

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
CRESCO, IOWA

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

JUNE 30, 2009

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HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2008 Election)		
Donald J. Conway	President	2009
Marilyn Reis	Vice President	2011
Jan Carman	Board Member	2008
Randall Richter	Board Member	2008
Duane Bodermann	Board Member	2009
<u>Board of Education</u>		
(After September 2008 Election)		
Donald J. Conway	President	2009
Marilyn Reis	Vice President	2011
Duane Bodermann	Board Member	2009
Jan Carman	Board Member	2011
Jeff Murphy	Board Member	2011
<u>School Officials</u>		
Brian Ney	Superintendent	2009
Janet Kreitzer	District Secretary/Treasurer	2009
Gruhn Law Firm	Attorney	Indefinite
Ahlers and Cooney PC	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2010 on our consideration of Howard-Winneshiek Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information on pages 7 through 17 and 54 through 55 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard-Winneshiek Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Oskaloosa, Iowa
March 2, 2010

Howard-Winneshiek Community School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The Howard-Winneshiek 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. Financial statements include a Change in Net Assets, a Condensed Statement of Net Assets and a Statement of Activities, which provide information about the activities of the District as a whole and present a long term view of the District's finances.

Financial Highlights

Factors Affecting 2009 Financial Statement ending June 30, 2009

The District's revenues totaled \$16,697,833 for the year ended June 30, 2009, a 1.1 percent increase from the prior year. Revenues included \$6,825,425 in local tax, charges for service of \$1,238,492, operating grants and contributions of \$2,578,342, capital grants and contributions of \$249,069, unrestricted interest of \$63,373 and other general revenues of \$5,743,132.

Expenses for the District operations totaled \$16,073,964, a 4.9 percent increase from the prior year. Expenses included \$9,455,181 for instruction, \$1,381,697 for administration, and \$1,328,823 for operation and maintenance.

General Fund revenues increased from \$12,861,010 to \$13,228,198 (\$367,188 difference) in fiscal year 2009 while General Fund expenditures increased from \$13,025,281 to \$13,841,133 (\$815,852 difference) in fiscal year 2009.

The increase in General Fund revenues were attributable to increases in tuition and state sources. The increase in expenditures was due primarily to an increase in instructional staff services, operation and maintenance services, and salary and benefit costs.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Howard-Winneshiek Community School District as a financial whole, or as an entire operating entity.

District-wide Financial Statements

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. Net assets and how they have changed are one way to measure the District's financial health or position.

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

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Business-type activities: The District charges fees to help it cover the costs of certain services it provides. The District's food service 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

- 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 can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Thus the governmental fund statements provide a detailed short-term view of how educational and operational services were funded as well as what funding is available in the near future to finance the District's programs. The difference between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.
- Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. This fund is reported in the same way as the District-wide statements. The District's proprietary fund is the *Enterprise, School Nutrition Fund*. This fund is used to account for the food service operations of the District.
- Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District's fiduciary funds include the Agency Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The District uses different funds in accordance with the Uniform Financial Accounting for Iowa Lea's, as required by the Iowa Department of Education, to record its financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and Capital Projects Fund.

The School District as a Whole

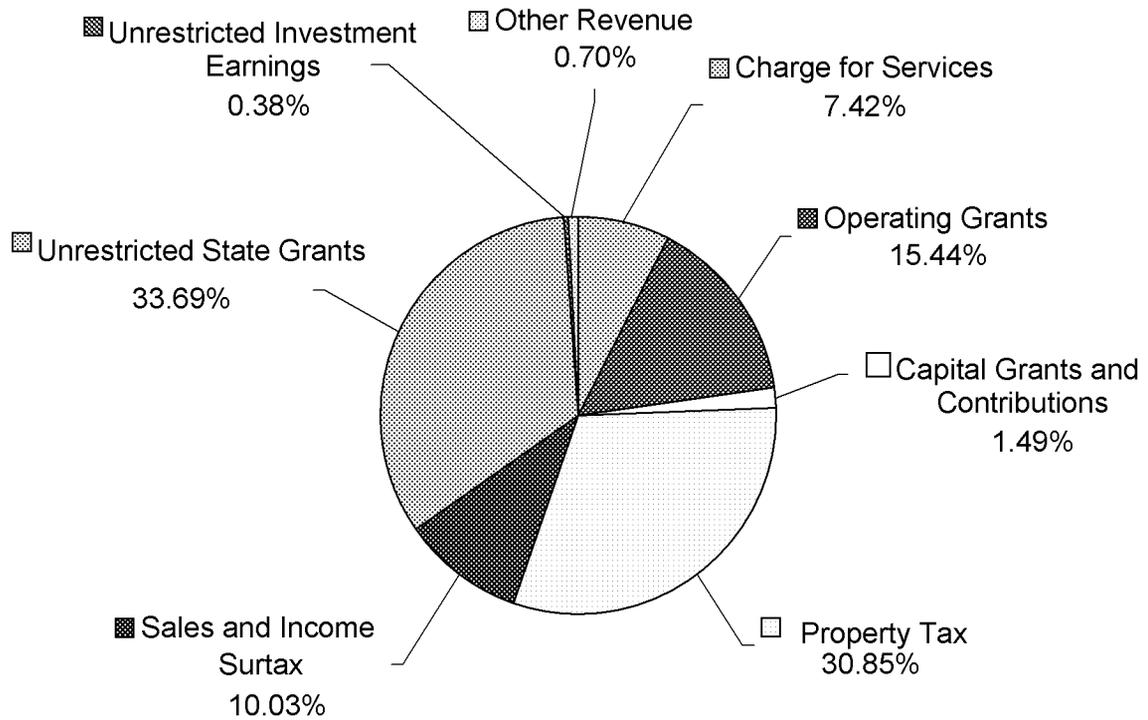
Overall district wide net assets increased \$623,869 for the year. Total revenues increased by 1.07 percent from the prior year and expenses increased by 4.87 percent from the prior year, and the District continues to retire debt at a faster rate than capital assets are depreciating.

The following is a summary perspective of the statement of net assets of the District as a whole for the year ending June 30, 2009. The Howard-Winneshiek Community School District's net assets at the end of the fiscal year 2009 totaled \$12,519,679.

	Changes in Net Assets						Total Percentage Change
	Governmental Activities		Business-type Activities		Total		
	2008	2009	2008	2009	2008	2009	
Revenue							
Program Revenue							
Charge for Services	796,021	829,268	377,467	409,224	1,173,488	1,238,492	5.54%
Operating Grants	1,742,972	2,279,236	258,438	299,106	2,001,410	2,578,342	28.83%
Capital Grants and Contributions	473,485	234,221	24,769	14,848	498,254	249,069	-50.01%
General Revenue							
Property Taxes	5,133,149	5,150,858			5,133,149	5,150,858	0.34%
Sales and Income Surtax	1,744,714	1,674,567			1,744,714	1,674,567	-4.02%
Unrestricted State Grants	5,672,103	5,625,243			5,672,103	5,625,243	-0.83%
Unrestricted Investment Earnings	210,790	62,805	2,210	568	213,000	63,373	-70.25%
Other Revenue	85,416	117,889			85,416	117,889	38.02%
Total Revenue	15,858,650	15,974,087	662,884	723,746	16,521,534	16,697,833	1.07%
Program Expense							
Instruction	8,661,368	9,455,181			8,661,368	9,455,181	9.16%
Student Support	547,260	432,580	25,075	1,201	572,335	433,781	-24.21%
Instructional Support Services	452,757	565,222			452,757	565,222	24.84%
Administration Services	1,466,283	1,367,895	14,055	13,802	1,480,338	1,381,697	-6.66%
Operation & Maintenance Services	1,296,608	1,327,728		1,095	1,296,608	1,328,823	2.48%
Transportation Services	973,741	1,034,742			973,741	1,034,742	6.26%
Long Term Debt Interest	223,926	162,861			223,926	162,861	-27.27%
Facilities Acquisition	126,674	97,595			126,674	97,595	-22.96%
AEA Flow Thru	515,279	534,196			515,279	534,196	3.67%
Non-Instructional Programs	39,324	10,615	614,958	645,203	654,282	655,818	0.23%
Depreciation (unallocated)	370,469	424,048			370,469	424,048	14.46%
Total Expenses	14,673,689	15,412,663	654,088	661,301	15,327,777	16,073,964	4.87%
Change in net assets	1,184,961	561,424	8,796	62,445	1,193,757	623,869	
NET ASSETS beginning of year	10,628,696	11,813,657	73,357	82,153	10,702,053	11,895,810	
NET ASSETS End of Year	\$ 11,813,657	\$ 12,375,081	\$ 82,153	\$ 144,598	\$ 11,895,810	\$ 12,519,679	

