

**NORTH WINNESHIEK
COMMUNITY SCHOOL DISTRICT
DECORAH, IOWA**

FINANCIAL REPORT

JUNE 30, 2009

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NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	Address	Term Expires
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Board of Education

(Before September 2008 Election)

Phil Richert	President	Decorah, Iowa	2009
Matt Jackson	Vice President	Decorah, Iowa	2008
Ben Lange	Member	Decorah, Iowa	2009
Kent Foster	Member	Decorah, Iowa	2009
Myron Rediske	Member	Decorah, Iowa	2008

Board of Education

(After September 2008 Election)

Phil Richert	President	Decorah, Iowa	2009
Myron Rediske	Vice President	Decorah, Iowa	2009
Ben Lange	Member	Decorah, Iowa	2011*
Kent Foster	Member	Decorah, Iowa	2009
Brenda Kreitzer	Member	Decorah, Iowa	2011

School Officials

Tim Dugger – Superintendent/Principal
Wendy Twait – District Secretary/Treasurer

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

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
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Fax 641 394-3138

**INDEPENDENT AUDITOR'S REPORT ON THE
THE FINANCIAL STATEMENTS**

**To the Board of Education
North Winneshiek Community School District
Decorah, Iowa**

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 the North Winneshiek Community School District as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2009 on our consideration of North 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 and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on page 4 and pages 27 through 28, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
November 3, 2009

**NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
DECORAH, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2009**

Management of North Winneshiek Community School District provides this Management's Discussion and Analysis of North Winneshiek Community School District's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009.

The intent of this discussion and analysis is to look at North Winneshiek Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

In total, governmental net assets increased by \$69,168. District revenues increased by .6% or approximately \$23,000, with property taxes increased by \$171,927 and state aid decreased by \$84,829. District program expenses were 6.53% or approximately \$231,000 more in 2009 than in 2008.

General fund revenues accounted for \$3,360,844 in revenue or 89.8% of all revenues. General fund expenditures accounted for \$3,361,251 in expenditures or 89.7% of all expenditures.

USING THE BASIC FINANCIAL STATEMENTS

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

The statement of net assets and statement of activities provide information about the activities of North Winneshiek Community School District as a whole and present an overall view of the District's finances and a longer-term view of those finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report North Winneshiek Community School District's operations in more detail than the District-wide statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For North Winneshiek Community School District, the general fund and capital projects fund are the more significant funds.

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

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

Other supplementary information provides detailed information about the nonmajor special revenue.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

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

The statement of net assets presents all of the District's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the District's net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

In the statement of net assets and statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities: Most of the District's programs and services are reported here, including instruction, co-curricular activities, support services, (nursing, guidance, media, administration), building and grounds operation and maintenance, and pupil transportation. Property tax and state aid finance most of these activities.

Business-type Activities: These services are provided on a charge for goods or services basis to recover all of the expenses for the goods or services provided. The District's school nutrition program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide more detailed information about the District's major funds. 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.

Governmental Funds

Governmental funds account for most of the District's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the general fund, special revenue funds, debt service fund, and capital projects fund. The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Proprietary Funds

Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following is a summary perspective of the statement of net assets of the District as a whole. The North Winneshiek Community School District's net assets at the end of fiscal year 2009 totaled \$1,420,560.

Condensed Statement of Net Assets

(Expressed in Thousands)

	Governmental		Business-type		Total		Percent Change
	Activities	Activities	Activities	Activities	2009	2008	
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 2,698	\$ 2,835	\$ 8	\$ 9	\$ 2,706	\$ 2,844	-4.85%
Capital assets	1,480	1,524	24	26	1,504	1,550	-2.97%
Total assets	4,178	4,359	32	35	4,210	4,394	-4.19%
Long-term debt outstanding	615	745	-	-	615	745	-17.45%
Other liabilities	2,156	2,276	19	19	2,175	2,295	-5.23%
Total liabilities	2,771	3,021	19	19	2,790	3,040	-8.22%
Net assets							
Invested in capital assets, net of related debt	967	911	24	26	991	937	5.76%
Restricted	377	383	-	-	377	383	-1.57%
Unrestricted	63	44	(11)	(10)	52	34	52.94%
Total net assets	\$ 1,407	\$ 1,338	\$ 13	\$ 16	\$ 1,420	\$ 1,354	4.87%

The following analysis shows the change in net assets for the year ending June 30, 2009:

