

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

Contents

| | | <u>Page</u> |
|---|----------------|-------------|
| Officials | | 1 |
| Independent Auditor's Report | | 2-3 |
| Management's Discussion and Analysis (MD&A) | | 4-12 |
| Basic Financial Statements: | <u>Exhibit</u> | |
| Government-Wide Financial Statements: | | |
| Statement of Net Assets | A | 13 |
| Statement of Activities | B | 14 |
| Governmental Fund Financial Statements: | | |
| Balance Sheet | C | 15 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets | D | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | E | 17 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities | F | 18 |
| Proprietary Fund Financial Statements: | | |
| Statement of Net Assets | G | 19 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets | H | 20 |
| Statement of Cash Flows | I | 21 |
| Fiduciary Fund Financial Statements: | | |
| Statement of Fiduciary Net Assets | J | 22 |
| Statement of Changes in Fiduciary Net Assets | K | 23 |
| Notes to Financial Statements | | 24-34 |
| Required Supplementary Information: | | |
| Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund | | 35 |
| Notes to Required Supplementary Information - Budgetary Reporting | | 36 |
| Non-major Governmental Funds: | | |
| Combining Balance Sheet | 1 | 37 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 2 | 38 |
| Schedule of Changes in Special Revenue Fund, Student Activity Accounts | 3 | 39 |
| Private Purpose Trust - Scholarships Fund: | | |
| Combining Statement of Fiduciary Net Assets | 4 | 40 |
| Combining Statement of Changes in Fiduciary Net Assets | 5 | 41 |
| Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types | 6 | 42 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | | 43-44 |
| Schedule of Findings | | 45-47 |

Edgewood-Colesburg Community School District

Officials

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|--|--|---------------------|
| Board of Education (Before September 2008 Election) | | |
| Randall Mescher | President | 2010 |
| James Lueken | Vice President | 2010 |
| Joan Kerns | Board Member | 2009 |
| Steve Schwietert | Board Member | 2009 |
| Scot Christiansen | Board Member | 2008 |
| Board of Education (After September 2008 Election) | | |
| Randall Mescher | President | 2011 * |
| James Lueken | Vice President | 2011 * |
| Joan Kerns | Board Member | 2009 |
| Steve Schwietert | Board Member | 2009 |
| Scot Christiansen | Board Member | 2011 |
| School Officials | | |
| Galen Reinsmoen | Superintendent | 2009 |
| Martha Romig | District Secretary and Business Manager | 2009 |
| Marc Casey | 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)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Edgewood-Colesburg 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 Edgewood-Colesburg Community School District, Edgewood, Iowa as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Edgewood-Colesburg 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 12, 2010 on our consideration of the Edgewood-Colesburg Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 35 and 36 are not required parts of the basic financial statements, but are supplementary

information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Edgewood-Colesburg Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 12, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Edgewood-Colesburg 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 \$4,895,048 in fiscal 2008 to \$4,898,766 in fiscal 2009, while General Fund expenditures increased from \$4,791,998 in fiscal 2008 to \$4,973,206 in fiscal 2009. This resulted in a decrease in the District's General Fund balance from \$727,852 in fiscal 2008 to \$653,412 in fiscal 2009.
- The increase in General Fund revenues was attributable primarily to an increase in local revenues received in fiscal 2009. The increase in expenditures was due 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 Edgewood-Colesburg 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 Edgewood-Colesburg 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 Edgewood-Colesburg Community School District acts solely as an agent or custodial 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
Edgewood-Colesburg Community School District Annual Financial Report

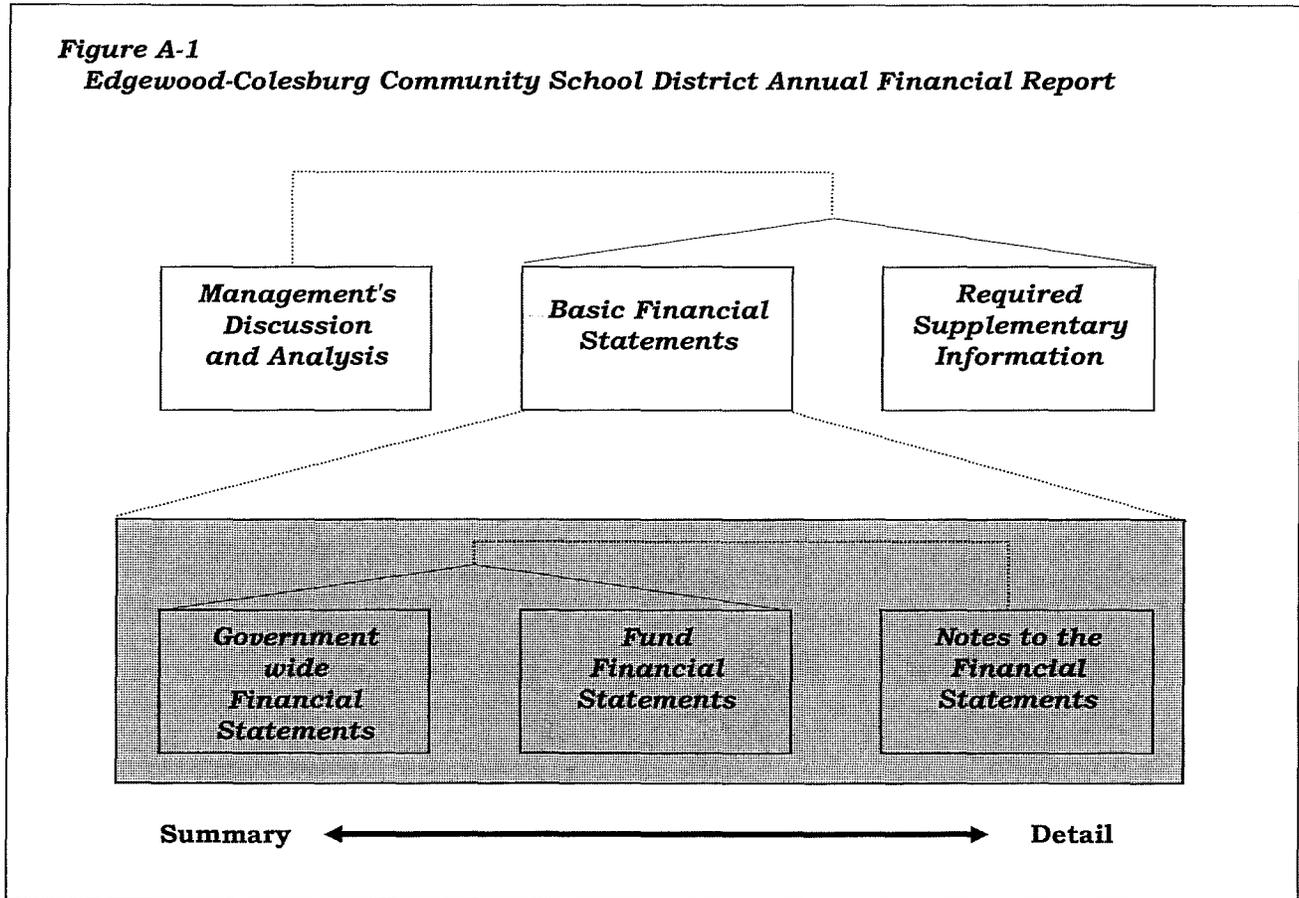


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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: food services and adult education | Instances in which the district administers resources on behalf of someone else, such as scholarship programs |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net assets • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial 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, Capital Projects Fund and Debt Service 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.