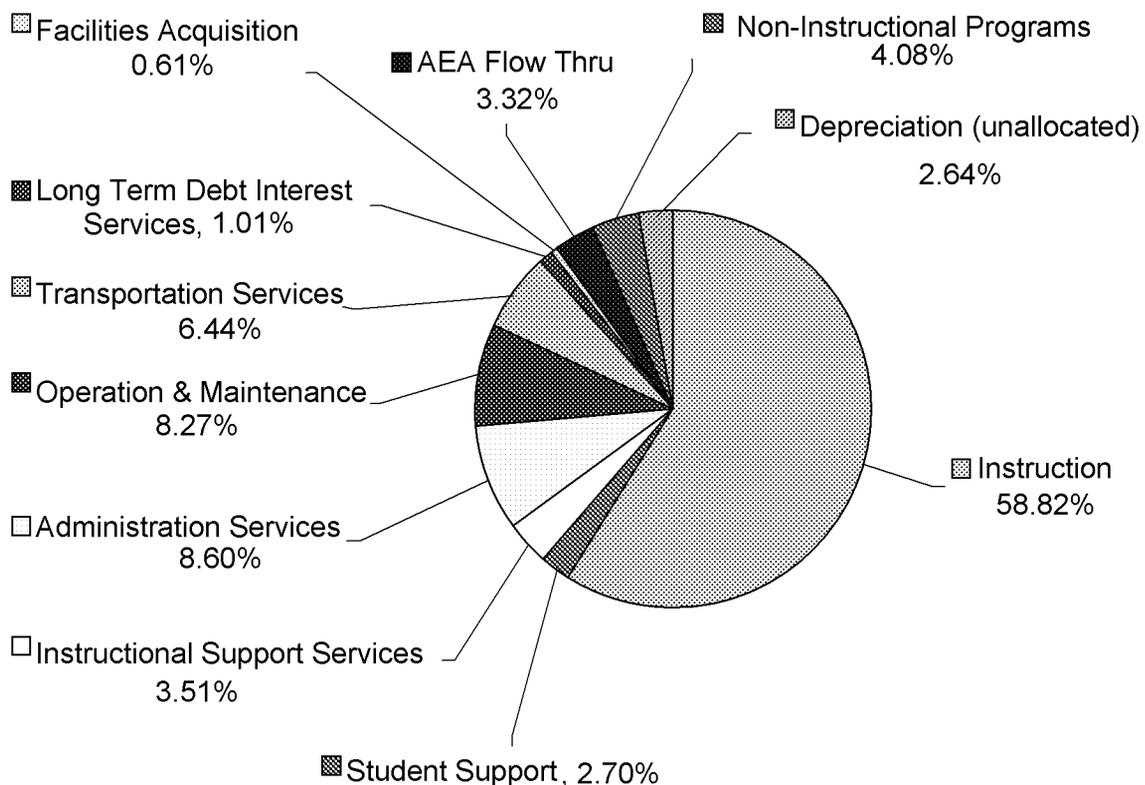
The following chart indicates total District Revenue by percentage for 2008-2009:

Total Revenue by Percentage



The following chart indicates total District Expenses by percentage for 2008-2009:

Total Expenditures by Percentage



Condensed Statement of Net Assets

A comparative analysis of fiscal year 2008 to 2009 follows:

	Condensed Statement of Net Assets						Total Percentage Change
	Governmental Activities		Business-Type Activities		Total		
	2008	2009	2008	2009	2008	2009	
Current and Other Assets	\$10,919,303	\$10,920,001	\$61,862	\$124,416	\$10,981,165	\$11,044,417	0.58%
Capital Assets	11,240,464	11,726,184	59,197	64,014	\$11,299,661	\$11,790,198	4.34%
Total Assets	22,159,767	22,646,185	121,059	188,430	22,280,826	22,834,615	2.49%
Long-Term Obligations	4,306,364	3,240,000	0	0	\$4,306,364	\$3,240,000	-24.76%
Other Liabilities	6,039,746	7,031,104	38,906	43,832	\$6,078,652	\$7,074,936	16.39%
Total Liabilities	10,346,110	10,271,104	38,906	43,832	10,385,016	10,314,936	-0.67%
Invested in Capital Assets net of related debt	7,164,100	8,646,184	59,197	64,014	\$7,223,297	\$8,710,198	20.58%
Restricted	2,709,146	2,509,150			\$2,709,146	\$2,509,150	-7.38%
Unrestricted	1,940,411	1,219,747	22,956	80,584	\$1,963,367	\$1,300,331	-33.77%
Total Net Assets	\$11,813,657	\$12,375,081	\$82,153	\$144,598	\$11,895,810	\$12,519,679	5.24%

Financial Analysis of the District's Funds

The District's governmental funds reported combined fund balances of **\$3,238,786** a **\$995,654** decrease from the 2008 fiscal year end balance of **\$4,234,440**. The primary reason for the decrease in combined fund balance for fiscal year 2009 was due to the deficiency of revenues under expenditures in the General and the Non-major Governmental Funds, Student Activity and Debt Service. The District's General Fund (including the Instructional Support program) end of year cash balance increased \$111,122 to \$2,557,521 from the 2008 fiscal year end cash balance of \$2,446,399.

Proprietary Fund Highlights

In fiscal 2009 the revenues of the District's food service activities were \$722,062 and expenses were \$660,100. The School Nutrition Fund net assets increased \$61,962 in fiscal year 2009. The District received \$48,640 in federal commodities.

Budgetary Highlights

In accordance with the Code of Iowa, the District's 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 as allowed by Iowa law to reflect the additional revenues and expenditures that may occur during the school year. The District's budget is prepared on the accrual basis. Encumbrances are not recognized on the budget and appropriations lapse at year end.

