

EXIRA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Exira Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 election)		
Vicky Sorensen	President	2008
Tom Benton	Vice President	2009
Tom Christofferson	Board Member	2010
Denise Walker	Board Member	2008
Bart Peppers	Board Member	2009

**Board of Education
(After September 2008 election)**

Vicky Sorensen	President	2011
Denise Walker	Vice President	2011
Tom Christofferson	Board Member	2011 *
Tom Benton	Board Member	2009
Bart Peppers	Board Member	2009

School Officials

Charles Johnson	Superintendent	2009
Shirley Garnett	District Secretary and Treasurer	2009
Rick Franck	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.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Exira 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 reports dated March 24, 2010 on our consideration of Exira 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 these reports are 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 through 36 are not required parts of the basic financial statements, but are supplementary

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Exira 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 unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Exira 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 decreased from \$2,816,012 at June 30, 2008 at \$2,807,913 at June 30, 2009, while General Fund expenditures decreased from \$3,117,937 at June 30, 2008 to \$3,095,514, at June 30, 2009. This resulted in a decrease in the District's General Fund balance from a deficit balance of \$354,399 at June 30, 2008 to a deficit balance of \$642,000 at June 30, 2009, an 81.15% decrease from the prior year.
- The decrease in General Fund revenues was attributable primarily to the decrease in states grant revenues in fiscal 2009. The decrease in expenditures was due to the decrease in the support services functional area.

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 Exira 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 Exira 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 Exira Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-1
Exira Community School District Annual Financial Report

