciation	9,600,804	651,519	0	10,252,323
Total capital assets being depreciated, net	8,327,654	(131,681)	0	8,195,973
Governmental activities capital assets, net	\$ 8,736,390	38,088	0	8,774,478

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Other	\$ 3,117
Support services:	
Administration	9,400
Operation and maintenance	2,256
Transportation	98,639
	<u>113,412</u>
Unallocated depreciation	538,107
Total governmental activities depreciation expense	\$ <u>651,519</u>
Business type activities:	
Food services	\$ <u>5,006</u>

(6) 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	\$ 7,655,000	0	375,000	7,280,000	390,000
Bus Lease	0	81,069	27,693	53,376	26,018
Early Retirement	23,250	27,500	7,750	43,000	16,666
Compensated Absences	112,215	109,010	112,215	109,010	109,010
Total	\$ 7,790,465	217,579	522,658	7,485,386	541,694

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue June 1, 2006			Bond Issue March 1, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2010	4.25 % \$	65,000	115,975	3.30-3.35 % \$	325,000	110,033
2011	4.25	65,000	113,212	3.35-3.40	340,000	99,018
2012	4.25	25,000	110,450	3.40-3.45	350,000	87,415
2013	4.30	25,000	109,388	3.45-3.50	365,000	75,297
2014	4.30	25,000	108,312	3.50-3.55	375,000	62,341
2015-2019	4.15	275,000	522,588	3.55-3.80	1,415,000	108,122
2020-2024	4.20-4.30	1,235,000	421,025	-	-	-
2025-2026	4.30-4.30	1,000,000	64,500	-	-	-
		\$ 2,715,000	1,565,450		\$ 3,170,000	542,226

Year Ending June 30,	Bond Issue May 1, 2002			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2010	4.90 % \$	-	69,500	\$ 390,000	295,508	685,508
2011	4.90	-	69,500	405,000	281,730	686,730
2012	4.90	-	69,500	375,000	267,365	642,365
2013	4.90	-	69,500	390,000	254,185	644,185
2014	4.90	-	69,500	400,000	240,153	640,153
2015-2019	4.90-4.95	400,000	342,600	2,090,000	973,310	3,063,310
2020-2024	5.00-5.00	995,000	101,750	2,230,000	522,775	2,752,775
2025-2026	5.00	-	-	1,000,000	64,500	1,064,500
		\$ 1,395,000	791,850	\$ 7,280,000	2,899,526	10,179,526

Bus Lease

During the year ended June 30, 2009, the District entered into an agreement with Baystone Financial Group for the lease of a school bus. Details of the District's November 21, 2008 bus lease indebtedness is as follows.

Year Ending June 30,	Bus Lease - November 21, 2008			
	Interest Rates	Principal	Interest	Total
2010	4.728 %	\$ 26,018	2,749	28,767
2011	4.728	27,358	1,409	28,767
		\$ 53,376	4,158	57,534

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees on a year to year basis. Eligible employees must be at least age fifty-five and employees must have completed twenty years of service to the District. Employees complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee was \$15,000 in the 2007-2008 year and is \$10,000 in the 2008-09 year and a prorated benefit deposited into a Health Retirement Account or a Tax Shelter Annuity with a minimum of nine years of service required. The prorated benefits is calculated by numbers of years of service times \$750. The insurance coverage will cease when the employee reaches age sixty-five, secures other employment in which the employer insurance coverage, or becomes deceased. Early retirement benefits paid during the year ended June 30, 2009, totaled \$7,750. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the 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, 2008, and 2007 were \$456,242, \$410,075, and \$354,616, respectively, equal to the required contributions for each year.

(8) Risk Management

Center Point-Urbana 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$429,285 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.

(10) Deficit Fund Balance

The District has a deficit unreserved fund balance in the General Fund of \$362,293. The District also had a deficit unrestricted net assets balance in the governmental activities of \$221,603.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the budgeted amounts.

(12) Construction Commitments

The District has entered into various contracts for future projects like the renovation of the high school, asbestos removal, and a new arch for the high school. As of June 30, 2009, costs of \$169,769 in architect fees have been incurred against these contracts. As these projects will be started in fiscal year 2010, the remaining balances of these contracts will be paid as the work on the projects progresses.