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

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

The following table shows the original budget for the fiscal year 2009 as well as actual revenues and expenditures for the year:

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 7,888,313	\$ 424,640	\$ 8,312,953	\$ 8,039,378	\$ 273,575
State sources	7,522,536	6,955	7,529,491	7,319,290	210,201
Federal sources	562,688	292,151	854,839	671,000	183,839
Total revenues	<u>15,973,537</u>	<u>723,746</u>	<u>16,697,283</u>	<u>16,029,668</u>	<u>667,615</u>
EXPENDITURES/EXPENSES:					
Instruction	9,446,490	-	9,446,490	9,648,785	202,295
Support services	4,797,620	16,098	4,813,718	4,882,475	68,757
Non-instructional programs	25,615	645,203	670,818	723,796	52,978
Other expenditures	2,700,016	-	2,700,016	3,737,458	1,037,442
Total expenditures/expenses	<u>16,969,741</u>	<u>661,301</u>	<u>17,631,042</u>	<u>18,992,514</u>	<u>1,361,472</u>
Excess (deficiency) of revenues over (under) expenditures/ expenses	(996,204)	62,445	(933,759)	(2,962,846)	2,029,087
Other financing sources, net	550	-	550	-	550
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(995,654)	62,445	(933,209)	(2,962,846)	2,029,637
Balance beginning of year	<u>4,234,440</u>	<u>82,153</u>	<u>4,316,593</u>	<u>3,379,211</u>	<u>937,382</u>
Balance end of year	<u>\$ 3,238,786</u>	<u>\$ 144,598</u>	<u>\$ 3,383,384</u>	<u>\$ 416,365</u>	<u>\$ 2,967,019</u>

Capital Assets and Debt Administration

Capital Assets

At the end of the 2009 fiscal year, the District had invested \$11,790,198, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, vehicles, technology and computers, classroom equipment and transportation equipment. This amount represents a net increase of \$490,537 or positive 4.34 percent from last year. More detailed information about capital assets is available in the Capital Assets chart below. Total depreciation expense for the year (excluding land) was \$589,580.

Capital Assets, (net of depreciation)							
	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	2008	2009	2008	2009	2008	2009	2008-09
	Land (not being depreciated)	564,802	564,802			564,802	564,802
Buildings	9,722,242	9,744,150			9,722,242	9,744,150	0.23%
Improvements other than buildings	291,988	351,155			291,988	351,155	20.26%
Furniture and Equipment	482,996	575,891	59,197	64,014	542,193	639,905	18.02%
Construction in Progress	178,436	490,186	0		178,436	490,186	174.71%
Total	11,240,464	11,726,184	59,197	64,014	11,299,661	11,790,198	4.34%

Long-Term Debt

At June 30, 2009, the District had \$3,240,000 in general obligation and other long-term debt outstanding. This represents a decrease of 24.76% from last year. More detailed information about the District's long-term liabilities is available in the District's audit report Note 6 to the financial statements.

Outstanding Long-Term Obligations			
	Total	Total	Total
	School District	School District	% Change
	2009	2008	2008-09
Early Retirement	160,000	230,000	-30.43%
General Obligation Bonds	555,000	1,090,000	-49.08%
Local Option Sales and Service Tax Revenue Bonds	1,845,000	2,081,364	-11.36%
Capital Lease Purchase Agreement	680,000	905,000	-24.86%
Totals	<u>3,240,000</u>	<u>4,306,364</u>	<u>-24.76%</u>

On April 1, 2002, the District issued general obligation refunding bonds of \$3,830,000 with an interest rate of 4.50% to refund the June 1, 1993 general obligation bonds with interest rates from 4.80% to 5.80%. The June 1, 1993 general obligation bonds were called and refunded on May 1, 2002.

As a result of the refunding, the District will reduce its total debt service requirements over the life of the bonds by \$124,160, which will result in a present value economic gain of \$77,445.

In 2001 the District has entered into a 28E agreement with Northeast Iowa Community College for the construction, ownership, maintenance, and administration of a school building to be used jointly by the District and the College. At the end of five years, the College had the opportunity to acquire the project outright from the District for 100% of the remaining Debt Service plus the appraisal value of the real estate in the amount of \$105,000, subject to a 2% per annum escalation. The College did not exercise their purchase option. The District has the option to purchase the facility for \$1 at the end of the ten years.

The District also has outstanding long term obligations payable from local option sales and tax revenue bonds, physical plant and equipment .67 cent levy, and capital project funds as of June 30, 2009.

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 near future.

- Revenue received by the State of Iowa continues to be less than original projections. For fiscal year 2010 budget, state aid will fund 68% of the \$5,891 the District spends per student. Any reduction in state aid would adversely impact the District's ability to fund program and services at current levels.
- House File 729 IPERS (Iowa Public Employees' Retirement System) increased contributions for regular members by one-half percentage point a year for four years, beginning July 1, 2007 (fiscal year 2008). Employee's contributions will increase from 4.10% to 4.30% and the employer's share increases from 6.35% to 6.65% effective July 1, 2009.
- District enrollment projections point to a stabilization in enrollment for fiscal year 2009-10. Future enrollment stability is a critical element in maintaining a sound financial foundation. The District has reserved spending authority to handle a short-term dip in revenue estimated to carry through 2009-10. Fiscal monitoring procedures should include a monthly Board report to monitor estimated unspent authorized budget calculation including miscellaneous income to reflect financial position and spending authority as well as a 3-year end of month cash comparison of all funds. The Board of Education will be faced with the challenge of reducing staff and/or programs or closing buildings to maintain a positive solvent position as well as unspent balance budget authority for 2010-11.

The Board is considering making a financial commitment in the amount of \$250,000 (local option sales tax proceeds) to the Lime Springs/Chester Spring Ahead Learning Center building project in conjunction with other grants/revenues raised by the Spring Ahead Learning Board to erect the building structure proposed (\$1.2 to \$1.3 million). The district will need to consider maintenance and operational costs and the financial operating budget commitment of the community for the operation of a year round daycare center before entering into a 28E Agreement.

- The passage of the revenue purpose statement to expand the vision of education from the one cent sales tax revenue in the capital projects fund was approved at the September, 2008 School Board election and was vital in providing technology and equipment upgrades other than from general fund revenue. The Board will need to consider hiring a financial consultant and approving a resolution to authorize the sale and issuance of School Infrastructure Sales, Services and use Tax Revenue Bonds to fund completion of the high school roof project, real estate purchase and other projects that qualify for payment from the capital projects fund.
- The District negotiated a one-year contract with the Howard-Winneshiek Education Association (HWEA) effective July 1, 2009 through June 30, 2010, the Howard-Winneshiek Clerical Association for two years beginning July 1, 2009, and ending June 30, 2011. The AFSCME/Council 61 (Howard-Winneshiek Bus Drivers) contract beginning July 1, 2008 and ending June 30, 2010. Salaries and benefits have historically accounted for 77% to 80% of each years general fund budget.
- The school enterprise (food service program) revenues and expenses will need to be closely monitored as school district enrollment continues to guide revenues. An increase in breakfast and lunch ticket prices may be necessary to avoid general fund dollars subsidizing the program.
- In May 2003, the patrons of the District approved a Howard County 1 cent local sales and services tax for school infrastructure projects that includes the payment or retirement of bonds previously issued for school infrastructure. The Board of Education voted to use \$300,000 of the proceeds for debt service tax levy reduction in 2009-2010. The 2009-10 school year will be the final debt service tax collection year for the \$3,830,000 School Refunding Bonds, Series 2002.