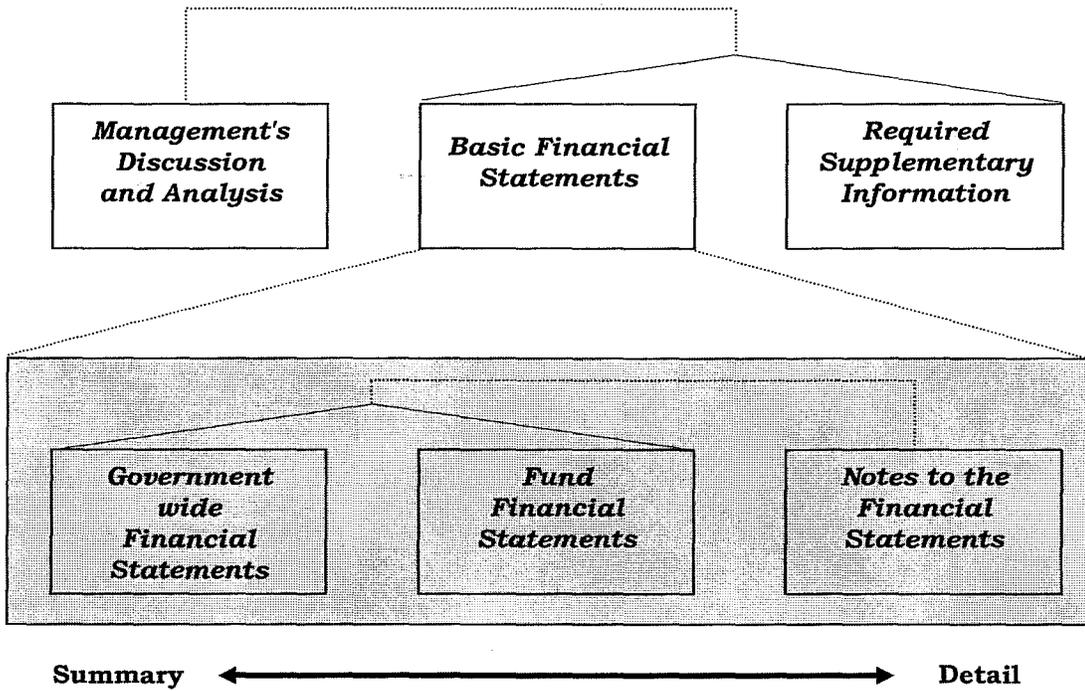


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

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

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

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

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

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

- 3) **Fiduciary funds:** 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 Change June 30, 2008-09
	Activities		Activities		School District		
	June 30, 2009	2008	June 30, 2009	2008	June 30, 2009	2008	
Current and other assets	\$ 3,336,776	3,128,655	16,789	14,230	3,353,565	3,142,885	6.70%
Capital assets	646,688	633,732	15,845	18,108	662,533	651,840	1.64%
Total assets	3,983,464	3,762,387	32,634	32,338	4,016,098	3,794,725	5.83%
Long-term obligations	8,650	11,795	0	0	8,650	11,795	-26.66%
Other liabilities	3,213,083	2,877,348	1,010	158	3,214,093	2,877,506	11.70%
Total liabilities	3,221,733	2,889,143	1,010	158	3,222,743	2,889,301	11.54%
Net assets:							
Invested in capital assets, net of related debt	646,688	633,732	15,845	18,108	662,533	651,840	1.64%
Restricted	685,873	542,319	0	0	685,873	542,319	26.47%
Unrestricted	(570,830)	(302,807)	15,779	14,072	(555,051)	(288,735)	-92.24%
Total net assets	\$ 761,731	873,244	31,624	32,180	793,355	905,424	-12.38%

The District's combined net assets decreased by 12.38%, or \$112,069, from the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets are liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by \$143,554, or 26.47% over the prior year. The decrease was primarily due to the increase in the Capital Projects Fund balance.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$266,316, or 92.24%. The decrease was primarily 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 and transfers:							
Program revenues:							
Charges for services	\$ 113,762	164,349	65,690	65,357	179,452	229,706	-21.88%
Operating grants and contributions and restricted interest	475,398	411,117	58,004	67,805	533,402	478,922	11.38%
Capital grants and contributions and restricted interest	1,180	0	0	0	1,180	0	100.00%
General revenues:							
Property tax	1,183,298	1,070,884	0	0	1,183,298	1,070,884	10.50%
Income surtax	108,326	83,316	0	0	108,326	83,316	30.02%
Statewide sales and services tax	174,445	131,259	0	0	174,445	131,259	32.90%
Unrestricted state grants	1,168,833	1,326,058	0	0	1,168,833	1,326,058	-11.86%
Unrestricted investment earnings	23,298	57,649	34	42	23,332	57,691	-59.56%
Other	33,309	35,860	0	0	33,309	35,860	7.11%
Transfers	0	(5,430)	0	5,430	0	0	0.00%
Total revenues and transfers	3,281,849	3,275,062	123,728	138,634	3,405,577	3,413,696	-0.24%
Program expenses:							
Governmental activities:							
Instructional	2,193,492	2,139,975	0	0	2,193,492	2,139,975	2.50%
Support services	864,513	1,029,101	0	0	864,513	1,029,101	-15.99%
Non-instructional programs	0	0	124,284	129,928	124,284	129,928	-4.34%
Other expenses	335,357	298,370	0	0	335,357	298,370	12.40%
Total expenses	3,393,362	3,467,446	124,284	129,928	3,517,646	3,597,374	-2.22%
Changes in net assets	(111,513)	(192,384)	(556)	8,706	(112,069)	(183,678)	38.99%
Beginning net assets	873,244	1,065,628	32,180	23,474	905,424	1,089,102	-16.87%
Ending net assets	\$ 761,731	873,244	31,624	32,180	793,355	905,424	-12.38%

Property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 80.29% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.97% of the revenue from business type activities.

The District's total revenues were approximately \$3,405,577 of which \$3,281,849 was for governmental activities and \$123,728 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.24% decrease in revenues and a 2.22% decrease in expenses. The increase in revenues was due to increased in charges for services, and state grant revenues, the District received during fiscal 2009. The increases in expenses related to increases in the negotiated salary and benefits.

Governmental Activities

Revenues for governmental activities were \$3,281,849 and expenses were \$3,393,362. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 2,193,492	2,139,975	2.50%	1,714,924	1,669,124	2.74%
Support services	864,513	1,029,101	-15.99%	864,472	1,025,773	-15.72%
Non-Instructional	0	0	0.00%	(7,351)	0	-100.00%
Other expenses	335,357	298,370	12.40%	230,977	197,083	17.20%
Totals	\$ 3,393,362	3,467,446	-2.14%	2,803,022	2,891,980	-3.08%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$113,762.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$476,578.
- The net cost of governmental activities was financed with \$1,466,069 in local tax, \$1,168,833 in unrestricted state grants, \$23,298 in interest income and \$33,309 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$123,728 and expenses were \$124,284. 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 Exira 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 \$42,092, below last year's ending fund balance of \$185,931. The primary reason for the decrease in combined fund balance in fiscal 2009 is due to increased instructional costs and other expenses.

Governmental Fund Highlights

- The District's decline in General Fund financial position is the product of many factors. Local revenues increased by \$46,671 or 4.15% while state revenues decreased by \$72,132 or 4.58%. Instruction expenditures increased by \$70,306 or 3.41% due to the increase in negotiated salaries and benefits. Support services expenditures decreased by \$86,569 or

9.12% with the largest decreases primarily in the administration and operation and maintenance of plant services.