(13) Other Postemployment Benefits (OPEB)

GASB Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment 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 postemployment 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 Statement Number 45 for the year ending June 30, 2010.

(14) Categorical Funding

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

Project	Amount
Talented and gifted	\$ 152,039
Beginning teacher mentoring and induction program	1,249
Salary Improvement Program	2,196
Four-year-old Preschool State Aid	98,785
Professional development for model core curriculum	7,110
Professional development...	6,845
Total	<u>\$ 268,224</u>

REQUIRED SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA 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	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 6,331,564	492,340	6,823,904	9,031,720	9,031,720	(2,207,816)
State sources	7,059,694	7,429	7,067,123	7,026,159	7,026,159	40,964
Federal sources	291,452	174,948	466,400	339,000	339,000	127,400
Total revenues	13,682,710	674,717	14,357,427	16,396,879	16,396,879	(2,039,452)
Expenditures/expenses:						
Instruction	8,086,973	0	8,086,973	8,740,162	8,740,162	653,189
Support services	3,586,976	9,140	3,596,116	7,095,469	7,095,469	3,499,353
Non-instructional programs	0	630,883	630,883	682,866	682,866	51,983
Other expenditures	1,533,791	0	1,533,791	1,153,924	1,153,924	(379,867)
Total expenditures/expenses	13,207,740	640,023	13,847,763	17,672,421	17,672,421	3,824,658
Excess(Deficiency) of revenues over(under)expenditures/expense	474,970	34,694	509,664	(1,275,542)	(1,275,542)	1,785,206
Other financing sources, net	81,069	0	81,069	500	500	80,569
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	556,039	34,694	590,733	(1,275,042)	(1,275,042)	1,865,775
Balances beginning of year	1,429,081	2,269	1,431,350	1,294,347	1,294,347	137,003
Balances end of year	\$ 1,985,120	36,963	2,022,083	19,305	19,305	2,002,778

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTER POINT-URBANA 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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison 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 the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The 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 ended June 30, 2009, expenditures in the other expenditures functional area exceeded the budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Student Activity	Manage- ment Levy	Physical Plant and Equipment Levy	Total Special Revenue	Debt Service	
Assets						
Cash and pooled investments	\$ 137,682	76,685	30,189	244,556	26,992	271,548
Receivables:						
Property tax:						
Current year delinquent	0	3,069	2,580	5,649	7,618	13,267
Succeeding year	0	142,000	210,026	352,026	686,708	1,038,734
Accounts	871	0	0	871	0	871
Total assets	\$ 138,553	221,754	242,795	603,102	721,318	1,324,420
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 12,250	0	10,764	23,014	0	23,014
Deferred revenue:						
Succeeding year property tax	0	142,000	210,026	352,026	686,708	1,038,734
Total liabilities	12,250	142,000	220,790	375,040	686,708	1,061,748
Fund balances:						
Reserved for Debt Service	0	0	0	0	34,610	34,610
Unreserved	126,303	79,754	22,005	228,062	0	228,062
Total fund balances	126,303	79,754	22,005	228,062	34,610	262,672
Total liabilities and fund balances	\$ 138,553	221,754	242,795	603,102	721,318	1,324,420