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

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

The District is responsible for ensuring 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 government-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 | \$ 4,845,418 | 4,608,489 | 81,523 | 56,899 | 4,926,941 | 4,665,388 | 5.61% |
| Capital assets | 5,147,033 | 5,167,889 | 17,200 | 21,178 | 5,164,233 | 5,189,067 | -0.48% |
| Total assets | 9,992,451 | 9,776,378 | 98,723 | 78,077 | 10,091,174 | 9,854,455 | 2.40% |
| Long-term obligations | 2,377,506 | 2,694,381 | 0 | 0 | 2,377,506 | 2,694,381 | -11.76% |
| Other liabilities | 3,805,138 | 3,528,223 | 2,964 | 428 | 3,808,102 | 3,528,651 | 7.92% |
| Total liabilities | 6,182,644 | 6,222,604 | 2,964 | 428 | 6,185,608 | 6,223,032 | -0.60% |
| Net assets: | | | | | | | |
| Invested in capital assets, net of related debt | 2,825,749 | 2,550,320 | 17,200 | 21,178 | 2,842,949 | 2,571,498 | 10.56% |
| Restricted | 273,420 | 257,397 | 0 | 0 | 273,420 | 257,397 | 6.23% |
| Unrestricted | 710,638 | 746,057 | 78,559 | 56,471 | 789,197 | 802,528 | -1.66% |
| Total net assets | \$ 3,809,807 | 3,553,774 | 95,759 | 77,649 | 3,905,566 | 3,631,423 | 7.55% |

The District's combined net assets increased by \$274,143 or 7.55% over the prior year. The largest portion of the District's net assets is the invested in capital assets, less the 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 \$16,023 or 6.23% over the prior year. The increase was primarily due to the increase in the Special Revenue, Management Levy and the Capital Projects fund balances.

Unrestricted net assets are the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- decreased approximately \$13,331 or 1.66% over the prior year. The decrease was mainly due to the decrease in the General Fund balance.

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

Figure A-4
Changes of Net Assets

| | Governmental Activities | | Business Type Activities | | Total School District | | Total Change |
|--|-------------------------|-----------|--------------------------|---------|-----------------------|-----------|--------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2008-09 |
| Revenues: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 962,166 | 924,560 | 169,978 | 164,667 | 1,132,144 | 1,089,227 | 3.94% |
| Operating grants and contributions and restricted interest | 897,199 | 783,304 | 130,772 | 123,469 | 1,027,971 | 906,773 | 13.37% |
| Capital grants and contributions and restricted interest | 0 | 2,850 | 0 | 0 | 0 | 2,850 | -100.00% |
| General revenues: | | | | | | | |
| Property tax | 1,599,153 | 1,571,482 | 0 | 0 | 1,599,153 | 1,571,482 | 1.76% |
| Income surtax | 128,738 | 109,370 | 0 | 0 | 128,738 | 109,370 | 17.71% |
| Statewide sales and service tax | 281,285 | 286,047 | 0 | 0 | 281,285 | 286,047 | -1.66% |
| Unrestricted state grants | 1,852,520 | 1,996,316 | 0 | 0 | 1,852,520 | 1,996,316 | -7.20% |
| Unrestricted interest | 70,223 | 94,207 | 275 | 402 | 70,498 | 94,609 | -25.48% |
| Other | 54,386 | 58,575 | 1,285 | 5,299 | 55,671 | 63,874 | -12.84% |
| Total revenues | 5,845,670 | 5,826,711 | 302,310 | 293,837 | 6,147,980 | 6,120,548 | 0.45% |
| Program expenses: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instructional | 3,539,560 | 3,241,914 | 0 | 0 | 3,539,560 | 3,241,914 | 9.18% |
| Support services | 1,610,927 | 1,715,010 | 3,024 | 46 | 1,613,951 | 1,715,056 | -5.90% |
| Non-instructional programs | 0 | 0 | 281,176 | 298,006 | 281,176 | 298,006 | -5.65% |
| Other expenses | 439,150 | 437,367 | 0 | 0 | 439,150 | 437,367 | 0.41% |
| Total expenses | 5,589,637 | 5,394,291 | 284,200 | 298,052 | 5,873,837 | 5,692,343 | 3.19% |
| Change in net assets | 256,033 | 432,420 | 18,110 | (4,215) | 274,143 | 428,205 | -35.98% |
| Net assets beginning of year | 3,553,774 | 3,121,354 | 77,649 | 81,864 | 3,631,423 | 3,203,218 | 13.37% |
| Net assets end of year | \$ 3,809,807 | 3,553,774 | 95,759 | 77,649 | 3,905,566 | 3,631,423 | 7.55% |

In fiscal 2009, property tax, income surtax, and statewide sales and services tax and unrestricted state grants accounted for 66.06% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.48% of the revenue from business type activities.

The District's total revenues were \$6,147,980 of which \$5,845,670 was for governmental activities and \$302,310 was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 0.45% in revenues and a 3.19% increase in expenses. The increase in expenses was related to the increase in instructional costs during the year.

Governmental Activities

Revenues for governmental activities were \$5,845,670 and expenses were \$5,589,637.

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 | | |
|------------------|------------------------|------------------|--------------|----------------------|------------------|--------------|
| | | | Change | | | Change |
| | 2009 | 2008 | 2008-09 | 2009 | 2008 | 2008-09 |
| Instruction | \$ 3,539,560 | 3,241,914 | 9.18% | 1,856,941 | 1,707,046 | 8.78% |
| Support services | 1,610,927 | 1,715,010 | -6.07% | 1,610,927 | 1,712,160 | -5.91% |
| Other expenses | 439,150 | 437,367 | 0.41% | 262,403 | 264,371 | -0.74% |
| Totals | <u>\$ 5,589,637</u> | <u>5,394,291</u> | <u>3.62%</u> | <u>3,730,271</u> | <u>3,683,577</u> | <u>1.27%</u> |

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$962,166.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$897,199.
- The net cost of governmental activities was financed with \$2,009,176 in local taxes, \$1,852,520 in unrestricted state grants, \$70,233 in investment earnings, and \$54,386 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$302,310 and expenses were \$284,200. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Edgewood-Colesburg 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 \$933,563, compared to last year's ending fund balances of \$978,979.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Revenues increased by \$3,718 or less than 1.00%. Expenditures increased by \$181,208 or 3.78%. Instruction expenditures increased by \$288,304 or 9.51% while support services expenditures decreased by \$110,847 or 6.99%. Expenditures exceed revenues to ensure a decrease in the General Fund balance.
- The fund balance in the Special Revenue, Management Levy Fund increased from \$1,885 at June 30, 2008 to \$22,902 at June 30, 2009. Local revenues increased by \$26,736 or 26.15% while expenditures were comparable to last year's totals. Revenues exceeded expenditures ensuring the increase the fund balance.
- The fund balance in the Special Revenue, Physical Plant and Equipment Levy Fund decreased from \$21,567 at June 30, 2008 to \$5,493 at June 30, 2009. Expenditures in the support services: student transportation was the major factor for the decline as well as a slight decrease in revenues.