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 Janet Kreitzer, District Secretary/Treasurer and Business Manager, Howard-Winneshiek Community School District, 1000 Schroder Drive, Cresco, IA 52136

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Basic Financial Statements

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 4,692,225	\$ 87,287	\$ 4,779,512
Receivables:			
Property tax:			
Current year	126,353	-	126,353
Succeeding year	5,043,024	-	5,043,024
Income surtax	694,724	-	694,724
Accounts	3,377	5,606	8,983
Due from other governments	360,298	6,388	366,686
Inventories	-	25,135	25,135
Capital assets, net of accumulated depreciation (note 5)	11,726,184	64,014	11,790,198
	<hr/>	<hr/>	<hr/>
Total assets	22,646,185	188,430	22,834,615
Liabilities			
Accounts payable	343,281	3,039	346,320
Salaries and benefits payable	1,413,908	38,955	1,452,863
Accrued interest payable	44,613	-	44,613
Deferred revenue:			
Succeeding year property tax	5,043,024	-	5,043,024
Other	186,278	1,838	188,116
Long-term liabilities (note 6):			
Portion due within one year:			
Early retirement	129,250	-	129,250
Bonds payable	720,000	-	720,000
Capital lease purchase agreement	235,000	-	235,000
Portion due after one year:			
Early retirement	30,750	-	30,750
Bonds payable	1,680,000	-	1,680,000
Capital lease purchase agreement	445,000	-	445,000
	<hr/>	<hr/>	<hr/>
Total liabilities	10,271,104	43,832	10,314,936

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 8,646,184	\$ 64,014	\$ 8,710,198
Restricted for:			
Categorical funding	153,879	-	153,879
Management levy	386,769	-	386,769
Physical plant and equipment levy	538,031	-	538,031
Other special revenue purposes	362,893	-	362,893
Local option sales and services tax revenue bonds	191,500	-	191,500
Debt service	152,587	-	152,587
Capital projects	723,491	-	723,491
Unrestricted	<u>1,219,747</u>	<u>80,584</u>	<u>1,300,331</u>
Total net assets	<u>\$ 12,375,081</u>	<u>\$ 144,598</u>	<u>\$ 12,519,679</u>

See notes to financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 9,455,181	\$ 590,951	\$ 1,580,226	\$ -
Support services:				
Student services	432,580	138,093	29,046	-
Instructional staff services	565,222	-	13,000	-
Administration services	1,367,895	-	-	-
Operation and maintenance of plant services	1,327,728	30,896	-	-
Transportation services	1,034,742	69,328	85,532	-
	<u>4,728,167</u>	<u>238,317</u>	<u>127,578</u>	<u>-</u>
Non-instructional programs	<u>10,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	97,595	-	37,236	234,221
Long-term debt interest and fiscal charges	162,861	-	-	-
AEA flowthrough	534,196	-	534,196	-
Depreciation (unallocated) *	424,048	-	-	-
	<u>1,218,700</u>	<u>-</u>	<u>571,432</u>	<u>234,221</u>
Total governmental activities	<u>15,412,663</u>	<u>829,268</u>	<u>2,279,236</u>	<u>234,221</u>
Business-Type Activities:				
Support services:				
Student services	1,201	1,237	-	-
Administration services	13,802	-	-	-
Operation and maintenance of plant services	1,095	-	-	-
	<u>16,098</u>	<u>1,237</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	<u>645,203</u>	<u>407,987</u>	<u>299,106</u>	<u>14,848</u>
Total business-type activities	<u>661,301</u>	<u>409,224</u>	<u>299,106</u>	<u>14,848</u>
Total	<u>\$ 16,073,964</u>	<u>\$ 1,238,492</u>	<u>\$ 2,578,342</u>	<u>\$ 249,069</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (7,284,004)	\$ -	\$ (7,284,004)
(265,441)	-	(265,441)
(552,222)	-	(552,222)
(1,367,895)	-	(1,367,895)
(1,296,832)	-	(1,296,832)
(879,882)	-	(879,882)
(4,362,272)	-	(4,362,272)
(10,615)	-	(10,615)
173,862	-	173,862
(162,861)	-	(162,861)
-	-	-
(424,048)	-	(424,048)
(413,047)	-	(413,047)
(12,069,938)	-	(12,069,938)
-	36	36
-	(13,802)	(13,802)
-	(1,095)	(1,095)
-	(14,861)	(14,861)
-	76,738	76,738
-	61,877	61,877
(12,069,938)	61,877	(12,008,061)

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs

General Revenues:

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
Income surtax
Statewide sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ 4,694,150	\$ -	\$ 4,694,150
283,651	-	283,651
173,057	-	173,057
739,243	-	739,243
935,324	-	935,324
5,625,243	-	5,625,243
62,805	568	63,373
117,889	-	117,889
<hr/>		
12,631,362	568	12,631,930
<hr/>		
561,424	62,445	623,869
<hr/>		
11,813,657	82,153	11,895,810
<hr/>		
\$ <u>12,375,081</u>	\$ <u>144,598</u>	\$ <u>12,519,679</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and pooled investments	\$ 2,557,521	\$ 2,134,704	\$ 4,692,225
Receivables:			
Property tax:			
Current year	105,252	21,101	126,353
Succeeding year	4,370,053	672,971	5,043,024
Income surtax	505,254	189,470	694,724
Interfund receivable (note 4)	-	82,733	82,733
Accounts	2,367	1,010	3,377
Due from other governments	<u>191,173</u>	<u>169,125</u>	<u>360,298</u>
Total assets	<u>\$ 7,731,620</u>	<u>\$ 3,271,114</u>	<u>\$ 11,002,734</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
 Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 300,650	\$ 42,631	\$ 343,281
Salaries and benefits payable	1,413,908	-	1,413,908
Interfund payable (note 4)	82,733	-	82,733
Deferred revenue:			
Succeeding year property tax	4,370,053	672,971	5,043,024
Other	688,404	192,598	881,002
Total liabilities	<u>6,855,748</u>	<u>908,200</u>	<u>7,763,948</u>
 Fund balances:			
Reserved for:			
Categorical funding	153,879	-	153,879
Local option sales and services tax revenue bonds	-	191,500	191,500
Local option sales and services tax revenue bond sinking fund	-	100,111	100,111
Debt service	-	56,639	56,639
Unreserved, reported in:			
General fund	721,993	-	721,993
Special revenue funds	-	1,253,270	1,253,270
Capital projects fund	-	761,394	761,394
Total fund balances	<u>875,872</u>	<u>2,362,914</u>	<u>3,238,786</u>
 Total liabilities and fund balances	 <u>\$ 7,731,620</u>	 <u>\$ 3,271,114</u>	 <u>\$ 11,002,734</u>

See notes to financial statements.

HOWARD-WINNESHIEK 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	\$ 3,238,786
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	11,726,184
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	694,724
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.	(44,613)
Long-term liabilities, including bonds payable, capital lease purchase agreements, and early retirement payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,240,000)</u>
Net assets of governmental activities	<u>\$ 12,375,081</u>

See notes to financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

	General	Nonmajor Governmental Funds	Total
Revenues:			
Local sources:			
Local tax	\$ 4,795,335	\$ 2,026,649	\$ 6,821,984
Tuition	227,553	-	227,553
Other	220,664	618,112	838,776
State sources	7,510,994	11,542	7,522,536
Federal sources	473,652	89,036	562,688
Total revenues	<u>13,228,198</u>	<u>2,745,339</u>	<u>15,973,537</u>
Expenditures:			
Current:			
Instruction	<u>9,008,692</u>	<u>437,798</u>	<u>9,446,490</u>
Support services:			
Student services	432,580	12,500	445,080
Instructional staff services	500,793	64,429	565,222
Administration services	1,351,793	18,320	1,370,113
Operation and maintenance of plant services	1,167,821	165,926	1,333,747
Transportation services	845,258	238,200	1,083,458
	<u>4,298,245</u>	<u>499,375</u>	<u>4,797,620</u>
Non-instructional programs	<u>-</u>	<u>25,615</u>	<u>25,615</u>
Other expenditures:			
Facilities acquisition	-	1,001,601	1,001,601
Long term debt:			
Principal	-	996,364	996,364
Interest and fiscal charges	-	167,855	167,855
AEA flowthrough	534,196	-	534,196
	<u>534,196</u>	<u>2,165,820</u>	<u>2,700,016</u>
Total expenditures	<u>13,841,133</u>	<u>3,128,608</u>	<u>16,969,741</u>
Deficiency of revenues under expenditures	<u>(612,935)</u>	<u>(383,269)</u>	<u>(996,204)</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):			
Sale of equipment	\$ 550	\$ -	\$ 550
Interfund transfers in (note 3)	-	955,555	955,555
Interfund transfers out (note 3)	-	(955,555)	(955,555)
Total other financing sources (uses)	<u>550</u>	<u>-</u>	<u>550</u>
Net change in fund balances	(612,385)	(383,269)	(995,654)
Fund balances beginning of year	<u>1,488,257</u>	<u>2,746,183</u>	<u>4,234,440</u>
Fund balances end of year	<u>\$ 875,872</u>	<u>\$ 2,362,914</u>	<u>\$ 3,238,786</u>

See notes to financial statements.