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Student Activity	Manage- ment Levy	Physical Plant and Equipment Levy	Total Special Revenue	Debt Service	
REVENUES:						
Local sources:						
Local tax	\$ 0	223,401	199,091	422,492	587,817	1,010,309
Other	457,478	23,098	27,071	507,647	3	507,650
TOTAL REVENUES	457,478	246,499	226,162	930,139	587,820	1,517,959
EXPENDITURES:						
Current:						
Instruction:						
Regular	0	7,750	0	7,750	0	7,750
Other	426,591	0	0	426,591	0	426,591
Support services:						
Student	1,787	0	0	1,787	0	1,787
Administration	0	92,671	0	92,671	0	92,671
Operation and maintenance of plant	0	57,636	0	57,636	0	57,636
Student transportation	0	13,778	175,150	188,928	0	188,928
Other expenditures:						
Facilities acquisitions	0	0	221,385	221,385	0	221,385
Long-term debt:						
Principal	0	0	0	0	402,693	402,693
Interest and fiscal charges	0	0	0	0	310,659	310,659
TOTAL EXPENDITURES	428,378	171,835	396,535	996,748	713,352	1,710,100
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	29,100	74,664	(170,373)	(66,609)	(125,532)	(192,141)
OTHER FINANCING SOURCES (USES):						
Lease proceeds	0	0	81,069	81,069	0	81,069
Transfer in	0	0	0	0	128,767	128,767
Transfer out	0	0	(28,767)	(28,767)	0	(28,767)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	52,302	52,302	128,767	181,069
NET CHANGE IN FUND BALANCE	29,100	74,664	(118,071)	(14,307)	3,235	(11,072)
FUND BALANCES BEGINNING OF YEAR	97,203	5,090	140,076	242,369	31,375	273,744
FUND BALANCES END OF YEAR	\$ 126,303	79,754	22,005	228,062	34,610	262,672

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTER POINT-URBANA 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	Intra- Fund Transfers	Balance End of Year
<u>K-12 Pupil services</u>					
General athletics	\$ (3,923)	7,377	2,818	941	1,577
Annual	0	15,278	14,828	10,781	11,231
Wellness	9,329	1,385	1,788	0	8,926
	<u>5,406</u>	<u>24,040</u>	<u>19,434</u>	<u>11,722</u>	<u>21,734</u>
<u>Elementary School</u>					
Elementary pop	0	4,945	2,055	779	3,669
<u>Middle School</u>					
Drama	0	98	98	0	0
Musical	0	0	483	(787)	(1,270)
Annual	12,305	2,108	1,953	(10,781)	1,679
Pop	0	1,571	2,480	1,089	180
Canstruction	0	1,533	1,533	0	0
Pep club	(360)	3,307	2,453	0	494
MS choir	3,192	2,188	2,613	0	2,767
MS band	3,264	2,117	1,525	0	3,856
	<u>18,401</u>	<u>12,922</u>	<u>13,138</u>	<u>(10,479)</u>	<u>7,706</u>
<u>High School</u>					
Drama	5,145	1,798	336	0	6,607
HS musical	(2,474)	870	480	788	(1,296)
Childrens theatre	2,960	340	263	(1)	3,036
Speech	(773)	226	1,891	0	(2,438)
Show choir	6,712	24,368	24,046	0	7,034
Cross country	(167)	2,126	1,811	0	148
Golf	(818)	838	1,811	0	(1,791)
Boys basketball	(2,963)	17,634	15,382	0	(711)
Football	(2,014)	20,813	14,516	0	4,283
Boys soccer	(313)	7,873	6,443	0	1,117
Boys baseball	(3,600)	14,656	16,021	(1)	(4,966)
Boys track	874	5,246	5,490	0	630
Boys wrestling	1,953	7,676	6,706	0	2,923
Girls basketball	765	10,388	11,199	0	(46)
Volleyball	(349)	8,791	7,653	0	789
Girls soccer	(522)	4,705	4,527	0	(344)
Softball	(2,866)	12,697	13,608	0	(3,777)
Girls track	44	4,953	4,977	0	20
General athletics	0	5,219	5,746	(2,106)	(2,633)
Storm troopers	3,987	5,134	6,350	0	2,771
HS computer lab	656	165	131	0	690
FCCLA	1,051	6,590	7,116	0	525
HS pop	2,232	1,277	1,551	(1,868)	90
Senior science trip	323	9,532	9,482	0	373
Home economics	342	1,232	1,225	0	349
Model UN	736	251	545	0	442
National honor society	251	487	200	(1)	537
Student council	4,556	16,007	17,631	0	2,932
Spanish club	207	5,193	2,619	0	2,781
Biology club	0	942	635	0	307
Cheerleaders	3,564	5,847	5,433	0	3,978
Drill team	2,704	6,358	5,602	0	3,460
Class of 2008	(1,989)	1,989	0	0	0
Class of 2009	3,678	448	3,648	0	478
Class of 2010	32	19,530	15,415	0	4,147
Class of 2011	(21)	0	0	1,167	1,146
Senior class trip	7,693	3,697	10,955	0	435
HS band/jazz band	(6,132)	12,769	4,779	0	1,858
CPU music parents	26,282	68,071	61,351	0	33,002
Booster club	21,650	98,835	96,177	0	24,308
	<u>73,396</u>	<u>415,571</u>	<u>393,751</u>	<u>(2,022)</u>	<u>93,194</u>
Total	\$ 97,203	457,478	428,378	0	126,303