- The Capital Projects Fund balance increased from \$117,230 in fiscal 2008 to \$156,129 for fiscal 2009. Local revenue decreased by \$49,047 or 7.29% with expenditures decreasing by \$123,506 or 49.02%. The increase in the fund balance was primarily due to the decreased expenditures in support services functional area.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$77,649 at June 30, 2008 to \$95,759 at June 30, 2009, representing an increase of 23.32%. Primarily, charges for services and operating grants, contributions and restricted interest increased by \$12,614 or 4.38% while operating expenditures decreased by \$13,852 or 4.65%, ensuring the increase in the net assets.

BUDGETARY HIGHLIGHTS

The District's receipts were \$97,047 more than budgeted receipts, a variance of 1.61%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$5,164,233, 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) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$281,621.

The original cost of the District's capital assets was \$8,051,787. Governmental funds account for \$7,916,270 with the remainder of \$135,517 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements increased from \$331,238 at June 30, 2008 to \$386,458 at June 30, 2009. The increase is primarily due to the District's putting a fence around a play ground and fence and gate for the baseball diamond.

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 | \$ 17,022 | 16,772 | 0 | 0 | 17,022 | 16,772 | 1.49% |
| Buildings | 4,434,082 | 4,472,238 | 0 | 0 | 4,434,082 | 4,472,238 | -0.85% |
| Land improvements | 386,458 | 331,238 | 0 | 0 | 386,458 | 331,238 | 16.67% |
| Machinery and equipment | 309,471 | 304,538 | 17,200 | 21,178 | 326,671 | 325,716 | 0.29% |
| Total | \$ 5,147,033 | 5,124,786 | 17,200 | 21,178 | 5,164,233 | 5,145,964 | 0.36% |

Long-Term Debt

At June 30, 2009, the District had \$2,377,506 in general obligation and other long-term debt outstanding. This represents a decrease of 11.76% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District's had an outstanding early retirement payable from the Special Revenue, Management Levy Fund of \$56,222 at June 30, 2009.

The District had an outstanding total of \$2,321,284 in general obligation and revenue bonds at June 30, 2009.

Figure A-7
Outstanding Long-Term Obligations

| | Total | | Total |
|--------------------------|-----------------|-----------|----------|
| | School District | | Change |
| | June 30, | | June 30, |
| | 2009 | 2008 | 2008-09 |
| General obligation bonds | \$ 2,315,000 | 2,605,000 | -11.13% |
| Revenue bonds | 6,284 | 12,569 | -50.00% |
| Early retirement | 56,222 | 76,812 | -26.81% |
| Totals | \$ 2,377,506 | 2,694,381 | -11.76% |

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 budget guarantee, (whereby Districts are guaranteed 100% of their current budget for the upcoming year) is being phased out over a ten-year period beginning in fiscal year 2005.
- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Martha Romig, Board Secretary, Edgewood-Colesburg Community School District, 403 W. Union St., P.O. Box 315, Edgewood, Iowa, 52042.

BASIC FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

| | Governmental Activities | Business type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents: | | | |
| ISCAP | \$ 1,592,773 | 0 | 1,592,773 |
| Other | 1,253,716 | 59,327 | 1,313,043 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 33,124 | 0 | 33,124 |
| Succeeding year | 1,664,367 | 0 | 1,664,367 |
| Income surtax | 113,785 | 0 | 113,785 |
| Accounts | 59 | 0 | 59 |
| Accrued ISCAP interest | 6,593 | 0 | 6,593 |
| Due from other governments | 181,001 | 0 | 181,001 |
| Inventories | 0 | 22,196 | 22,196 |
| Capital assets, net of accumulated depreciation | 5,147,033 | 17,200 | 5,164,233 |
| Total Assets | 9,992,451 | 98,723 | 10,091,174 |
| Liabilities | | | |
| Accounts payable | 36,090 | 0 | 36,090 |
| Salaries and benefits payable | 426,695 | 0 | 426,695 |
| ISCAP warrants payable | 1,570,000 | 0 | 1,570,000 |
| ISCAP accrued interest payable | 9,401 | 0 | 9,401 |
| ISCAP unamortized premium | 24,546 | 0 | 24,546 |
| Accrued interest payable | 7,068 | 0 | 7,068 |
| Deferred revenue: | | | |
| Succeeding year property tax | 1,664,367 | 0 | 1,664,367 |
| Other | 66,971 | 0 | 66,971 |
| Unearned revenue | 0 | 2,964 | 2,964 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| General obligation bonds | 215,000 | 0 | 215,000 |
| Revenue bonds | 6,284 | 0 | 6,284 |
| Early Retirement | 20,000 | 0 | 20,000 |
| Portion due after one year: | | | |
| General obligation bonds | 2,100,000 | 0 | 2,100,000 |
| Early Retirement | 36,222 | 0 | 36,222 |
| Total Liabilities | 6,182,644 | 2,964 | 6,185,608 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 2,825,749 | 17,200 | 2,842,949 |
| Categorical funding | 16,171 | 0 | 16,171 |
| Debt service | 5,543 | 0 | 5,543 |
| Capital projects | 156,129 | 0 | 156,129 |
| Physical plant and equipment levy | 5,493 | 0 | 5,493 |
| Other special revenue | 90,084 | 0 | 90,084 |
| Unrestricted | 710,638 | 78,559 | 789,197 |
| Total Net Assets | \$ 3,809,807 | 95,759 | 3,905,566 |

SEE NOTES TO FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | Total |
|----------------------------------|------------------|------------------------------------|----------------------------|--|-----------------------------|--------------------|
| | Expenses | Operating Grants, Contributions | | Governmental Activities | Business Type Activities | |
| | | Charges for Services | and Restricted Interest | | | |
| Functions/Programs: | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 2,292,427 | 681,278 | 675,645 | (935,504) | 0 | (935,504) |
| Special | 508,203 | 82,361 | 27,036 | (398,806) | 0 | (398,806) |
| Other | 738,930 | 198,527 | 17,771 | (522,632) | 0 | (522,632) |
| | <u>3,539,560</u> | <u>962,166</u> | <u>720,452</u> | <u>(1,856,942)</u> | <u>0</u> | <u>(1,856,942)</u> |
| Support services: | | | | | | |
| Student | 114,773 | 0 | 0 | (114,773) | 0 | (114,773) |
| Instructional staff | 113,214 | 0 | 0 | (113,214) | 0 | (113,214) |
| Administration | 551,968 | 0 | 0 | (551,968) | 0 | (551,968) |
| Operation and maintenance | | | | | | |
| of plant | 464,042 | 0 | 0 | (464,042) | 0 | (464,042) |
| Transportation | 366,930 | 0 | 0 | (366,930) | 0 | (366,930) |
| | <u>1,610,927</u> | <u>0</u> | <u>0</u> | <u>(1,610,927)</u> | <u>0</u> | <u>(1,610,927)</u> |
| Other expenditures: | | | | | | |
| Facilities acquisitions | 8,820 | 0 | 0 | (8,820) | 0 | (8,820) |
| Long-term debt interest | 96,781 | 0 | 0 | (96,781) | 0 | (96,781) |
| AEA flowthrough | 176,747 | 0 | 176,747 | 0 | 0 | 0 |
| Depreciation (unallocated)* | 156,802 | 0 | 0 | (156,802) | 0 | (156,802) |
| | <u>439,150</u> | <u>0</u> | <u>176,747</u> | <u>(262,403)</u> | <u>0</u> | <u>(262,403)</u> |
| Total governmental activities | 5,589,637 | 962,166 | 897,199 | (3,730,272) | 0 | (3,730,272) |
| Business Type activities: | | | | | | |
| Support services: | | | | | | |
| Operation and maintenance | | | | | | |
| of plant | 3,024 | 0 | 0 | 0 | (3,024) | (3,024) |
| Non-instructional programs: | | | | | | |
| Nutrition services | 281,176 | 169,978 | 130,772 | 0 | 19,574 | 19,574 |
| Total business type activities | <u>284,200</u> | <u>169,978</u> | <u>130,772</u> | <u>0</u> | <u>16,550</u> | <u>16,550</u> |
| Total | \$ 5,873,837 | 1,132,144 | 1,027,971 | (3,730,272) | 16,550 | (3,713,722) |
| General Revenues: | | | | | | |
| Local tax for: | | | | | | |
| General purposes | | | \$ 1,284,944 | 0 | | 1,284,944 |
| Debt service | | | 275,651 | 0 | | 275,651 |
| Capital outlay | | | 38,558 | 0 | | 38,558 |
| Income Surtax | | | 128,738 | 0 | | 128,738 |
| Statewide sales and services | | | 281,285 | 0 | | 281,285 |
| Unrestricted state grants | | | 1,852,520 | 0 | | 1,852,520 |
| Unrestricted investment earnings | | | 70,223 | | 275 | 70,498 |
| Other | | | 54,386 | | 1,285 | 55,671 |
| Total general revenues | | | <u>3,986,305</u> | <u>1,560</u> | | <u>3,987,865</u> |
| Changes in net assets | | | 256,033 | | 18,110 | 274,143 |
| Net assets beginning of year | | | <u>3,553,774</u> | <u>77,649</u> | | <u>3,631,423</u> |
| Net assets end of year | | | <u>\$ 3,809,807</u> | <u>95,759</u> | | <u>3,905,566</u> |