- The Special Revenue, Management Levy Fund balance increased from \$2,863 at June 30, 2008 to \$33,951 at June 30, 2009. Local revenues increased by \$10,468 or 12.95% while expenditures increased by \$3,820 or 6.77%. The fund balance increased by \$31,088.
- The Special Revenue, Physical Plant and Equipment Levy Fund balance decreased from \$70,793 at June 30, 2008 to \$13,013 at June 30, 2009. Local revenues increased by \$1,751 or 1.35% and expenditures increased by \$73,185 or 63.15%. The increase in expenditures was to the increase in facilities acquisitions.
- The Capital Projects Fund increased from \$437,608 in 2008 to \$613,033 in 2009. The increase was due to revenues decreasing by \$2,462 or 1.38% while the fund experienced virtually no expenditures for the year thus, increasing the fund balance.

Proprietary Fund Highlights

- The Proprietary Fund net assets increased from \$32,180 at June 30, 2008 to \$31,624 at June 30, 2009, representing a decrease of 1.73%. State and federal revenues decreased by \$9,809 or 14.47% while expenditures decreased by \$5,644 or 4.34%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$391,137 less than budgeted revenues, a variance of 10.35%. The most significant variance resulted from the District receiving less in local revenues than originally anticipated.

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

During the year ended June 30, 2009, the District exceeded its General Fund unspent authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$662,533, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.64% from last year. Additional detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$96,387.

The original cost of the District's capital assets was \$2,169,251. Governmental funds account for \$2,121,353 with the remainder of \$47,898 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$152,244 at June 30, 2008, compared to \$205,816, reported at June 30, 2009. This increase was due to the purchase of equipment during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 19,493	19,493	0	0	19,493	19,493	0.00%
Buildings	428,771	470,950	0	0	428,771	470,950	-8.96%
Land improvements	8,453	9,153	0	0	8,453	9,153	-7.65%
Machinery and equipment	189,971	134,136	15,845	18,108	205,816	152,244	35.19%
Total	\$ 646,688	633,732	15,845	18,108	662,533	651,840	1.64%

Long-Term Debt

At June 30, 2009, the District had \$8,650 in other long-term debt outstanding. This represents a decrease of 26.66% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had \$8,650 in early retirement payable from the Special Revenue, Management Levy Fund at June 30, 2009.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total
	June 30,		June 30,
	2009	2008	2008-09
Early Retirement	\$ 8,650	11,795	-26.66%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at the 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 Cindy Paulson, District Board Secretary, Exira Community School District, P.O. Box 335, Exira, Iowa, 50076.

BASIC FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments:			
ISCAP	\$ 1,071,515	0	1,071,515
Other	605,840	12,726	618,566
Receivables:			
Property tax:			
Delinquent	15,639	0	15,639
Succeeding year	1,455,620	0	1,455,620
Income surtax	81,601	0	81,601
Accounts	3,024	1,246	4,270
ISCAP accrued interest	2,710	0	2,710
Due from other governments	100,827	0	100,827
Inventories	0	2,817	2,817
Capital assets, net of depreciation	646,688	15,845	662,533
TOTAL ASSETS	3,983,464	32,634	4,016,098
LIABILITIES			
Accounts payable	213,367	0	213,367
Salaries and benefits payable	250,912	0	250,912
ISCAP drawdown	194,235	0	194,235
ISCAP warrants payable	1,056,000	0	1,056,000
ISCAP accrued interest payable	5,485	0	5,485
ISCAP unamortized premium	17,063	0	17,063
Unearned revenue	0	1,010	1,010
Deferred revenue:			
Succeeding year property tax	1,455,620	0	1,455,620
Other	20,401	0	20,401
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	3,145	0	3,145
Portion due after one year:			
Early retirement payable	5,505	0	5,505
TOTAL LIABILITIES	3,221,733	1,010	3,222,743
NET ASSETS			
Invested in capital assets, net of related debt	646,688	15,845	662,533
Restricted for:			
Home school assistance program	10,431	0	10,431
School infrastructure supplement	90,453	0	90,453
Capital projects	522,580	0	522,580
Management levy	25,301	0	25,301
Physical plant and equipment levy	13,013	0	13,013
Other special revenue purposes	24,095	0	24,095
Unrestricted	(570,830)	15,779	(555,051)
TOTAL NET ASSETS	\$ 761,731	31,624	793,355