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2009

	Capital Project Funds		
	GO Bond Construction	Statewide Sales and Services Tax	Total Capital Projects
ASSETS			
Cash and pooled investments	\$ 250,657	1,414,721	1,665,378
Due from other governments	0	272,554	272,554
TOTAL ASSETS	\$ 250,657	1,687,275	1,937,932
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 40,346	81,069	121,415
Total liabilities	40,346	81,069	121,415
Fund balances:			
Reserved for construction	210,311	0	210,311
Unreserved	0	1,606,206	1,606,206
Total fund balances	210,311	1,606,206	1,816,517
TOTAL LIABILITIES AND FUND BALANCES	\$ 250,657	1,687,275	1,937,932

SEE ACCOMPANYING INDEPENDENT AUDITOR REPORT

CENTER POINT-URBANA COMMUNITY SCHOOLS DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2009

	Capital Project Funds		
	GO Bond Construction	Statewide Sales and Services Tax	Total Capital Projects
REVENUES:			
Local sources:			
Local tax	\$ 0	962,247	962,247
Other	11,525	28,261	39,786
Total revenues	11,525	990,508	1,002,033
EXPENDITURES:			
Support services:			
Transportation	0	231,069	231,069
Other expenditures:			
Facilities acquisitions	146,936	22,833	169,769
Total expenditures	146,936	253,902	400,838
Excess (deficiency) of revenues over (under) expenditures	(135,411)	736,606	601,195
OTHER FINANCING USES:			
Transfers out	0	(100,000)	(100,000)
Net change in fund balances	(135,411)	636,606	501,195
Fund balance beginning year	345,722	969,600	1,315,322
Fund balance end of year	\$ 210,311	1,606,206	1,816,517

SEE ACCOMPANYING INDEPENDENT AUDITOR REPORT

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUSTS
 JUNE 30, 2009

	Private Purpose Trusts						Total
	Denison Scholarship	Wyckoff Scholarship	Bowers Scholarship	Mrs. C Scholarship	W. Andrews Memorial	Stallman Memorial	
ASSETS							
Cash and pooled investments	\$ 729	800	8,539	7,418	6,165	301	23,952
LIABILITIES							
	0	0	0	0	0	0	0
NET ASSETS							
Reserved for scholarships	\$ 729	800	8,539	7,418	6,165	301	23,952

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTER POINT-URBANA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUSTS
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trusts						Total
	Denison Scholarship	Wyckoff Scholarship	Bowers Scholarship	Mrs. C Scholarship	W. Andrews Memorial	Stallman Memorial	
Additions:							
Local sources:							
Interest income	\$ 0	0	183	155	0	0	338
Deductions:							
Other enterprise operations:							
Scholarships	200	100	500	250	0	0	1,050
Changes in net assets	(200)	(100)	(317)	(95)	0	0	(712)
Net assets beginning of year	929	900	8,856	7,513	6,165	301	24,664
Net assets end of year	\$ 729	800	8,539	7,418	6,165	301	23,952