HOWARD-WINNESHIEK 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 \$ (995,654)

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

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

Expenditures for capital assets	\$ 1,065,269	
Depreciation expense	<u>(579,549)</u>	485,720

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 996,364

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,994

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>70,000</u>
------------------	---------------

Change in net assets of governmental activities \$ 561,424

See notes to financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise			Internal
	School Nutrition	Nonmajor - Childcare	Total	Service Flexible Benefits
Assets				
Cash and cash equivalents	\$ 66,355	\$ 20,932	\$ 87,287	\$ 8,269
Accounts receivable	5,606	-	5,606	-
Due from other governments	6,388	-	6,388	-
Inventories	25,135	-	25,135	-
Capital assets, net of accumulated depreciation (note 5)	64,014	-	64,014	-
Total assets	167,498	20,932	188,430	8,269
Liabilities				
Accounts payable	3,039	-	3,039	3,897
Salaries and benefits payable	38,955	-	38,955	-
Deferred revenue	1,838	-	1,838	-
Total liabilities	43,832	-	43,832	3,897
Net Assets				
Invested in capital assets	64,014	-	64,014	-
Unrestricted	59,652	20,932	80,584	4,372
Total net assets	\$ 123,666	\$ 20,932	\$ 144,598	\$ 4,372

See notes to financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

	School Nutrition	Enterprise Nonmajor - Childcare	Total	Internal Service Flexible Benefits
Operating revenues:				
Local sources:				
Charges for services	\$ 407,987	\$ 1,237	\$ 409,224	\$ 29,226
Operating expenses:				
Support services:				
Student services	-	1,201	1,201	-
Administration services	13,802	-	13,802	-
Operation and maintenance of plant services	1,095	-	1,095	-
Non-instructional programs	645,203	-	645,203	27,588
	<u>660,100</u>	<u>1,201</u>	<u>661,301</u>	<u>27,588</u>
Operating income (loss)	(252,113)	36	(252,077)	1,638
Non-operating revenues:				
Interest on investments	121	447	568	63
Capital contributions	14,848	-	14,848	-
State sources	6,955	-	6,955	-
Federal sources	292,151	-	292,151	-
Total non-operating revenues	<u>314,075</u>	<u>447</u>	<u>314,522</u>	<u>63</u>
Change in net assets	61,962	483	62,445	1,701
Net assets beginning of year	<u>61,704</u>	<u>20,449</u>	<u>82,153</u>	<u>2,671</u>
Net assets end of year	<u>\$ 123,666</u>	<u>\$ 20,932</u>	<u>\$ 144,598</u>	<u>\$ 4,372</u>

See notes to financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

	School Nutrition	Enterprise Nonmajor - Childcare	Total	Internal Service Flexible Benefits
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 397,428	\$ -	\$ 397,428	\$ -
Cash received from miscellaneous operating activities	3,529	2,381	5,910	29,226
Cash payments to employees for services	(289,472)	-	(289,472)	-
Cash payments to suppliers for goods or services	(307,346)	(1,206)	(308,552)	(23,691)
Net cash provided by (used by) operating activities	<u>(195,861)</u>	<u>1,175</u>	<u>(194,686)</u>	<u>5,535</u>
Cash flows from non-capital financing activities:				
State grants received	6,955	-	6,955	-
Federal grants received	241,979	-	241,979	-
Net cash provided by non-capital financing activities	<u>248,934</u>	<u>-</u>	<u>248,934</u>	<u>-</u>
Cash flows from investing activities:				
Interest on investments	121	447	568	63
Net increase in cash and cash equivalents	53,194	1,622	54,816	5,598
Cash and cash equivalents beginning of year	<u>13,161</u>	<u>19,310</u>	<u>32,471</u>	<u>2,671</u>
Cash and cash equivalents end of year	<u>\$ 66,355</u>	<u>\$ 20,932</u>	<u>\$ 87,287</u>	<u>\$ 8,269</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

	School Nutrition	Enterprise Nonmajor - Childcare	Total	Internal Service Flexible Benefits
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (252,113)	\$ 36	\$ (252,077)	\$ 1,638
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	10,031	-	10,031	-
Commodities used	48,640	-	48,640	-
(Increase) decrease in accounts receivable	(4,262)	1,144	(3,118)	-
(Increase) in inventories	(3,088)	-	(3,088)	-
Increase (decrease) in accounts payable	2,654	(5)	2,649	3,897
Increase in salaries and benefits payable	5,045	-	5,045	-
(Decrease) in deferred revenue	(2,768)	-	(2,768)	-
Net cash provided by (used by) operating activities	<u>\$ (195,861)</u>	<u>\$ 1,175</u>	<u>\$ (194,686)</u>	<u>\$ 5,535</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$48,640 of federal commodities and \$14,848 of capital contributions.

See notes to financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	<u>Agency</u>
Assets:	
Cash and pooled investments	\$ <u>9,604</u>
Liabilities:	
Other payables	<u>9,604</u>
Net assets	\$ <u><u>-</u></u>

See notes to financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Howard-Winneshiek Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 Cresco, Iowa, portions of the Cities of Ridgeway, Lime Springs, and Elma, Iowa, and agricultural territory in Howard and Winneshiek 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, Howard-Winneshiek 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. Howard-Winneshiek Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental fund:

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

The District reports the following major proprietary fund:

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

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

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

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

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

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

Asset Class	Amount
Land	\$ -
Buildings	25,000
Improvements other than buildings	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	15-50 years
Improvements other than buildings	8-15 years
Furniture and equipment	3-20 years

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

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

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employee in the year it is earned. The District has no compensated absences liability at June 30, 2009.

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.

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

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2009 consists of \$2,317,650.

E. Budgets and Budgetary Control

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

Note 2. Cash and Pooled Investments

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

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 2. Cash and Pooled Investments (continued)

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

At June 30, 2009, the District had investments as follows:

	Fair Value/ Amortized Cost
Money market mutual funds	\$ 282,329
Iowa Schools Joint Investment Trust, Diversified Portfolio	<u>180,165</u>
	<u>\$ 462,494</u>

The investments in the Iowa Schools Joint Investment Trust, Diversified Portfolio are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the money market mutual funds are valued at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust and money market mutual funds were rated Aaa by Moody’s Investors Service.

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 690,203
	Special Revenue:	
	Physical Plant and Equipment Levy	<u>265,352</u>
Total		<u>\$ 955,555</u>

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

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 4. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Physical Plant and Equipment Levy	General	\$ <u>82,733</u>

The interfund balances are due to timing differences involved in various corrective reimbursements. These balances are not included on the District-wide Statement of Net Assets.