SEE NOTES TO FINANCIAL STATEMENTS

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Contributions	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Services	and Restricted Interest	Contributions and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 1,477,503	46,909	347,739	0	(1,082,855)	0	(1,082,855)
Special	386,566	0	15,804	0	(370,762)	0	(370,762)
Other	329,423	59,461	8,655	0	(261,307)	0	(261,307)
	<u>2,193,492</u>	<u>106,370</u>	<u>372,198</u>	<u>0</u>	<u>(1,714,924)</u>	<u>0</u>	<u>(1,714,924)</u>
Support services:							
Student	93,133	0	0	0	(93,133)	0	(93,133)
Instructional staff	106,717	0	0	0	(106,717)	0	(106,717)
Administration	341,719	0	0	0	(341,719)	0	(341,719)
Operation and maintenance of plant	264,098	0	0	0	(264,098)	0	(264,098)
Transportation	58,846	41	0	0	(58,805)	0	(58,805)
	<u>864,513</u>	<u>41</u>	<u>0</u>	<u>0</u>	<u>(864,472)</u>	<u>0</u>	<u>(864,472)</u>
Non-instructional programs:							
Community service operations	0	7,351	0	0	7,351	0	7,351
Other expenditures:							
Facilities and acquisitions	189,278	0	0	1,180	(188,098)	0	(188,098)
Long-term debt interest	0	0	0	0	0	0	0
AEA flowthrough	103,200	0	103,200	0	0	0	0
Depreciation(unallocated)*	42,879	0	0	0	(42,879)	0	(42,879)
	<u>335,357</u>	<u>0</u>	<u>103,200</u>	<u>1,180</u>	<u>(230,977)</u>	<u>0</u>	<u>(230,977)</u>
Total governmental activities	3,393,362	113,762	475,398	1,180	(2,803,022)	0	(2,803,022)
Business Type activities:							
Non-instructional programs:							
Nutrition services	124,284	65,690	58,004	0	0	(590)	(590)
Total business type activities	<u>124,284</u>	<u>65,690</u>	<u>58,004</u>	<u>0</u>	<u>0</u>	<u>(590)</u>	<u>(590)</u>
Total	\$ 3,517,646	179,452	533,402	1,180	(2,803,022)	(590)	(2,803,612)
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,056,232	0	1,056,232
Capital outlay					127,066	0	127,066
Income surtax					108,326	0	108,326
Statewide sales and services tax					174,445	0	174,445
Unrestricted state grants					1,168,833	0	1,168,833
Unrestricted investment earnings					23,298	34	23,332
Other					33,309	0	33,309
Total general revenues					<u>2,691,509</u>	<u>34</u>	<u>2,691,543</u>
Changes in net assets					(111,513)	(556)	(112,069)
Net assets beginning of year					873,244	32,180	905,424
Net assets end of year					<u>\$ 761,731</u>	<u>31,624</u>	<u>793,355</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Nonmajor Special Revenue Funds	Total
ASSETS				
Cash and pooled investments:				
ISCAP	\$ 1,071,515	0	0	1,071,515
Other	0	569,410	83,994	653,404
Receivables:				
Property tax:				
Delinquent	12,836	0	2,803	15,639
Succeeding year	1,252,041	0	203,579	1,455,620
Income surtax	81,601	0	0	81,601
Accounts	2,913	0	111	3,024
ISCAP accrued interest	2,710	0	0	2,710
Due from other governments	57,204	43,623	0	100,827
TOTAL ASSETS	\$ 2,480,820	613,033	290,487	3,384,340
LIABILITIES AND FUND BALANCES				
Liabilities:				
Excess of warrants issued over bank balance	\$ 47,564	0	0	47,564
Accounts payable	197,518	0	15,849	213,367
Salaries and benefits payable	250,912	0	0	250,912
ISCAP drawdown	194,235	0	0	194,235
ISCAP warrants payable	1,056,000	0	0	1,056,000
ISCAP accrued interest payable	5,485	0	0	5,485
ISCAP unamortized premium	17,063	0	0	17,063
Deferred revenue:				
Succeeding year property tax	1,252,041	0	203,579	1,455,620
Income surtax	81,601	0	0	81,601
Other	20,401	0	0	20,401
Total liabilities	3,122,820	0	219,428	3,342,248
Fund balances:				
Reserved for:				
Home school assistance program	10,431	0	0	10,431
School infrastructure supplemental	0	90,453	0	90,453
Unreserved	(652,431)	522,580	71,059	(58,792)
Total fund balances	(642,000)	613,033	71,059	42,092
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,480,820	613,033	290,487	3,384,340