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CENTER POINT-URBANA 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	\$ 4,649,023	4,347,649	3,575,835	3,234,742	3,168,824	2,767,200
Tuition	892,508	806,991	706,255	799,047	648,293	518,066
Other	790,033	1,024,595	756,948	549,533	495,114	523,710
State sources	7,059,694	6,802,555	5,818,628	5,249,603	4,788,783	4,563,957
Federal sources	291,452	152,056	157,791	236,046	194,351	300,718
Total	<u>\$ 13,682,710</u>	<u>13,133,846</u>	<u>11,015,457</u>	<u>10,068,971</u>	<u>9,295,365</u>	<u>8,673,651</u>
Expenditures:						
Current:						
Instruction:						
Regular	\$ 5,774,940	5,189,594	4,712,334	4,307,045	4,094,228	3,592,606
Special	1,329,432	1,260,668	1,185,672	1,214,103	1,247,292	1,022,362
Other	982,601	996,817	899,698	775,325	726,625	725,111
Support services:						
Student	289,696	283,934	279,601	261,587	227,799	238,722
Instructional staff	259,524	250,050	195,609	181,220	178,849	130,564
Administration	1,280,601	1,320,989	1,178,454	1,286,724	1,038,110	819,307
Operation and maintenance of plant	975,746	1,015,733	891,442	904,531	858,577	749,813
Transportation	781,409	347,964	442,407	353,667	424,126	298,354
Other expenditures:						
Facilities acquisitions	391,154	532,939	2,449,914	156,450	94,194	1,500,511
Long-term debt:						
Principal	402,693	370,000	405,000	365,000	395,007	270,000
Interest	310,659	322,176	349,251	272,930	271,256	293,367
AEA flow-through	429,285	398,409	365,632	325,981	304,335	297,732
Total	<u>\$ 13,207,740</u>	<u>12,289,273</u>	<u>13,355,014</u>	<u>10,404,563</u>	<u>9,860,398</u>	<u>9,938,449</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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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
Center Point -Urbana 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 Center Point - Urbana 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 10, 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 Center Point-Urbana 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 Center Point-Urbana Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Center Point-Urbana 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 Center Point-Urbana 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 Center Point-Urbana Community School District's financial statements that is more than inconsequential will not be prevented or detected by Center Point-Urbana Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Findings Related to the Basic Financial Statements 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 Center Point-Urbana 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 Center Point-Urbana 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.

Center Point-Urbana 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 Center Point-Urbana 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 Center Point-Urbana Community School District and other parties to whom Center Point-Urbana 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 Center Point-Urbana 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 10, 2010

CENTER POINT-URBANA 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 noted.

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. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done 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 - The is aware of its lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion - Response accepted.

CONTROL DEFICIENCIES:

I-B-09 Board Policies - We also noted that the District hasn't implemented a cell phone policy. The policy should address the issues and requirements for employees who will utilize district owned cell phones or who receive a dollar allowance for personal cell phones.

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

Response - The District will review and update all Board policies and will adopt a cell phone policy.

Conclusion - Response accepted.

I-C-09 Scholarship Checks - We noted that when the District writes checks for scholarship awards, the check is written to the institution only.

Recommendation - A better practice would be for the District to write the check to the individual and the college/university the student is attending once the student has supplied proof of attendance to the District.

Response - Scholarship checks will include the student's name and the name of the post-secondary institution.

Conclusion - Response accepted.

CENTER POINT-URBANA 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 - During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the budgeted amounts.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - The District will monitor the budget more closely and will amend it when necessary.

Conclusion - Response accepted.

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.

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

Name, Title and Business Connection	Transaction Description	Amount
Beth Seltrecht, Lunch Clerk Spouse owns Seltrecht Excavating	Purchased services	\$11,603
Shawn Havener, Art Teacher Owner of Southern Winds Studio	Purchased services	\$800
Kevin Rhinehart, Crossing Guard Owns Rhinehart Texaco	Purchased services	\$1,056

In accordance with Attorney General's Opinion dated November 9, 1976, the above transaction with the Beth Sltrecht's spouse doesn't appear to present a conflict of interest.

In accordance with Attorney General's Opinion dated July 2, 1990, the above transactions with Shawn Havener and Kevin Rhinehart do not appear to present 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 - The number of basic enrolled students reported to the Iowa Department of Education on line 2 of the Certified Enrollment Certification Form for October 2008 was overstated by .8 students. This resulted in overstating the total actual enrollment at line 7 by .8 students.

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 to resolve this matter.

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 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-K-09 Financial Condition - The District has a deficit unreserved fund balance in the General Fund of \$362,293.