Changes in Net Assets of Governmental Activities
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total		Percent Change
	2009	2008	2009	2008	2009	2008	
Revenues:							
Program revenue							
Charges for service	\$ 315	\$ 321	\$ 66	\$ 56	\$ 381	\$ 377	1.06%
Operating grants	511	477	28	44	539	521	3.45%
General revenue							
Property taxes	1,346	1,174	-	-	1,346	1,174	14.65%
Sales tax and surtax	266	343	-	-	266	343	-22.45%
Unrestricted state grants	1,240	1,325	-	-	1,240	1,325	-6.42%
Unrestricted investment earnings	39	44	-	-	39	44	-11.36%
Other revenue	11	3	13	26	24	29	-17.24%
Total revenues	<u>3,728</u>	<u>3,687</u>	<u>107</u>	<u>126</u>	<u>3,835</u>	<u>3,813</u>	<u>0.58%</u>
Program expenses:							
Instruction	2,517	2,328	-	-	2,517	2,328	8.12%
Student support	828	842	-	-	828	842	-1.66%
Non-instructional programs	6	6	110	105	116	111	4.50%
Other expenses	308	257	-	-	308	257	19.84%
Total expenses	<u>3,659</u>	<u>3,433</u>	<u>110</u>	<u>105</u>	<u>3,769</u>	<u>3,538</u>	<u>6.53%</u>
Increase (decrease) in net assets	69	254	(3)	21	66	275	-76.00%
Net assets Beginning of Year	<u>1,338</u>	<u>1,084</u>	<u>16</u>	<u>(5)</u>	<u>1,354</u>	<u>1,079</u>	<u>25.49%</u>
Net assets End of Year	<u>\$ 1,407</u>	<u>\$ 1,338</u>	<u>\$ 13</u>	<u>\$ 16</u>	<u>\$ 1,420</u>	<u>\$ 1,354</u>	<u>4.87%</u>

INDIVIDUAL FUND ANALYSIS

As the District completed the year, its governmental funds reported a combined fund balance of \$544,704, a \$17,507 decrease of the 2008 fiscal year end balance of \$562,211. The District spent \$231,668 more than the prior fiscal year.

- The general fund received more revenue during fiscal year 2009 through property taxes for cash reserve levy. The general fund expenditures increased in instruction and the other categories while decreasing in support services. In total general fund expenditures increased by \$152,314. The ending fund balance showed an decrease of \$11,192 to \$164,208.
- The capital projects fund balance decreased due to the expenditures for facilities acquisition.

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute required approval of the budget on or before April 15th of each year. The budget document presents functional disbursements by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year.

The following chart shows the original and amended budget for fiscal 2009 as well as the actual revenue and expenditures for the year:

Budgetary Comparison Schedule				
(Expressed in Thousands)				
	Actual	Budget Amounts		
	Basis	Final	Variance	
Revenues				
Local sources	\$ 2,056	\$ 2,091	\$ (35)	
Intermediate sources	-	-	-	
State sources	1,553	1,573	(20)	
Federal sources	227	220	7	
	<hr/>			
Total revenues	\$ 3,836	\$ 3,884	\$ (48)	
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Expenditures				
Instruction	\$ 2,514	\$ 2,547	\$ 33	
Student support	905	1,100	195	
Non-instructional programs	116	120	4	
Other expenses	321	369	48	
	<hr/>			
Total expenditures	\$ 3,856	\$ 4,136	\$ 280	
<hr/>				

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009, North Winneshiek Community School District had \$1,479,944 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had \$24,437 invested in equipment in the school nutrition fund.

The District's governmental activities had depreciation expense of \$108,235 for fiscal 2009 and total accumulated depreciation of \$2,343,585 as of June 30, 2009. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year-end, the District had approximately \$615,363 in bonds and other debt compared to approximately \$745,582 last year. More detail is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt that districts can issue to 5 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding general obligation debt is significantly below this \$4,475,268 limit.

Other obligations include accrued vacation pay. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

1. Enrollment

The District's revenue is tied directly to student enrollment; therefore, it is important to analyze enrollment trends. The District's certified enrollment will increase from 303.9 in FY09 to 304.7 in FY10 which is a net gain of .80 students.

The FY11 regular program district cost will be \$1,825,915 at 2% allowable growth. The FY10 regular program district was \$1,779,538. The District will see a \$46,377 increase in regular program funding for the FY11 school year if the state fully funds the increase.

2. Supplemental Weighting

North Winneshiek Community School District will receive supplemental weighting in the amount of .12 students for FY11. The supplemental weighting provides additional general fund revenue for the District.

3. General Fund Balance

The FY08 general fund balance was \$175,400. The FY09 general fund balance was \$164,208. The balance decreased by \$11,192. The District continues to impose a cash reserve levy of \$225,000.