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA 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)	\$ 42,092
 <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 report as assets in the governmental funds.	646,688
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	81,601
Long-term liabilities, including early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(8,650)</u>
Net assets of governmental activities (page 13)	<u>\$ 761,731</u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	General	Capital Projects	Nonmajor Special Revenue Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,063,281	130,822	212,118	1,406,221
Tuition	40,531	0	0	40,531
Other	68,525	1,181	69,967	139,673
State sources	1,502,085	43,623	0	1,545,708
Federal sources	133,491	0	0	133,491
Total revenues	<u>2,807,913</u>	<u>175,626</u>	<u>282,085</u>	<u>3,265,624</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,484,015	0	0	1,484,015
Special	386,566	0	0	386,566
Other	259,423	0	64,432	323,855
	<u>2,130,004</u>	<u>0</u>	<u>64,432</u>	<u>2,194,436</u>
Support services:				
Student	92,401	0	0	92,401
Instructional staff	106,717	0	0	106,717
Administration	341,719	0	0	341,719
Operation and maintenance of plant	202,188	0	60,239	262,427
Transportation	119,285	0	0	119,285
	<u>862,310</u>	<u>0</u>	<u>60,239</u>	<u>922,549</u>
Other expenditures:				
Facilities acquisitions	0	201	189,077	189,278
AEA Flowthrough	103,200	0	0	103,200
	<u>103,200</u>	<u>201</u>	<u>189,077</u>	<u>292,478</u>
Total expenditures	<u>3,095,514</u>	<u>201</u>	<u>313,748</u>	<u>3,409,463</u>
Net change in fund balances	(287,601)	175,425	(31,663)	(143,839)
Fund balance beginning of year	(354,399)	437,608	102,722	185,931
Fund balance end of year	<u>\$ (642,000)</u>	<u>613,033</u>	<u>71,059</u>	<u>42,092</u>

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA 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)		\$ (143,839)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 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	\$ 107,080	
Depreciation expense	<u>(94,124)</u>	12,956
 Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		
		16,225
 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.		
Early retirement		<u>3,145</u>
 Changes in net assets of governmental activities (page 14)		 <u><u>\$ (111,513)</u></u>

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

	<u>School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 12,726
Accounts receivable	1,246
Inventories	2,817
Capital assets, net of depreciation	<u>15,845</u>
TOTAL ASSETS	<u>32,634</u>
LIABILITIES	
Unearned revenue	<u>1,010</u>
NET ASSETS	
Invested in capital assets	15,845
Unrestricted	15,779
TOTAL NET ASSETS	<u>\$ 31,624</u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 65,690
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	53,885
Benefits	7,471
Supplies	60,665
Depreciation	2,263
TOTAL OPERATING EXPENSES	124,284
OPERATING LOSS	(58,594)
NON-OPERATING REVENUES:	
State sources	1,528
Federal sources	56,476
Interest on investments	34
TOTAL NON-OPERATING REVENUES	58,038
Change in net assets	(556)
Net assets beginning of year	32,180
Net assets end of year	\$ 31,624

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA 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	\$ 65,296
Cash payments to employees for services	(61,356)
Cash payments to suppliers for goods or services	(50,137)
Net cash used in operating activities	(46,197)
Cash flows from non-capital financing activities:	
State grants received	1,528
Federal grants received	45,296
Net cash provided by non-capital financing activities	46,824
Cash flows from investing activities:	
Interest on investments	34
Net increase in cash and cash equivalents	661
Cash and cash equivalents at beginning of year	12,065
Cash and cash equivalents at end of year	\$ 12,726
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (58,594)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	11,180
Depreciation	2,263
Increase in inventories	(652)
Increase in accounts receivable	(1,246)
Increase in unearned revenue	852
Net cash used in operating activities	\$ (46,197)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal commodities valued at \$11,180.

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 531,488
Liabilities	0
Net assets	<u>\$ 531,488</u>

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest income	\$ 19,875
Deductions:	
Instruction:	
Scholarships awarded	26,089
Change in net assets	(6,214)
Net assets beginning of year	537,702
Net assets end of year	\$ 531,488

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

The Exira Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Exira, Iowa, and the predominate agricultural territory in Guthrie, Audubon and Cass 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, Exira 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 Exira 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 Guthrie, Audubon and Cass 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, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

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

The District also reports a fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary fund is the Private Purpose Trust Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and

reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

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

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

Asset Class	Amount
Land	\$ 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	5-12 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used

to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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

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

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, the District exceeded its General Fund unspent authorized budget.