The District had a deficit unrestricted net assets balance in the governmental activities of \$221,603.

The District's Activity Fund had ten accounts with deficit balances totaling \$19,272.

Recommendation - The District should monitor these funds and investigate alternatives to eliminate the deficits.

Response - The District will continue to take steps to return negative accounts to a positive balance.

Conclusion - Response accepted.

II-L-09 Statewide Sales and Service Tax - During our audit, there was no instances of non-compliance noted with the use of the statewide sales and services tax revenue provisions Chapter 423F.3 of the Code of Iowa.

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

Beginning Balance		\$	0
Statewide sales and services tax revenue			<u>962,247</u>
Expenditures/transfers out:			
School infrastructures:			
Buildings	\$	22,833	
Equipment		231,069	
Debt service for school infrastructure:			
General obligations bond relief		<u>100,000</u>	<u>353,902</u>
Ending Balance		\$	<u><u>608,345</u></u>
Levies reduced as result of statewide sales and services tax received:			
		Per \$1,000	Property
		of Taxable	Tax
		<u>Valuation</u>	<u>Dollars</u>
Debt Levy	\$	0.50437	\$ 100,000

II-M-09 Receipting/Depositing Procedures - We noted during our audit, various issues with the receipting and depositing procedures are which, as follows:

We noted that sponsors of student organizations were collecting money from individuals, fundraising events, and other revenue fees. These collected receipts were not always turned into the activity office, for deposit in a timely manner. The sponsors maintained the cash collection in their office, sometimes until the fundraiser is completed. The activity office subsequently would then receipt the money into the system and deposit the money into the bank, however, not always timely. The breakdown of control procedures for the receipting process becomes apparent as the sponsor maintains the collected revenue. The maintenance of undeposited funds in the office provides a risk of loss due to possible theft, improper use or loss, as well as, lack of reporting of the funds. The District is required to maintain records for the student activity fund.

Recommendation - The District actually maintains multiple layers of receipting from the sponsors to the building office to the central office. When sponsors or fundraising chairpersons submit money to the office for multiple previously collected receipts, they should provide documentation of their receipts. This documentation should be used when reconciling deposits to receipts. In addition, the activities office should receipt in all monies received and deposit them in a timely manner.

Response - The District will review the Student Activity Fund receipting procedures and update them as necessary.

Conclusion - Response accepted.

II-N-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. The Department of Education Uniform Financial Accounting Manual states "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 co-curricular program defined in department of education administrative rules (298A.8).”

Recommendation - Specific examples of these instances of questioned items and recommendations are as follows:

The District receives money for use of facilities when hosting district and regional events. Currently the District’s practice is to receipt rents for hosting district and regional events into the Activity Fund. Chapter 297.9 of the code of Iowa requires rent to be receipted into the General Fund. In the future, the District should receipt rent collected for facility usage into the General Fund.

We noted that Box Tops for Education donations are being recorded in the in the Student Activity Fund. The Box Top for Education donations appears to be instructional in nature and needs to be receipted into the General Fund for use as determined by the District’s Board of Directors. The designation should be noted annually in the District’s board minutes.

Response - The District will receipt rent for hosting District and Regional events into the General Fund.

Conclusion - Response accepted.

II-O-09 Supporting Documents for Payments to Officials - We noted during the audit an instance where officials contracts were not kept with invoices.

Recommendation - Pursuant to a valid contractual agreement between the school board and the officials, which includes terms and conditions for payment and compliance with Chapters 279.29 and 279.30 of the Code of Iowa, officials could be paid after the service has been rendered. For non-contract officials or substitute officials, payment should be made after services have been rendered and audited and allowed similar to other vendor payments. The district should have a policy and (athletic) officials should be informed that payment will be made in this manner unless a valid contract exists. Copies of the signed contracts should be supplied to the accounting staff before checks are issued. The signed contract should then be kept with the paid bills. Each official should receive a check instead of one group check.

Response - The District will review their policies and procedures for the payment of officials to ensure proper supporting documentation is kept with the checks and invoices.

Conclusion - Response accepted.