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

SEE NOTES TO FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

| | General | Other Nonmajor Governmental Funds | Total |
|--|---------------------|--|------------------|
| Assets | | | |
| Cash and pooled investments: | | | |
| ISCAP | \$ 1,592,773 | 0 | 1,592,773 |
| Other | 1,031,250 | 222,466 | 1,253,716 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 24,493 | 8,631 | 33,124 |
| Succeeding year | 1,295,305 | 369,062 | 1,664,367 |
| Income surtax | 113,785 | 0 | 113,785 |
| Accounts | 59 | 0 | 59 |
| Accrued ISCAP interest | 6,593 | 0 | 6,593 |
| Due from other governments | 131,947 | 49,054 | 181,001 |
| Total Assets | \$ 4,196,205 | 649,213 | 4,845,418 |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | 36,090 | 0 | 36,090 |
| Salaries and benefits payable | 426,695 | 0 | 426,695 |
| ISCAP warrants payable | 1,570,000 | 0 | 1,570,000 |
| ISCAP accrued interest payable | 9,401 | 0 | 9,401 |
| ISCAP unamortized premium | 24,546 | 0 | 24,546 |
| Deferred revenue: | | | |
| Succeeding year property tax | 1,295,305 | 369,062 | 1,664,367 |
| Income surtax | 113,785 | 0 | 113,785 |
| Other | 66,971 | 0 | 66,971 |
| Total liabilities | <u>3,542,793</u> | <u>369,062</u> | <u>3,911,855</u> |
| Fund balances: | | | |
| Reserved for: | | | |
| Debt Service | 0 | 5,543 | 5,543 |
| Categorical funding | 16,171 | 0 | 16,171 |
| Unreserved | 637,241 | 274,608 | 911,849 |
| Total fund balances | <u>653,412</u> | <u>280,151</u> | <u>933,563</u> |
| Total Liabilities and Fund Balances | \$ 4,196,205 | 649,213 | 4,845,418 |

SEE NOTES TO FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

| | | |
|--|-----------|-------------------------|
| Total fund balances of governmental funds (page 15) | \$ | 933,563 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | | 5,147,033 |
| 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. | | (7,068) |
| Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period. | | 113,785 |
| Long-term liabilities, including bonds and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds. | | <u>(2,377,506)</u> |
| Net assets of governmental activities (page 13) | \$ | <u>3,809,807</u> |

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

| | General | Other Nonmajor Governmental Funds | Total |
|--|-------------------|--|------------------|
| REVENUES: | | | |
| Local sources: | | | |
| Local tax | \$ 1,293,945 | 710,816 | 2,004,761 |
| Tuition | 736,362 | 0 | 736,362 |
| Other | 138,369 | 231,673 | 370,042 |
| State sources | 2,494,999 | 0 | 2,494,999 |
| Federal sources | 235,091 | 0 | 235,091 |
| Total revenues | <u>4,898,766</u> | <u>942,489</u> | <u>5,841,255</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 2,307,395 | 24,793 | 2,332,188 |
| Special | 507,870 | 0 | 507,870 |
| Other | 505,663 | 228,008 | 733,671 |
| | <u>3,320,928</u> | <u>252,801</u> | <u>3,573,729</u> |
| Support services: | | | |
| Student | 114,773 | 0 | 114,773 |
| Instructional staff | 112,518 | 0 | 112,518 |
| Administration | 543,771 | 1,577 | 545,348 |
| Operation and maintenance of plant | 403,359 | 62,282 | 465,641 |
| Transportation | 301,110 | 74,296 | 375,406 |
| | <u>1,475,531</u> | <u>138,155</u> | <u>1,613,686</u> |
| Other expenditures: | | | |
| Facilities acquisitions | 0 | 128,428 | 128,428 |
| Long-term debt: | | | |
| Principal | 0 | 296,286 | 296,286 |
| Interest | 0 | 97,795 | 97,795 |
| AEA flowthrough | 176,747 | 0 | 176,747 |
| | <u>176,747</u> | <u>522,509</u> | <u>699,256</u> |
| Total expenditures | <u>4,973,206</u> | <u>913,465</u> | <u>5,886,671</u> |
| Excess (deficiency) of revenues over (under) expenditures | (74,440) | 29,024 | (45,416) |
| Other financing sources (uses): | | | |
| Transfers in | 0 | 116,285 | 116,285 |
| Transfers out | 0 | (116,285) | (116,285) |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balances | (74,440) | 29,024 | (45,416) |
| Fund balance beginning of year | <u>727,852</u> | <u>251,127</u> | <u>978,979</u> |
| Fund balance end of year | <u>\$ 653,412</u> | <u>280,151</u> | <u>933,563</u> |

SEE NOTES TO FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds (page 17) \$ (45,416)

*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 in the year are as follows:

| | | |
|----------------------|------------------|----------|
| Capital outlays | \$ 256,036 | |
| Depreciation expense | <u>(276,892)</u> | (20,856) |

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows: 296,285

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. 1,015

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 4,415

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

| | | |
|------------------|---------------|--|
| Early Retirement | <u>20,590</u> | |
|------------------|---------------|--|

Changes in net assets of governmental activities (page 14) \$ 256,033

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

| | <u>School</u> <u>Nutrition</u> |
|--|-----------------------------------|
| Assets | |
| Cash and pooled investments | \$ 59,327 |
| Inventories | 22,196 |
| Capital assets, net of accumulated depreciation | <u>17,200</u> |
| Total Assets | <u>98,723</u> |
| Liabilities | |
| Unearned revenue | <u>2,964</u> |
| Net Assets | |
| Invested in capital assets | 17,200 |
| Unrestricted | <u>78,559</u> |
| Total Net Assets | <u>\$ 95,759</u> |