(2) **Cash and Pooled Investments**

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

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

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

	Amortized Cost
Diversified Portfolio	\$ 618,298

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 rated Aaa by Moody's Investors Service.

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools 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. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09B	1/21/2009	1/21/2010	\$ 405,128	2,628	400,000	5,260
2009-10A	6/25/2009	6/23/2010	666,387	82	656,000	225
Total			\$ 1,071,515	2,710	1,056,000	5,485

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
2007-08B	\$ 223,000	0	223,000	0
2008-09B	0	310,000	310,000	0
2009-10A	0	348,000	153,765	194,235
Total	\$ 223,000	658,000	686,765	194,235

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

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 47,898	0	0	47,898
Less accumulated depreciation	29,790	2,263	0	32,053
Business type activities capital assets, net	\$ 18,108	(2,263)	0	15,845

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,493	0	0	19,493
Total capital assets not being depreciated	19,493	0	0	19,493

Capital assets being depreciated:				
Buildings	1,304,415	0	0	1,304,415
Land improvements	13,991	0	0	13,991
Machinery and equipment	676,374	107,080	0	783,454
Total capital assets being depreciated	1,994,780	107,080	0	2,101,860

Less accumulated depreciation for:				
Buildings	833,465	42,179	0	875,644
Land improvements	4,838	700	0	5,538
Machinery and equipment	542,238	51,245	0	593,483
Total accumulated depreciation	1,380,541	94,124	0	1,474,665

Total capital assets being depreciated, net	614,239	12,956	0	627,195
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Governmental activities capital assets, net	\$ 633,732	12,956	0	646,688
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Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 6,453
Other		5,568
Support services:		
Student		732
Operation and maintenance of plant		1,671
Transportation		36,821
		<u>51,245</u>
Unallocated depreciation		<u>42,879</u>
		<u>\$ 94,124</u>
Business type activities:		
Food services		<u>\$ 2,263</u>

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Early retirement	\$ 11,795	0	3,145	8,650	3,145

Early Retirement

The District offers a voluntary early retirement plan to its licensed employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. The school District will pay the cost of the single premium at the level it was when the employee retired. A liability has been recorded in the Statement of Net Assets for government-wide activities for these early retirement benefits. Early retirement expenditures for the year ended June 30, 2009 totaled \$3,145.

(6) 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 \$109,855, \$102,601, and \$81,656, respectively, equal to the required contributions for each year.

(7) Risk Management

The Exira Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health, dental, vision, prescription drugs; life and long-term disability.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2009 was \$8,133.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Exira 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.

(8) 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 \$103,200 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.

(9) 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.

(10) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2009, the District exceeded its General Fund unspent authorized budget by \$249,039.

(11) Deficit Fund Balances

The General Fund had a deficit unreserved fund balance of \$652,431 at June 30, 2009.

The General Fund had a deficit fund balance of \$642,000 at June 30, 2009.

The Governmental Activities had a deficit unrestricted net assets of \$570,830 at June 30, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

EXIRA COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2009

	Governmental		Proprietary		Total	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type				Original	Final	
	Actual	Actual	Actual	Actual				
Revenues:								
Local sources	\$ 1,586,425	65,724	1,652,149	2,069,301	2,069,301	(417,152)		
State sources	1,545,708	1,528	1,547,236	1,551,188	1,551,188	(3,952)		
Federal sources	133,491	56,476	189,967	160,000	160,000	29,967		
Total revenues	3,265,624	123,728	3,389,352	3,780,489	3,780,489	(391,137)		
Expenditures/expenses:								
Instruction	2,194,436	0	2,194,436	1,918,296	2,218,296	23,860		
Support services	922,549	0	922,549	1,168,636	1,168,636	246,087		
Non-instructional programs	0	124,284	124,284	165,184	165,184	40,900		
Other expenditures	292,478	0	292,478	1,005,413	705,413	412,935		
Total expenditures/expenses	3,409,463	124,284	3,533,747	4,257,529	4,257,529	723,782		
Excess(deficiency) of revenues over(under) expenditures/expenses	(143,839)	(556)	(144,395)	(477,040)	(477,040)	332,645		
Balance beginning of year	185,931	32,180	218,111	527,040	527,040	(308,929)		
Balance end of year	\$ 42,092	31,624	73,716	50,000	50,000	23,716		

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment but had no change in the total budget.