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 564,802	\$ -	\$ -	\$ 564,802
Construction in progress	178,436	790,749	478,999	490,186
Total capital assets not being depreciated	<u>743,238</u>	<u>790,749</u>	<u>478,999</u>	<u>1,054,988</u>
Capital assets being depreciated:				
Buildings	14,945,564	389,237	-	15,334,801
Improvements other than buildings	567,944	108,400	-	676,344
Furniture and equipment	2,636,223	255,882	98,830	2,793,275
Total capital assets being depreciated	<u>18,149,731</u>	<u>753,519</u>	<u>98,830</u>	<u>18,804,420</u>
Less accumulated depreciation for:				
Buildings	5,223,322	367,329	-	5,590,651
Improvements other than buildings	275,956	49,233	-	325,189
Furniture and equipment	2,153,227	162,987	98,830	2,217,384
Total accumulated depreciation	<u>7,652,505</u>	<u>579,549</u>	<u>98,830</u>	<u>8,133,224</u>
Total capital assets being depreciated, net	<u>10,497,226</u>	<u>173,970</u>	<u>-</u>	<u>10,671,196</u>
Governmental activities capital assets, net	<u>\$ 11,240,464</u>	<u>\$ 964,719</u>	<u>\$ 478,999</u>	<u>\$ 11,726,184</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 351,468	\$ 14,848	\$ -	\$ 366,316
Less accumulated depreciation	292,271	10,031	-	302,302
Business-type activities capital assets, net	<u>\$ 59,197</u>	<u>\$ 4,817</u>	<u>\$ -</u>	<u>\$ 64,014</u>

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

Governmental activities:	
Instruction	\$ 19,091
Support services:	
Administration	14,882
Operation and maintenance of plant services	8,980
Transportation	<u>112,548</u>
	155,501
Unallocated depreciation	<u>424,048</u>
Total governmental activities depreciation expense	<u>\$ 579,549</u>
Business-type activities:	
Food service operations	<u>\$ 10,031</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Early Retirement	\$ 230,000	\$ 63,900	\$ 133,900	\$ 160,000	\$ 129,250
General Obligation Bonds	1,090,000	-	535,000	555,000	555,000
Local Option Sales and Services Tax Revenue Bonds	2,081,364	-	236,364	1,845,000	165,000
Capital Lease Purchase Agreement	905,000	-	225,000	680,000	235,000
Total	<u>\$ 4,306,364</u>	<u>\$ 63,900</u>	<u>\$ 1,130,264</u>	<u>\$ 3,240,000</u>	<u>\$ 1,084,250</u>

Early Retirement

The District previously offered a voluntary early retirement plan to its employees. Eligible classified employees had to be at least age fifty and had to have completed fifteen years of full-time contracted service to the District. Eligible teachers had to have at least twenty-five years of total teaching experience and had to have ten consecutive years of full-time contracted service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

Each participating licensed teacher that had fifteen to twenty years of service to the District received \$20,000. Each participating licensed teacher that had twenty-one or more years of service to the District received \$25,000. Each participating classified employee received \$15,000. Any employee that was within one year of qualifying for a certain level of benefits may have elected to participate in the plan and was entitled to receive seventy-five percent of the level of benefits that the employee was within one year of being eligible to receive. Early retirement benefits will be paid into a tax deferred benefit plan in two equal payments in January 2009 and July 2009.

Under a previous plan, the early retirement benefit for each eligible employee was equal to \$150 per month toward health insurance through the District until the retiree qualifies for Medicare.

At June 30, 2009, the District has obligations to twenty-two participants with a total liability of \$160,000. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$133,900. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Long-Term Liabilities (continued)

General Obligation Bonds

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.50 %	\$ 555,000	\$ 18,788	\$ 573,788

During the year ended June 30, 2009, the District retired \$535,000 of general obligation bonds.

Local Option Sales and Services Tax Revenue Bonds

Details of the District's June 30, 2009 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue dated November 1, 2001			
	Interest Rates	Principal	Interest	Total
2010	4.30 %	\$ 40,000	\$ 3,500	\$ 43,500
2011	4.45	40,000	1,780	41,780
Subtotal		80,000	5,280	85,280

Year Ending June 30,	Issue dated August 1, 2007			
	Interest Rates	Principal	Interest	Total
2010	4.25 %	\$ 125,000	\$ 75,223	\$ 200,223
2011	4.25	400,000	69,910	469,910
2012	4.25	400,000	52,910	452,910
2013	4.25	420,000	35,910	455,910
2014	4.30	420,000	18,060	438,060
Subtotal		1,765,000	252,013	2,017,013
Total		\$ 1,845,000	\$ 257,293	\$ 2,102,293

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Long-Term Liabilities (continued)

Local Option Sales and Services Tax Revenue Bonds (continued)

The District pledged future local option (statewide) sales and services tax revenues to repay the \$1,915,000 bonds issued in November 2001 and August 2007. The bonds were issued for the purpose of financing school infrastructure. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District and are payable through 2014. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 25 to 55 percent of the local option (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$2,102,293. For the current year, principal and interest of \$371,086 was paid on the bonds and total local option (statewide) sales and services tax revenues were \$935,324.

The resolutions providing for the issuance of the local option sales and services tax revenue bonds include the following provisions:

- (a) The bonds will be redeemed from the future earnings of the local option sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A reserve will be maintained in the amount of \$191,500 to be used solely for the purpose of paying principal and interest in the event the local option sales and services tax revenues are not sufficient for that purpose.
- (c) Sufficient monthly deposits amounting to one twelfth of the next principal payment and one sixth of the next interest payment shall be made to the Sinking Fund for the purpose of making the bond principal and interest payments when due for the issue dated in August, 2007.
- (d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Lease Purchase Agreement

The District has entered into a 28E agreement with Northeast Iowa Community College for the construction, ownership, operation, maintenance, and administration of a school building to be used jointly by the District and the College. The College is responsible for construction, debt, and normal operating costs of the building. The District is responsible for capital improvements. In September 2001, the District finalized a ten year lease purchase agreement with the College for use of the facilities. The College will also be paying the District \$30,000 in rent each year. At the end of five years, the College has the opportunity to acquire the project outright from the District for 100% of the remaining Debt Service plus the appraisal value of the real estate in the amount of \$105,000, subject to a 2% per annum escalation. If the College does not exercise their purchase option, the District has the option to purchase the facility for \$1 at the end of the ten years.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 6. Long-Term Liabilities (continued)

Capital Lease Purchase Agreement (continued)

Details of the District's June 30, 2009 capital lease purchase agreement indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.40 %	\$ 235,000	\$ 30,565	\$ 265,565
2011	4.50	245,000	20,226	265,226
2012	4.60	200,000	9,200	209,200
		<u>\$ 680,000</u>	<u>\$ 59,991</u>	<u>\$ 739,991</u>

During the year ended June 30, 2009, the District paid \$225,000 on the capital lease purchase agreement.

Note 7. Operating Lease

The District is obligated under a copier equipment lease accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations and, therefore, are not reflected on the District's Statement of Net Assets. The agreement provides for monthly lease payments of \$3,806 during the term of the lease.

The total lease payments under the lease agreement are as follows:

Year Ending June 30,	Amount
2010	\$ 45,668
2011	45,668
2012	<u>7,611</u>
	<u>\$ 98,947</u>

Total payments under the lease agreement for the year ended June 30, 2009 were \$45,484.