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

| | School Nutrition |
|--|---------------------|
| Operating revenues: | |
| Local sources: | |
| Charges for services | \$ 169,978 |
| Other local revenue | 1,285 |
| Total operating revenue | 171,263 |
| Operating expenses: | |
| Support services: | |
| Operation and maintenance of plant: | |
| Services | 2,216 |
| Supplies | 808 |
| | 3,024 |
| Non-instructional programs: | |
| Food service operations: | |
| Salaries | 101,723 |
| Benefits | 14,953 |
| Services | 497 |
| Supplies | 159,088 |
| Other | 186 |
| Depreciation | 4,729 |
| | 281,176 |
| Total operating expenses | 284,200 |
| Operating loss | (112,937) |
| Non-operating revenues: | |
| State sources | 3,437 |
| Federal sources | 127,335 |
| Interest income | 275 |
| Total non-operating revenues | 131,047 |
| Change in net assets | 18,110 |
| Net assets beginning of year | 77,649 |
| Net assets end of year | \$ 95,759 |

SEE NOTES TO FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

| | School Nutrition |
|--|---------------------|
| Cash flows from operating activities: | |
| Cash received from sale of lunches and breakfasts | \$ 174,711 |
| Cash received from miscellaneous operating activities | 1,285 |
| Cash payments to employees for services | (116,676) |
| Cash payments to suppliers for goods or services | (142,937) |
| Net cash used in operating activities | (83,617) |
| Cash flows from non-capital financing activities: | |
| State grants received | 3,437 |
| Federal grants received | 107,590 |
| Net cash provided by non-capital financing activities | 111,027 |
| Cash flows from investing activities: | |
| Interest on investments | 275 |
| Cash flows from capital and related financing activities: | |
| Purchase of capital assets | (751) |
| Net increase in cash and cash equivalents | 26,934 |
| Cash and cash equivalents at beginning of year | 32,393 |
| Cash and cash equivalents at end of year | \$ 59,327 |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | \$ (112,937) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Commodities consumed | 19,745 |
| Depreciation | 4,729 |
| Decrease in inventories | 113 |
| Decrease in accounts receivable | 2,197 |
| Increase in unearned revenue | 2,536 |
| Net cash used in operating activities | \$ (83,617) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET: | |
| Current assets: | |
| Cash and pooled investments | \$ 59,327 |
| NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | |
| During the year ended June 30, 2009, the District received Federal commodities valued at \$19,745. | |

SEE NOTES TO FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2009

| | <u>Private Purpose Trust</u> |
|-----------------------------|----------------------------------|
| | <u>Scholarship</u> |
| Assets | |
| Cash and pooled investments | \$ 25,402 |
| Liabilities | <u>0</u> |
| Net assets | |
| Restricted for scholarships | <u>\$ 25,402</u> |

SEE NOTES TO FINANCIAL STATEMENTS

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2009

| | <u>Private Purpose</u> |
|------------------------------|------------------------|
| | <u>Trust</u> |
| | <u>Scholarship</u> |
| Additions: | |
| Local sources: | |
| Gifts and Contributions | \$ 500 |
| Interest Income | 828 |
| Total additions | <u>1,328</u> |
| Deductions: | |
| Instruction: | |
| Regular: | |
| Scholarships awarded | <u>1,859</u> |
| Change in net assets | (531) |
| Net assets beginning of year | <u>25,933</u> |
| Net assets end of year | <u>\$ 25,402</u> |

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies

The Edgewood-Colesburg 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 Edgewood and Colesburg, Iowa, and the predominate agricultural territory in Delaware and Clayton 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, Edgewood-Colesburg 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 Edgewood-Colesburg 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 Delaware and Clayton 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 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 and proprietary 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 District reports the following proprietary fund:

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

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements 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". The Government-wide and proprietary fund financial statements are reported using 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 | \$ 1,500 |
| Buildings | 1,500 |
| Land improvements | 1,500 |
| Machinery and equipment: | |
| School Nutrition Fund equipment | 500 |
| Other machinery and equipment | 1,500 |

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 years |
| Machinery and equipment | 5-20 years |

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

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

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

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.

(2) **Cash and Pooled Investments**

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

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

The District had investments in the Iowa Schools Joint Investment Trust as follows:

| | <u>Amortized Cost</u> |
|-----------------------|---------------------------|
| Diversified Portfolio | <u>\$ 1,233</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:

| Transfer to | Transfer from | Amount |
|--------------|------------------|-------------------|
| Debt Service | Capital Projects | <u>\$ 116,285</u> |

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

The Capital Projects Fund is transferring funds to the Debt Service Fund for the payment on the General Obligation Bonds and Revenue Bonds.

(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 |
|----------|--------------|------------------------|---------------------|-----------------------------|------------------|--------------------------|
| 2008-09B | 1/21/09 | 1/21/10 | \$ 700,871 | 6,483 | 692,000 | 9,100 |
| 2009-10A | 6/25/09 | 6/23/10 | 891,902 | 110 | 878,000 | 301 |
| | | | <u>\$ 1,592,773</u> | <u>6,593</u> | <u>1,570,000</u> | <u>9,401</u> |

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

| Series | Balance Beginning of Year | Advances Received | Advances Repaid | Balance End of Year |
|----------|---------------------------|-------------------|-----------------|---------------------|
| 2008-09A | \$ 0 | 250,000 | 250,000 | 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% | 3.489% |
| 2008-09B | 3.000% | 2.110% |
| 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 |
|--|---------------------------|-----------|-----------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 16,772 | 250 | 0 | 17,022 |
| Total capital assets not being depreciated | 16,772 | 250 | 0 | 17,022 |
| Capital assets being depreciated: | | | | |
| Buildings | 6,109,672 | 96,736 | 0 | 6,206,408 |
| Land improvements | 478,689 | 22,622 | 0 | 501,311 |
| Machinery and equipment | 1,102,756 | 136,428 | 47,655 | 1,191,529 |
| Total capital assets being depreciated | 7,691,117 | 255,786 | 47,655 | 7,899,248 |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,640,591 | 131,735 | 0 | 1,772,326 |
| Land improvements | 89,786 | 25,067 | 0 | 114,853 |
| Machinery and equipment | 809,623 | 120,090 | 47,655 | 882,058 |
| Total accumulated depreciation | 2,540,000 | 276,892 | 47,655 | 2,769,237 |
| Total capital assets being depreciated, net | 5,151,117 | (21,106) | 0 | 5,130,011 |
| Governmental activities capital assets, net | \$ 5,167,889 | (20,856) | 0 | 5,147,033 |
| Business type activities: | | | | |
| Machinery and equipment | \$ 134,766 | 751 | 0 | 135,517 |
| Less accumulated depreciation | 113,588 | 4,729 | 0 | 118,317 |
| Business type activities capital assets, net | \$ 21,178 | (3,978) | 0 | 17,200 |