During the year ended June 30, 2009, the District exceeded its General Fund unspent authorized budget.

OTHER SUPPLEMENTARY INFORMATION

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

	Special Revenue Funds			
	Student Activity	Manage- ment Levy	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 28,824	34,604	20,566	83,994
Receivables:				
Property tax:				
Current year delinquent	0	1,124	1,679	2,803
Succeeding year	0	70,000	133,579	203,579
Accounts	111	0	0	111
TOTAL ASSETS	\$ 28,935	105,728	155,824	290,487
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,840	1,777	9,232	15,849
Deferred revenue:				
Succeeding year property tax	0	70,000	133,579	203,579
TOTAL LIABILITIES	4,840	71,777	142,811	219,428
Fund balances:				
Unreserved	24,095	33,951	13,013	71,059
Total fund balances	24,095	33,951	13,013	71,059
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,935	105,728	155,824	290,487

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Special Revenue Funds			
	Student Activity	Manage- ment Levy	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 0	85,052	127,066	212,118
Other	59,461	6,275	4,231	69,967
TOTAL REVENUES	59,461	91,327	131,297	282,085
EXPENDITURES:				
Current:				
Instruction:				
Other	64,432	0	0	64,432
Support services:				
Operation and maintenance of plant	0	60,239	0	60,239
Other expenditures:				
Facilities acquisitions	0	0	189,077	189,077
TOTAL EXPENDITURES	64,432	60,239	189,077	313,748
Net change in fund balances	(4,971)	31,088	(57,780)	(31,663)
Fund balances beginning of year	29,066	2,863	70,793	102,722
Fund balances end of year	\$ 24,095	33,951	13,013	71,059

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA 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
Art	\$ 138	11	11	2	140
Athletics	22,533	49,677	52,358	(88)	19,764
Cheerleading	0	451	726	275	0
Drill Team	595	0	112	4	487
Leadership Club	482	412	677	2	219
Student Council	172	264	704	268	0
FFA	246	0	0	2	248
Pals	157	0	0	2	159
Spanish	79	0	0	0	79
National Honor Society	67	98	329	164	0
Faces	396	0	0	3	399
Science Club	409	0	0	(409)	0
Class of 2008	1,344	0	1,355	11	0
Class of 2009	767	0	689	1	79
Class of 2010	1,223	8,005	7,471	15	1,772
Class of 2011	220	0	0	2	222
Class of 2012	238	0	0	2	240
Class of 2013	0	267	0	2	269
Interest	0	276	0	(258)	18
Total	\$ 29,066	59,461	64,432	0	24,095

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Private Purpose Trust - Scholarship Fund			
	Hansen Scholarship	Sorensen Scholarship	Kommes Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 258,369	269,359	3,760	531,488
LIABILITIES				
	0	0	0	0
NET ASSETS				
Reserved for scholarships	\$ 258,369	269,359	3,760	531,488

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA 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				Total
	Hansen Scholarship	Sorensen Scholarship	Kommers Scholarship	Ighsau Scholarship	
Additions:					
Local sources:					
Interest income	\$ 11,195	8,520	160	0	19,875
Deductions:					
Instruction:					
Regular:					
Scholarships awarded	12,339	13,000	500	250	26,089
Changes in net assets	(1,144)	(4,480)	(340)	(250)	(6,214)
Net assets beginning of year	259,513	273,839	4,100	250	537,702
Net assets end of year	\$ 258,369	269,359	3,760	0	531,488

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA 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	\$ 1,406,221	1,285,459	1,340,675	1,226,960	1,213,463	1,019,143
Tuition	40,531	57,519	82,465	82,801	50,198	228,444
Other	139,673	200,339	166,746	136,159	187,492	259,823
Intermediate sources	0	0	0	0	0	8,501
State sources	1,545,708	1,621,046	1,375,450	1,383,015	1,381,716	1,243,062
Federal sources	133,491	116,129	141,076	156,475	104,680	226,247
Total	<u>\$ 3,265,624</u>	<u>3,280,492</u>	<u>3,106,412</u>	<u>2,985,410</u>	<u>2,937,549</u>	<u>2,985,220</u>
Expenditures:						
Current:						
Instruction:						
Regular	\$ 1,484,015	1,481,617	1,311,369	1,377,586	1,364,905	1,332,693
Special	386,566	332,071	316,938	260,313	274,345	360,844
Other	323,855	319,683	309,460	294,968	139,941	358,266
Support services:						
Student	92,401	85,598	79,930	76,484	67,789	41,595
Instructional staff	106,717	101,009	116,746	103,906	96,062	59,972
Administration	341,719	372,074	334,110	311,712	295,432	281,365
Operation and maintenance of plant	262,427	308,008	308,785	283,948	247,495	214,094
Transportation	119,285	138,609	93,507	88,585	88,432	108,074
Central	0	0	0	0	0	954
Non-instructional programs	0	0	0	0	122	3,425
Other expenditures:						
Facilities acquisitions	189,278	188,677	91,734	87,299	151,776	63,857
Long-term debt:						
Principal	0	145,000	60,000	60,000	30,000	0
Interest	0	943	6,725	8,480	9,630	0
AEA flow-through	103,200	101,287	97,203	95,304	93,982	90,188
Total	<u>\$ 3,409,463</u>	<u>3,574,576</u>	<u>3,126,507</u>	<u>3,048,585</u>	<u>2,859,911</u>	<u>2,915,327</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