Note 8. Other Postemployment Benefits (OPEB)

The District prospectively implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description – The District participates in the Northeast Iowa Schools Insurance Trust (Trust), which is a cost-sharing multiple-employer plan, as authorized by Chapter 28E of the Code of Iowa. The Trust provides medical and dental insurance benefits for employees, retirees, and their families. There are 1,322 active and 140 retired members in the Trust. Participants must be age 55 or older at retirement.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 8. Other Postemployment Benefits (OPEB) (continued)

The Trust self-insures its health benefits and purchases stop-loss insurance. The Trust is administered by Midwest Group Benefits. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. The report may be obtained by writing to Midwest Group Benefits, P.O. Box 408, Decorah, Iowa 52101.

Funding Policy – The 28E agreement provides that contribution requirements of plan members and the participating employers are established and may be amended by the officials of the Trust. Plan members or beneficiaries receiving benefits contribute differing amounts per month for the active employee's required health insurance contributions depending on the District. The District's contributions to the Trust for the years ended June 30, 2009, 2008, and 2007 were \$1,849,487, \$1,748,444, and \$1,753,048, respectively, equal to the required contributions for each year.

Note 9. Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$494,952, \$463,617, and \$415,197, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Howard-Winneshiek 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.

Northeast Iowa Schools Insurance Trust

Health – Effective September 1, 1998 four school districts adopted a resolution to establish a 28E organization to provide an insurance plan for employee medical coverage. Since inception, eight new school districts have been added to the trust for a total of twelve districts currently participating in the plan. The Districts contribute to the self-insurance plan an amount equal to 125% of regular insurance coverage. The fund re-insures for stop-loss insurance claims in excess of \$100,000 per year per individual. An insurance claims carrier is paid an administrative fee to process the claims.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 10. Risk Management (continued)

Northeast Iowa Schools Insurance Trust (continued)

Dental – The District has dental coverage insurance under this 28E organization for employee dental coverage. The District contributes to the self-insurance. Professional services through the plan for the participants are limited to a combined maximum payment of \$500 per member per benefits period.

The District paid \$1,849,487 in premiums to fund the plan July 1, 2008 to June 30, 2009. The total premiums paid into the plan by all twelve Districts and retirees for the same period was \$11,840,765. The 28E organization's balance sheet as of June 30, 2009 is as follows:

Assets

Funds on hand	\$ <u>3,073,704</u>
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Liabilities and Fund Equity

Reserve for incurred but not reported claims	\$ 2,032,214
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Undesignated funds	<u>1,041,490</u>
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	<u>\$ 3,073,704</u>
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Note 11. 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 \$534,196 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.

Note 12. Subsequent Events

In July 2009, the District purchased two 65 passenger buses and one 18 passenger bus for \$201,536.

In October 2009, the District entered into a contract totaling \$448,625 to reroof a section of the high school roof.

On November 1, 2009, the District issued \$2,180,000 of school infrastructure sales and services tax revenue bonds. The bonds are payable through the year ending June 30, 2025 and include interest at rates from 3.125% to 4.3%.

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Required Supplementary Information

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 7,888,313	\$ 424,640	\$ 8,312,953	\$ 8,039,378	\$ 273,575
State sources	7,522,536	6,955	7,529,491	7,319,290	210,201
Federal sources	562,688	292,151	854,839	671,000	183,839
Total revenues	15,973,537	723,746	16,697,283	16,029,668	667,615
EXPENDITURES/EXPENSES:					
Instruction	9,446,490	-	9,446,490	9,648,785	202,295
Support services	4,797,620	16,098	4,813,718	4,882,475	68,757
Non-instructional programs	25,615	645,203	670,818	723,796	52,978
Other expenditures	2,700,016	-	2,700,016	3,737,458	1,037,442
Total expenditures/expenses	16,969,741	661,301	17,631,042	18,992,514	1,361,472
Excess (deficiency) of revenues over (under) expenditures/ expenses	(996,204)	62,445	(933,759)	(2,962,846)	2,029,087
Other financing sources, net	550	-	550	-	550
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(995,654)	62,445	(933,209)	(2,962,846)	2,029,637
Balance beginning of year	4,234,440	82,153	4,316,593	3,379,211	937,382
Balance end of year	\$ <u>3,238,786</u>	\$ <u>144,598</u>	\$ <u>3,383,384</u>	\$ <u>416,365</u>	\$ <u>2,967,019</u>

See accompanying independent auditor's report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2009

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

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

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

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

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Other Supplementary Information

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects
Assets				
Cash and pooled investments	\$ 530,757	\$ 371,899	\$ 263,605	\$ 643,012
Receivables:				
Property tax:				
Current year	8,512	-	4,770	-
Succeeding year	249,998	-	149,184	-
Income surtax	-	-	189,470	-
Interfund receivable Accounts	-	1,010	82,733	-
Due from other governments	-	-	26,236	142,889
Total assets	\$ 789,267	\$ 372,909	\$ 715,998	\$ 785,901
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 6,888	\$ 26,236	\$ 9,507
Deferred revenue:				
Succeeding year property tax	249,998	-	149,184	-
Other	-	3,128	189,470	-
Total liabilities	249,998	10,016	364,890	9,507
Fund balances:				
Reserved for:				
Local option sales and services tax revenue bonds	-	-	-	15,000
Local option sales and services tax revenue bond sinking fund	-	-	-	-
Debt service	-	-	-	-
Unreserved:				
Undesignated	539,269	362,893	351,108	761,394
Total fund balances	539,269	362,893	351,108	776,394
Total liabilities and fund balances	\$ 789,267	\$ 372,909	\$ 715,998	\$ 785,901

See accompanying independent auditor's report.

<u>Debt Service</u>	<u>Total</u>
\$ 325,431	\$ 2,134,704
7,819	21,101
273,789	672,971
-	189,470
-	82,733
-	1,010
-	169,125
<u>\$ 607,039</u>	<u>\$ 3,271,114</u>
\$ -	\$ 42,631
273,789	672,971
-	192,598
<u>273,789</u>	<u>908,200</u>
176,500	191,500
100,111	100,111
56,639	56,639
-	2,014,664
<u>333,250</u>	<u>2,362,914</u>
<u>\$ 607,039</u>	<u>\$ 3,271,114</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Capital Projects
Revenues:				
Local sources:				
Local tax	\$ 350,594	\$ -	\$ 457,267	\$ 935,324
Other	32,057	356,027	35,285	192,133
State sources	241	-	114	11,000
Federal sources	-	-	26,236	62,800
Total revenues	<u>382,892</u>	<u>356,027</u>	<u>518,902</u>	<u>1,201,257</u>
Expenditures:				
Current:				
Instruction	77,928	359,870	-	-
Support services:				
Student services	12,500	-	-	-
Instructional staff services	-	-	-	64,429
Administration services	18,320	-	-	-
Operation and maintenance of plant services	124,910	-	41,016	-
Transportation services	42,947	-	124,342	70,911
Non instructional programs	25,615	-	-	-
Other expenditures:				
Facilities acquisition	-	-	45,099	956,502
Long term debt:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>302,220</u>	<u>359,870</u>	<u>210,457</u>	<u>1,091,842</u>
Excess (deficiency) of revenues over (under) expenditures	80,672	(3,843)	308,445	109,415
Other financing sources (uses):				
Interfund transfers in	-	-	-	-
Interfund transfers out	-	-	(265,352)	(690,203)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(265,352)</u>	<u>(690,203)</u>

<u>Debt Service</u>	<u>Total</u>
\$ 283,464	\$ 2,026,649
2,610	618,112
187	11,542
-	89,036
<u>286,261</u>	<u>2,745,339</u>
-	437,798
-	12,500
-	64,429
-	18,320
-	165,926
-	238,200
-	25,615
-	1,001,601
996,364	996,364
167,855	167,855
<u>1,164,219</u>	<u>3,128,608</u>
(877,958)	(383,269)
955,555	955,555
-	(955,555)
<u>955,555</u>	<u>-</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

	<u>Special Revenue</u>			
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Capital Projects</u>
Net change in fund balances	\$ 80,672	\$ (3,843)	\$ 43,093	\$ (580,788)
Fund balances beginning of year	<u>458,597</u>	<u>366,736</u>	<u>308,015</u>	<u>1,357,182</u>
Fund balances end of year	<u>\$ 539,269</u>	<u>\$ 362,893</u>	<u>\$ 351,108</u>	<u>\$ 776,394</u>

See accompanying independent auditor's report.