Depreciation expense was charged by the District as follows:

| | | |
|--|--|-------------------|
| Governmental activities: | | |
| Instruction: | | |
| Regular | | \$ 34,227 |
| Special | | 891 |
| Other | | 5,259 |
| Support services: | | |
| Instructional staff | | 696 |
| Administration | | 6,620 |
| Operation and maintenance of plant | | 5,493 |
| Transportation | | 66,904 |
| | | <u>120,090</u> |
| Unallocated depreciation | | <u>156,802</u> |
| Total governmental activities depreciation expense | | <u>\$ 276,892</u> |
| Business type activities: | | |
| Food services | | <u>\$ 4,729</u> |

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year | Due Within One Year |
|--------------------------|---------------------------------|-----------|----------------|---------------------------|---------------------------|
| General obligation bonds | \$ 2,605,000 | 0 | 290,000 | 2,315,000 | 215,000 |
| Revenue bonds | 12,569 | 0 | 6,285 | 6,284 | 6,284 |
| Early retirement | 76,812 | 0 | 20,590 | 56,222 | 20,000 |
| Total | <u>\$ 2,694,381</u> | <u>0</u> | <u>316,875</u> | <u>2,377,506</u> | <u>241,284</u> |

General Obligation Bonds

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

| Year Ending June 30, | Bond Issue of May 1, 2001 | | | Bond Issue of May 1, 2003 | | | Total | | |
|----------------------------|---------------------------|------------------|--------------|---------------------------|---------------------|----------------|---------------------|----------------|------------------|
| | Interest Rates | Principal | Interest | Interest Rates | Principal | Interest | Principal | Interest | Total |
| 2010 | 4.30 % | \$ 45,000 | 1,935 | 3.50 % | 170,000 | 82,880 | \$ 215,000 | 84,815 | 299,815 |
| 2011 | | | | 3.50 | 225,000 | 76,930 | 225,000 | 76,930 | 301,930 |
| 2012 | | | | 3.50 | 235,000 | 69,055 | 235,000 | 69,055 | 304,055 |
| 2013 | | | | 3.50 | 245,000 | 60,830 | 245,000 | 60,830 | 305,830 |
| 2014 | | | | 3.65 | 255,000 | 52,255 | 255,000 | 52,255 | 307,255 |
| 2015 | | | | 3.65 | 265,000 | 42,948 | 265,000 | 42,948 | 307,948 |
| 2016 | | | | 3.70 | 280,000 | 33,275 | 280,000 | 33,275 | 313,275 |
| 2017 | | | | 3.80 | 290,000 | 22,915 | 290,000 | 22,915 | 312,915 |
| 2018 | | | | 3.90 | 305,000 | 11,895 | 305,000 | 11,895 | 316,895 |
| Total | | <u>\$ 45,000</u> | <u>1,935</u> | | <u>\$ 2,270,000</u> | <u>452,983</u> | <u>\$ 2,315,000</u> | <u>454,918</u> | <u>2,769,918</u> |

Revenue Bonds

Details of the District's revenue bond indebtedness as of the end of the fiscal year are as follows:

| Year Ending June 30, | Bond Issue of June 1, 2005 | | | |
|----------------------------|----------------------------|------------|----------|-------|
| | Interest Rates | Principal | Interest | Total |
| 2010 | 4.281 | % \$ 6,284 | 269 | 6,553 |

The District has pledged future statewide sales and services tax revenues to repay the \$31,424 bonds issued on June 1, 2005. The bonds were issued for the purpose of financing a portion of the costs of the playground surfacing project. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2010. The bonds are not a general obligation of the District. However, the debt is subject to the constitution debt limitation of the District. The interest is paid by an outside organization. Annual principal payments on the bonds are expected to require nearly 2.23 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$6,553. For the current year, the principal was paid on the bonds was \$6,285 and total statewide sales and services tax revenues were \$281,285.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to a \$30 per day of unused sick leave and subject to a maximum of \$4,000 per individual per year. Early retirement benefits paid during the year ended June 30, 2009, totaled \$20,590.

(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 \$195,573, \$181,187 and \$168,137, respectively, equal to the required contributions for each year.

(8) Risk Management

Edgewood-Colesburg 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 \$176,747 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) Categorical Funding

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

| Project | Amount |
|--|------------------|
| Beginning Teacher Mentoring and Induction Program | \$ 1,531 |
| Salary Improvement Program | 1,412 |
| Statewide Voluntary Preschool Program Grants | 3,293 |
| Professional development for model core curriculum | 8,949 |
| Professional development | 416 |
| Market factor incentives | 570 |
| Total | <u>\$ 16,171</u> |

(11) 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.

REQUIRED SUPPLEMENTARY INFORMATION

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPEDITURES/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 | Fund | | Original | Final | Actual |
| | Actual | Actual | | | | Actual |
| Revenues: | | | | | | |
| Local sources | \$ 3,111,165 | 171,538 | 3,282,703 | 3,203,236 | 3,203,236 | 79,467 |
| State sources | 2,494,999 | 3,437 | 2,498,436 | 2,508,928 | 2,508,928 | (10,492) |
| Federal sources | 235,091 | 127,335 | 362,426 | 334,354 | 334,354 | 28,072 |
| Total revenues | <u>5,841,255</u> | <u>302,310</u> | <u>6,143,565</u> | <u>6,046,518</u> | <u>6,046,518</u> | <u>97,047</u> |
| Expenditures/expenses: | | | | | | |
| Instruction | 3,573,729 | 0 | 3,573,729 | 3,628,640 | 3,628,640 | 54,911 |
| Support services | 1,613,686 | 3,024 | 1,616,710 | 1,741,915 | 1,741,915 | 125,205 |
| Non-instructional programs | 0 | 281,176 | 281,176 | 300,000 | 300,000 | 18,824 |
| Other expenditures | 699,256 | 0 | 699,256 | 798,807 | 798,807 | 99,551 |
| Total expenditures/expenses | <u>5,886,671</u> | <u>284,200</u> | <u>6,170,871</u> | <u>6,469,362</u> | <u>6,469,362</u> | <u>298,491</u> |
| Excess(deficiency) of revenues over(under) expenditures/expenses | (45,416) | 18,110 | (27,306) | (422,844) | (422,844) | 395,538 |
| Balance beginning of year | <u>978,979</u> | <u>77,649</u> | <u>1,056,628</u> | <u>841,152</u> | <u>841,152</u> | <u>215,476</u> |
| Balance end of year | <u>\$ 933,563</u> | <u>95,759</u> | <u>1,029,322</u> | <u>418,308</u> | <u>418,308</u> | <u>611,014</u> |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private-Purpose Trust and Agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