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
Exira 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 Exira Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 24, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Exira 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 Exira Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Exira 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 Exira 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 Exira Community School District's financial statements that is more than inconsequential will not be prevented or detected by Exira 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 Exira 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 Exira 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.

Exira 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 Exira 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 Exira Community School District and other parties to whom Exira 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 Exira Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

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

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - The District will review its internal control procedures to maximize segregation of duties and implement it when it is feasible.

Conclusion - Response accepted.

I-B-09 Grants - We noted during our audit, that the District filed their Title I final report, claiming that they had spent the entire allocation, which was not supported by the District's General Ledger.

Recommendation - The District should amend the Title I grant final report submitted. In the future, the District should use the general ledger when completing final reports.

Response - The District has amended its Title I report to reflect the amounts used in the general ledger.

Conclusion - Response accepted.

CONTROL DEFICIENCIES:

I-C-09 Revenue/Expenditure Recognition - We noted during our audit that in the Private Purpose Trust Fund, the District was recording revenues and expenditures once a year. Revenues and expenditures are to be recorded when they occurred.

Recommendation - The District should record revenue and expenditures when they occur.

Response - The District will record revenues and expenditures in the Private Purpose Trust Fund when they occur.

Conclusion - Response accepted.

EXIRA 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, however, the District exceeded its General Fund unspent authorized budget.

Recommendation - The District should contact the Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.

Response - The District has met the School Budget Review Committee and received additional spending authority.

Conclusion - Response accepted.

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

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

II-D-09 Business Transactions - No business transactions between the District and District officials were noted.

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

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

II-G-09 Certified Enrollment - The number of basic enrolled students reported to the Iowa Department of Education on line 2 of the Certified Enrollment Certification Form for October 2008 was understated by 0.1. This resulted in overstating the total actual enrollment at line 7 by 0.1 student.

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

Response - The District will contact the Department of Education and the Department of Management to resolve this matter.

Conclusion - Response accepted.

II-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

- II-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-K-09 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		174,445
Expenditures/transfers out:		
School infrastructures:		
Buildings		201
Ending Balance	\$	174,244

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

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

Response – The District has contacted the Banking Institution and now receiving the fronts and backs of the checks.

Conclusion - Response accepted.

- II-M-09 Scholarship Revenues and Expenditures - During our audit we noted, that the District was using certified checks for payment of scholarships. It appears that these checks are not approved and audited by the Board of Directors.

Recommendation - Chapter 279.29 of the Code of Iowa states that “The board shall audit and allow all just claims against the corporation, and no order shall be drawn upon the treasury until the claim there for has been audited and allowed.” Chapter 291.6(4) of the Code of Iowa states the “that the Board Secretary keep an accurate account of all expenses incurred by the corporation, and present the same to the board for audit and payment.” Chapter 291.1 of the Code of Iowa states that “The president or the president's designee shall sign, using an original or facsimile signature, all school district warrants drawn as provided by law.”

The District should record the interest earned and subsequent payment of scholarships consistent with the District's receipts and disbursements process. This would allow the expenditure to be audited by the Board before payment of the expenditure.

Response - The District will implement this recommendation.

Conclusion - Response accepted.

II-N-09 Financial Condition - The General Fund had a deficit unreserved fund balance of \$652,431 at June 30, 2009.

The General Fund had a deficit fund balance of \$642,000 at June 30, 2009.

The Governmental Activities had a deficit unrestricted net assets of \$570,830 at June 30, 2009.

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

Response - The District will investigate alternatives to eliminate the deficit balances.

Conclusion - Response accepted.