<u>Debt</u> <u>Service</u>	<u>Total</u>
\$ 77,597	\$ (383,269)
<u>255,653</u>	<u>2,746,183</u>
<u>\$ 333,250</u>	<u>\$ 2,362,914</u>

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 17,129	\$ 114,327	\$ 121,628	\$ 9,828
Business Club	245	-	-	245
Class of 2009	464	3,241	3,705	-
Class of 2010	2,124	1,053	1,005	2,172
Class of 2011	718	980	10	1,688
Class of 2012	-	1,138	10	1,128
Concessions	1,458	7,828	8,988	298
Crest Newspaper	2,496	27	63	2,460
Crestwood Elementary Activity	29,009	44,933	45,314	28,628
Electric Blue	240	-	-	240
Elma Elementary	9,468	1,643	1,178	9,933
Future Farmers of America - FFA	97,495	42,786	43,229	97,052
High School Cheerleaders	2,078	12,973	14,652	399
High School Drama	9,669	1,258	2,252	8,675
High School Student Clubs	235	-	88	147
High School Student Council	6,677	8,450	14,257	870
Horticulture Club	2,045	2,044	2,855	1,234
Instrumental Music	8,448	5,951	6,131	8,268
Middle School Drama	2,073	1,722	1,260	2,535
Middle School Music	13,561	18,633	14,446	17,748
Middle School Student Council	757	8,751	9,525	(17)
Middle School Cheerleaders	2,245	318	1,345	1,218
Language Club	277	-	-	277
Lime Springs Elementary	12,298	4,673	4,531	12,440
Magazine Sales	3,618	15,801	10,556	8,863
National Honor Society	1,031	-	20	1,011
Picture Money	1,052	228	-	1,280
Ridgeway Elementary Student Council	6,962	16,642	12,582	11,022
Robe Fund	5,480	-	-	5,480
Unallocated Interest Income	90,692	6,849	4,128	93,413
Vocal Music	28,924	13,508	12,534	29,898
Yearbook	1,448	19,169	20,617	-
SADD	617	5	329	293
Honor Roll	5,703	1,096	2,632	4,167
Total	\$ 366,736	\$ 356,027	\$ 359,870	\$ 362,893

See accompanying independent auditor's report.

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u>9,326</u>	\$ <u>6,750</u>	\$ <u>6,472</u>	\$ <u>9,604</u>
Liabilities				
Other payables	\$ <u>9,326</u>	\$ <u>6,750</u>	\$ <u>6,472</u>	\$ <u>9,604</u>

See accompanying independent auditor's report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

	Modified Accrual Basis Years Ended June 30,				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	\$ 6,821,984	\$ 6,812,672	\$ 6,378,914	\$ 6,087,320	\$ 5,996,093
Tuition	227,553	204,089	247,706	184,356	198,164
Other	838,776	729,046	759,814	700,910	704,802
State sources	7,522,536	7,066,374	6,681,279	6,544,167	6,488,279
Federal sources	562,688	984,220	798,154	627,384	834,432
Total revenues	\$ 15,973,537	\$ 15,796,401	\$ 14,865,867	\$ 14,144,137	\$ 14,221,770
Expenditures:					
Instruction	\$ 9,446,490	\$ 8,546,096	\$ 8,247,963	\$ 8,031,145	\$ 7,657,561
Support services:					
Student services	445,080	522,259	484,839	467,585	621,567
Instructional staff services	565,222	452,757	604,306	503,050	560,822
Administration services	1,370,113	1,407,458	1,290,720	1,191,906	1,180,804
Operation and maintenance of plant services	1,333,747	1,258,183	1,170,965	1,142,621	1,138,546
Transportation services	1,083,458	973,684	783,180	781,515	710,992
Non-instructional programs	25,615	9,324	25,399	16,509	20,168
Other expenditures:					
Facilities acquisition	1,001,601	2,446,356	812,778	235,986	604,332
Long-term debt:					
Principal	996,364	923,636	737,457	625,472	703,001
Interest and fiscal charges	167,855	191,055	155,746	180,759	209,629
AEA flowthrough	534,196	515,279	485,091	467,927	466,256
Total expenditures	\$ 16,969,741	\$ 17,246,087	\$ 14,798,444	\$ 13,644,475	\$ 13,873,678

See accompanying independent auditor's report.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2009

Grantor / Program	CFDA Number	Grant Number	Expenditures
Direct:			
U. S. Department of Agriculture:			
Community Facilities Loans and Grants	10.766	FY 09	\$ <u>62,800</u>
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 09	32,591
National School Lunch Program	10.555	FY 09	198,199
National School Lunch Program (non-cash)	10.555	FY 09	48,640
Summer Food Service Program for Children	10.559	FY 09	<u>12,274</u>
			<u>291,704</u>
Team Nutrition Grants	10.574	FY 09	<u>447</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3029G FY 08	2,838
Title I Grants to Local Educational Agencies	84.010	3029G FY 09	<u>174,996</u>
			<u>177,834</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 09	<u>4,805</u>
Fund for the Improvement of Education	84.215	FY 09	<u>26,236</u>
Improving Teacher Quality State Grants	84.367	FY 09	<u>66,646</u>
Grants for State Assessments and Related Activities	84.369	FY 09	<u>8,671</u>
Keystone Area Education Agency:			
Special Education - Grants to States	84.027	FY 09	<u>77,603</u>
Total			\$ <u><u>716,746</u></u>

Basis of Presentation –

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

See accompanying independent auditor's report.

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

To the Board of Education of
Howard-Winneshiek 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 Howard-Winneshiek 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 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

Howard-Winneshiek Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Howard-Winneshiek 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 Howard-Winneshiek Community School District and other parties to whom Howard-Winneshiek 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 Howard-Winneshiek Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
March 2, 2010

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

To the Board of Education of
Howard-Winneshiek Community School District:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

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

Oskaloosa, Iowa
March 2, 2010

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.559 – Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Howard-Winneshiek Community School District did not qualify as a low-risk auditee.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

II-A-09 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. We noted that the cash receipts listing, the posting of the cash receipts to the cash receipts journal, and the bank reconciliations are all done by the same person in the various funds.

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

Response – We have implemented several changes to improve the segregation of duties for the year ending June 30, 2010.

Conclusion – Response accepted.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Significant Deficiency:

No matters were reported.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-09 Certified Budget – Expenditures for the year ended June 30, 2009, did not exceed the amounts budgeted.
- IV-B-09 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-09 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-09 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-I-09 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

HOWARD-WINNESHIEK COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

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

IV-K-09 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance	\$	-
Statewide sales and services tax revenue		935,324
Expenditures/transfers out:		
Debt service for school infrastructure:		
Revenue debt		<u>173,930</u>
Ending balance	\$	<u><u>761,394</u></u>