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

OTHER SUPPLEMENTARY INFORMATION

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

| | Special Revenue Funds | | | | | | Total |
|--|-----------------------|-------------------------|--------------------------------|-----------------------------|---------------------|-----------------|-----------------------------------|
| | Physical | | | | | | Other |
| | Student Activity | Manage- ment Levy | Plant and Equipment Levy | Total Special Revenue | Capital Projects | Debt Service | Nonmajor Governmental Funds |
| | | | | | | | |
| Assets | | | | | | | |
| Cash and pooled investments | \$ 90,084 | 20,487 | 4,730 | 115,301 | 107,075 | 90 | 222,466 |
| Receivables: | | | | | | | |
| Property tax: | | | | | | | |
| Current year delinquent | 0 | 2,415 | 763 | 3,178 | 0 | 5,453 | 8,631 |
| Succeeding year | 0 | 138,000 | 40,247 | 178,247 | 0 | 190,815 | 369,062 |
| Due from other governments | 0 | 0 | 0 | 0 | 49,054 | 0 | 49,054 |
| Total Assets | \$ 90,084 | 160,902 | 45,740 | 296,726 | 156,129 | 196,358 | 649,213 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Deferred revenue: | | | | | | | |
| Succeeding year property tax | \$ 0 | 138,000 | 40,247 | 178,247 | 0 | 190,815 | 369,062 |
| Fund balances: | | | | | | | |
| Reserved: | | | | | | | |
| Debt service | 0 | 0 | 0 | 0 | 0 | 5,543 | 5,543 |
| Unreserved | 90,084 | 22,902 | 5,493 | 118,479 | 156,129 | 0 | 274,608 |
| Total fund balances | 90,084 | 22,902 | 5,493 | 118,479 | 156,129 | 5,543 | 280,151 |
| Total Liabilities and Fund Balances | \$ 90,084 | 160,902 | 45,740 | 296,726 | 156,129 | 196,358 | 649,213 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDGEWOOD-COLESBURG 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 |
|--|-----------------------|-------------------------|--------------------------------|-----------------------------|---------------------|-----------------|--|
| | Student Activity | Physical | | | Capital Projects | Debt Service | Other Nonmajor Governmental Funds |
| | | Manage- ment Levy | Plant and Equipment Levy | Total Special Revenue | | | |
| REVENUES: | | | | | | | |
| Local sources: | | | | | | | |
| Local tax | \$ 0 | 115,322 | 38,558 | 153,880 | 281,285 | 275,651 | 710,816 |
| Other | 213,749 | 13,643 | 368 | 227,760 | 2,327 | 1,586 | 231,673 |
| TOTAL REVENUES | 213,749 | 128,965 | 38,926 | 381,640 | 283,612 | 277,237 | 942,489 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | 0 | 24,793 | 0 | 24,793 | 0 | 0 | 24,793 |
| Other | 228,008 | 0 | 0 | 228,008 | 0 | 0 | 228,008 |
| Support services: | | | | | | | |
| Administration | 0 | 1,577 | 0 | 1,577 | 0 | 0 | 1,577 |
| Operation and maintenance of plant | 0 | 62,282 | 0 | 62,282 | 0 | 0 | 62,282 |
| Student transportation | 0 | 19,296 | 55,000 | 74,296 | 0 | 0 | 74,296 |
| Other expenditures: | | | 0 | | | | |
| Facilities acquisitions | 0 | 0 | 0 | 0 | 128,428 | 0 | 128,428 |
| Long-term debt: | | | | | | | |
| Principal | 0 | 0 | 0 | 0 | 0 | 296,285 | 296,285 |
| Interest | 0 | 0 | 0 | 0 | 0 | 97,796 | 97,796 |
| TOTAL EXPENDITURES | 228,008 | 107,948 | 55,000 | 390,956 | 128,428 | 394,081 | 913,465 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (14,259) | 21,017 | (16,074) | (9,316) | 155,184 | (116,844) | 29,024 |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in | 0 | 0 | 0 | 0 | 0 | 116,285 | 116,285 |
| Transfers out | 0 | 0 | 0 | 0 | (116,285) | 0 | (116,285) |
| Total other financing sources (uses) | 0 | 0 | 0 | 0 | (116,285) | 116,285 | 0 |
| NET CHANGE IN FUND BALANCES | (14,259) | 21,017 | (16,074) | (9,316) | 38,899 | (559) | 29,024 |
| FUND BALANCE BEGINNING OF YEAR | 104,343 | 1,885 | 21,567 | 127,795 | 117,230 | 6,102 | 251,127 |
| FUND BALANCE END OF YEAR | \$ 90,084 | 22,902 | 5,493 | 118,479 | 156,129 | 5,543 | 280,151 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDGEWOOD-COLESBURG 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 |
|-----------------------------|---------------------------------|----------|-------------------|----------------------------|---------------------------|
| Athletic Supplies | \$ 0 | 5,897 | 5,896 | 0 | 1 |
| Band student purchase | 0 | 295 | 276 | 0 | 19 |
| Band Resale | 2 | 606 | 638 | 0 | (30) |
| Band Fundraising | 676 | 0 | 0 | 0 | 676 |
| Cheerleading | 9 | 942 | 867 | 0 | 84 |
| Track | 0 | 9,561 | 9,561 | 0 | 0 |
| Cross Country | 199 | 1,203 | 1,333 | 0 | 69 |
| Golf | 17 | 210 | 223 | 0 | 4 |
| Boys Basketball | 4,190 | 4,297 | 3,766 | (1,921) | 2,800 |
| Boys Basketball Fundraising | 0 | 2,711 | 2,675 | 0 | 36 |
| Football | 10,705 | 4,000 | 16,048 | 3,842 | 2,499 |
| Baseball | 0 | 10,204 | 10,204 | 0 | 0 |
| Wrestling | 0 | 2,148 | 2,147 | 0 | 1 |
| Wrestling fundraiser | 10 | 595 | 595 | 0 | 10 |
| Girls Basketball | 5,419 | 4,781 | 5,690 | (1,921) | 2,589 |
| Volleyball Fundraiser | 2,495 | 7,434 | 7,678 | 0 | 2,251 |
| Volleyball | 543 | 5,379 | 5,921 | 0 | 1 |
| Softball | 1 | 10,466 | 9,869 | 0 | 598 |
| Softball Fundraising | 520 | 465 | 0 | 0 | 985 |
| Athletics General | 312 | 1,488 | 1,736 | 0 | 64 |
| Friends of the Arts | 7,390 | 4,015 | 3,323 | 0 | 8,082 |
| ED-CO Partners | 1,730 | 3,740 | 4,323 | 0 | 1,147 |
| Drama | 433 | 3,558 | 3,798 | 0 | 193 |
| Post Prom | 2,173 | 11,927 | 11,518 | 0 | 2,582 |
| Envir. First Grant/FFA | 1,649 | 0 | 0 | 0 | 1,649 |
| FFA | 3,751 | 23,492 | 24,502 | 0 | 2,741 |
| Spanish Club | 1,539 | .0 | 82 | 0 | 1,457 |
| FFA CD | 2,486 | 55 | 0 | 0 | 2,541 |
| HS Student Council | 1,749 | 2,075 | 427 | 0 | 3,397 |
| Class of 2009 | 3,210 | 0 | 0 | (3,210) | 0 |
| Class of 2010 | 4,438 | 194 | 1,568 | 0 | 3,064 |
| Class of 2011 | 4,573 | 0 | 150 | 0 | 4,423 |
| Class of 2012 | 3,433 | 0 | 150 | 0 | 3,283 |
| Class of 2013 | 3,193 | 7,422 | 7,462 | 0 | 3,153 |
| Class of 2014 | 0 | 7,181 | 3,739 | 0 | 3,442 |
| Class of 2015 | 0 | 1,044 | 4,254 | 3,210 | 0 |
| JH Student Council | 203 | 256 | 237 | 0 | 222 |
| Yearbook | 22,283 | 16,634 | 14,608 | 0 | 24,309 |
| F.B.L.A. | 1,106 | 18,989 | 19,681 | 0 | 414 |
| HS Supplies | 1,237 | 2,377 | 2,529 | 0 | 1,085 |
| Elem. Activities | 4,737 | 11,028 | 11,953 | 0 | 3,812 |
| Concessions | 1,879 | 8,034 | 9,590 | 0 | 323 |
| Perrinjaquet Assistance | 4,379 | 0 | 0 | 0 | 4,379 |
| Elem. Fundraising | 0 | 18,991 | 18,991 | 0 | 0 |
| Elem. Perrinjaquet Asst. | 1,674 | 55 | 0 | 0 | 1,729 |
| Total | \$ 104,343 | 213,749 | 228,008 | 0 | 90,084 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2009

| | Private Purpose Trust - Scholarship Fund | | | | | |
|-----------------------------|--|----------------------------|------------------|-----------------------------------|-----------------------------------|--------|
| | Carl Lewis Scholarship | High School Scholarship | Gull Memorial | Fannon Memorial Scholarship | James L. Kinyon Scholarship | Total |
| ASSETS | | | | | | |
| Cash and pooled investments | \$ 5,139 | 2,698 | 6,066 | 1,498 | 10,001 | 25,402 |
| LIABILITIES | | | | | | |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| NET ASSETS | | | | | | |
| Reserved for scholarships | \$ 5,139 | 2,698 | 6,066 | 1,498 | 10,001 | 25,402 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2009

| | Private Purpose Trust - Scholarship Fund | | | | | |
|------------------------------|--|----------------------------|------------------|-----------------------------------|-----------------------------------|---------------|
| | Carl Lewis Scholarship | High School Scholarship | Gull Memorial | Fannon Memorial Scholarship | James L. Kinyon Scholarship | Total |
| Additions: | | | | | | |
| Local sources: | | | | | | |
| Gifts and contributions | \$ 0 | 500 | 0 | 0 | 0 | 500 |
| Interest income | 192 | 117 | 0 | 67 | 452 | 828 |
| | <u>192</u> | <u>617</u> | <u>0</u> | <u>67</u> | <u>452</u> | <u>1,328</u> |
| Deductions: | | | | | | |
| Instruction: | | | | | | |
| Regular: | | | | | | |
| Scholarships awarded | 207 | 1,000 | 0 | 200 | 452 | 1,859 |
| Changes in net assets | (15) | (383) | 0 | (133) | 0 | (531) |
| Net assets beginning of year | 5,154 | 3,081 | 6,066 | 1,631 | 10,001 | 25,933 |
| Net assets end of year | <u>\$ 5,139</u> | <u>2,698</u> | <u>6,066</u> | <u>1,498</u> | <u>10,001</u> | <u>25,402</u> |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

| | Modified Accrual Basis | | | | | |
|------------------------------------|------------------------|-----------|-----------|-----------|-----------|-----------|
| | Years Ended June 30, | | | | | |
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Revenues: | | | | | | |
| Local sources: | | | | | | |
| Local tax | \$ 2,004,761 | 1,958,360 | 1,938,919 | 1,813,901 | 1,913,747 | 1,783,513 |
| Tuition | 736,362 | 706,711 | 728,093 | 586,667 | 502,505 | 478,385 |
| Other | 370,042 | 388,463 | 367,519 | 381,038 | 308,499 | 319,185 |
| State sources | 2,494,999 | 2,494,805 | 2,363,543 | 2,237,613 | 2,096,722 | 2,133,576 |
| Federal sources | 235,091 | 269,833 | 229,470 | 293,486 | 300,814 | 222,504 |
| | | | | | | |
| Total | \$ 5,841,255 | 5,818,172 | 5,627,544 | 5,312,705 | 5,122,287 | 4,937,163 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 2,332,188 | 2,100,200 | 2,149,016 | 1,995,453 | 1,847,168 | 1,727,156 |
| Special | 507,870 | 517,226 | 629,351 | 624,870 | 615,222 | 589,104 |
| Other | 733,670 | 654,481 | 528,264 | 494,560 | 500,319 | 414,213 |
| Support services: | | | | | | |
| Student | 114,773 | 124,370 | 121,225 | 126,475 | 142,973 | 110,208 |
| Instructional staff | 112,518 | 136,115 | 116,857 | 176,521 | 93,179 | 131,528 |
| Administration | 545,348 | 613,033 | 572,646 | 557,427 | 525,863 | 676,436 |
| Operation and maintenance of plant | 465,641 | 600,653 | 550,263 | 458,005 | 341,650 | 433,954 |
| Transportation | 375,406 | 351,366 | 356,250 | 316,373 | 241,271 | 273,619 |
| Non-instructional programs | 0 | 0 | 0 | 0 | 1,000 | 2,942 |
| Other expenditures: | | | | | | |
| Facilities acquisitions | 128,428 | 87,882 | 77,862 | 92,269 | 162,094 | 2,116,448 |
| Long-term debt: | | | | | | |
| Principal | 296,286 | 290,892 | 269,538 | 236,285 | 235,000 | 215,000 |
| Interest | 97,796 | 110,358 | 121,721 | 127,265 | 137,171 | 152,210 |
| AEA flow-through | 176,747 | 172,996 | 168,497 | 162,305 | 161,081 | 164,446 |
| | | | | | | |
| Total | \$ 5,886,671 | 5,759,572 | 5,661,490 | 5,367,808 | 5,003,991 | 7,007,264 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Edgewood-Colesburg 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 Edgewood-Colesburg 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 12, 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 Edgewood-Colesburg 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 Edgewood-Colesburg Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Edgewood-Colesburg 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 Edgewood-Colesburg 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 Edgewood-Colesburg Community School District's financial statements that is more than inconsequential will not be prevented or detected by Edgewood-Colesburg Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Edgewood-Colesburg 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

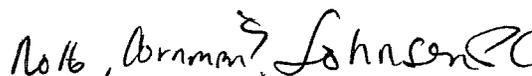
As part of obtaining reasonable assurance about whether Edgewood-Colesburg Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could 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.

Edgewood-Colesburg 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 Edgewood-Colesburg 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 Edgewood-Colesburg Community School District and other parties to whom Edgewood-Colesburg 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 Edgewood-Colesburg 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 12, 2010

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

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

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

Response - The District will continue to explore its options and implement segregation of duties where feasible.

Conclusion - Response accepted.

EDGEWOOD-COLESBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting

II-A-09 Certified Budget - District disbursements for the year ended June 30, 2009 did not exceed the amount budgeted.

II-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

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

| Name, Title and Business Connection | Transaction Description | Amount |
|---|----------------------------|---------|
| Randy Mescher, Board President Owner of Edgewood Building Center | Supplies | \$1,712 |

In accordance with Chapter 279.7A of the Code of Iowa, the above transaction with the Board Member does not represent a conflict of interest.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

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 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>281,285</u> |
| Expenditures/transfers out: | | | |
| School infrastructures: | | | |
| Buildings | \$ | | 38,327 |
| Equipment | | | 74,894 |
| Other improvements | | | 15,207 |
| Debt service for school infrastructure | | | |
| General obligation debt | | | 110,000 |
| Revenue debt | | | <u>6,285</u> |
| | | | <u>244,713</u> |
| Ending Balance | | \$ | <u><u>36,572</u></u> |
| Levies reduced as result of statewide sales and services tax received: | | | |
| | | Per \$1,000 of Taxable Valuation | Property Tax Dollars |
| Debt service levy | \$ | 0.94363 | \$110,000 |

II-L-09 Checks Outstanding - We noted during our audit that the District had checks included in the activity bank reconciliation which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be reissued, voided, or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The District has cleared all of the outstanding checks.

Conclusion - Response accepted.