4. Solvency Ratio for the General Fund

The solvency ratio describes one attribute of the District's general fund health. The ratio is the general fund balance divided by the general fund revenues. **For FY09, the District had a 5.1% solvency ratio.** Department of Education's standards for solvency ratios are: *-3% and lower Concern, -2.99-0% Alert, 0-4.99% Acceptable, 5-10% Good, 11-15% Excellent.*

5. Spending Authority/Unspent Balance Ratio

The spending authority gives an additional snapshot of the District's general fund health. The spending authority is not cash. The spending authority gives the District the authority to spend money for general fund expenses. State law forbids school districts from exceeding their general fund spending authority.

The District's spending authority increased from FY08 \$638,408 to FY09 \$707,086 which is a \$68,678 increase.

The unspent balance ratio is based upon the District's spending authority. The ratio is derived from the unspent balance (spending authority) divided by the total general fund expenditures. **For FY09, the District's unspent balance ratio was 19.9%.** Department of Education's standard for unspent balance ratios are: *0-10% Acceptable, 11-19% Good, >20% Excellent.*

6. **Instructional Support**

The District continues to have an instructional support levy that generates about \$150,000 for general fund expenditures. The levy is collected through a combination of property taxes, state aid, and an income surtax on District residents.

7. **Sharing Agreements**

The North Winneshiek Community School District has one-way 9-12 sharing agreements with Decorah Community School District and Mabel-Canton ISD in place. The agreements allow the District to control the rising costs of educating its students.

8. **Secure an Advanced Vision for Education Fund (SAVE)**

The state wide sales tax has allowed the District to allocate funds for district infrastructure, buses, computers/technology, and for payment on the District's bond debt. The District receives about \$250,000 annually from the SILO tax which provides direct property tax relief. The SAVE tax will expire in the year 2029.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of North Winneshiek Community School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Office, North Winneshiek Community School District, 3495 North Winn Road, Decorah, IA 52101.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2009

EXHIBIT A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments			
Other	\$ 722,944	\$ 1,052	\$ 723,996
ISCAP	575,248		575,248
Receivables			
Property tax			
Delinquent	24,541		24,541
Succeeding year	1,316,055		1,316,055
Accounts	1,896	-	1,896
Accrued interest	2,308		2,308
Due from other governments	54,822		54,822
Inventories		6,812	6,812
Capital assets, non-depreciable	10,000		10,000
Capital assets, net of accumulated depreciation	1,469,944	24,437	1,494,381
	<u>\$ 4,177,758</u>	<u>\$ 32,301</u>	<u>\$ 4,210,059</u>
Total assets			
LIABILITIES			
Accounts payable	\$ 89,598	\$ 558	\$ 90,156
Salaries and benefits payable	180,612	4,789	185,401
Interfund payable (receivable)	(12,380)	12,380	-
Accrued interest payable	2,227		2,227
ISCAP accrued interest payable	111		111
ISCAP bond premium	12,114		12,114
Deferred revenue			
Succeeding year property tax	1,316,055		1,316,055
Other		1,072	1,072
ISCAP warrants payable	567,000		567,000
Long-term liabilities			
Portion due within one year			
Bonds payable	75,000		75,000
Capital leases	8,910		8,910
Early retirement	29,940		29,940
Portion due after one year			
Bonds payable	420,000		420,000
Capital leases	9,371		9,371
Early retirement	72,142		72,142
	<u>2,770,700</u>	<u>18,799</u>	<u>2,789,499</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	966,663	24,437	991,100
Restricted for			
Capital projects	335,710		335,710
Other purposes	41,437		41,437
Unrestricted (deficit)	63,248	(10,935)	52,313
	<u>1,407,058</u>	<u>13,502</u>	<u>1,420,560</u>
Total net assets			
Total liabilities and net assets	<u>\$ 4,177,758</u>	<u>\$ 32,301</u>	<u>\$ 4,210,059</u>

See Notes to Financial Statements.

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NORTH WINNESHEIK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions and Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental activities			
Instruction			
Regular instruction	\$ 1,602,283	\$ 253,485	\$ 249,272
Special instruction	620,954	29,754	40,013
Other instruction	293,878	8,489	102,476
	<u>2,517,115</u>	<u>291,728</u>	<u>391,761</u>
Support services			
Student services	71,097	10,424	
Instructional staff services	67,753		
Administration services	268,621		
Operation and maintenance plant services	169,424		
Transportation services	250,843	13,000	272
	<u>827,738</u>	<u>23,424</u>	<u>272</u>
Non-instructional	<u>5,608</u>		
Other			
Long-term debt interest	29,814		
Facilities acquisition	103,031		
AEA flowthrough	118,943		118,943
Depreciation (unallocated)	56,697		
	<u>308,485</u>		<u>118,943</u>
Total governmental activities	<u>3,658,946</u>	<u>315,152</u>	<u>510,976</u>
Business-type activities			
Non-instructional programs			
Nutrition services	110,181	66,869	27,675
Total	<u>\$ 3,769,127</u>	<u>\$ 382,021</u>	<u>\$ 538,651</u>
General revenues			
Property taxes levied for			
General purposes			
Management			
PPEL			
Local option sales tax and surtax			
Unrestricted state grants			
Unrestricted investment earnings			
Transfer in (out)			
Other			
Total general revenues			
Change in net assets			
Net assets (deficit), beginning of year			
Net assets, end of year			

See Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (1,099,526)		\$ (1,099,526)
(551,187)		(551,187)
(182,913)		(182,913)
<u>(1,833,626)</u>		<u>(1,833,626)</u>
(60,673)		(60,673)
(67,753)		(67,753)
(268,621)		(268,621)
(169,424)		(169,424)
(237,571)		(237,571)
<u>(804,042)</u>		<u>(804,042)</u>
(5,608)		(5,608)
(29,814)		(29,814)
(103,031)		(103,031)
-		-
(56,697)		(56,697)
<u>(189,542)</u>		<u>(189,542)</u>
(2,832,818)		(2,832,818)
	\$ (15,637)	(15,637)
<u>(2,832,818)</u>	<u>(15,637)</u>	<u>(2,848,455)</u>
1,246,616		1,246,616
70,087		70,087
29,573		29,573
266,393		266,393
1,239,909		1,239,909
38,547		38,547
(12,980)	12,980	-
23,841		23,841
<u>2,901,986</u>	<u>12,980</u>	<u>2,914,966</u>
69,168	(2,657)	66,511
<u>1,337,890</u>	<u>16,159</u>	<u>1,354,049</u>
<u>\$ 1,407,058</u>	<u>\$ 13,502</u>	<u>\$ 1,420,560</u>

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and pooled investments				
Other	\$ 383,196	\$ 296,920	\$ 42,828	\$ 722,944
ISCAP	575,248			575,248
Receivables				
Property tax				
Delinquent	22,583	-	1,958	24,541
Succeeding year	1,185,586		130,469	1,316,055
Accounts	1,896		-	1,896
Accrued interest	2,308			2,308
Due from other funds	12,380		-	12,380
Due from other governments	16,032	38,790		54,822
Total assets	\$ 2,199,229	\$ 335,710	\$ 175,255	\$ 2,710,194
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 89,598	\$ -	\$ -	\$ 89,598
Salaries and benefits payable	180,612			180,612
ISCAP warrants payable	567,000			567,000
ISCAP accrued interest payable	111			111
ISCAP bond premium	12,114			12,114
Deferred revenue				
Succeeding year property tax	1,185,586		130,469	1,316,055
Total liabilities	2,035,021	-	130,469	2,165,490
Fund balances				
Reserved for				
Debt service			175	175
Unreserved, reported in				
General fund	164,208			164,208
Special revenue funds			44,611	44,611
Capital projects fund		335,710		335,710
Total fund balances	164,208	335,710	44,786	544,704
Total liabilities and fund balances	\$ 2,199,229	\$ 335,710	\$ 175,255	\$ 2,710,194

See Notes to Financial Statements.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS

Total governmental fund balances	\$	544,704
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, net of accumulated depreciation of		
\$ 2,343,584		1,479,944
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Bonds payable		(495,000)
Capital leases		(18,281)
Accrued interest		(2,227)
Early retirement		(102,082)
Net assets of governmental activities per Exhibit A	\$	<u>1,407,058</u>

See Notes to Financial Statements.

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

	General	Capital Projects	Nonmajor Governmental Funds	Total
REVENUES				
Local sources				
Local property tax	\$ 1,246,616		\$ 99,660	\$ 1,346,276
Tuition	256,721			256,721
Other	105,848	\$ 269,730	10,793	386,371
State sources	1,551,803		67	1,551,870
Federal sources	199,856			199,856
Total revenues	3,360,844	269,730	110,520	3,741,094
EXPENDITURES				
Current				
Instruction				
Regular instruction	1,527,730	39,675	32,209	1,599,614
Special instruction	620,954			620,954
Other instruction	283,100		10,778	293,878
	2,431,784	39,675	42,987	2,514,446
Support services				
Student services	69,838		-	69,838
Instructional staff services	67,753			67,753
Administration services	298,561		-	298,561
Operation and maintenance plant services	161,556	37,582	61,950	261,088
Transportation services	207,208		-	207,208
	804,916	37,582	61,950	904,448
Non-instructional	5,608	-	-	5,608
Other				
Long-term debt				
Principal			70,400	70,400
Interest and fiscal charges			27,088	27,088
Facilities acquisition		96,427	8,261	104,688
AEA flowthrough	118,943			118,943
	118,943	96,427	105,749	321,119
Total expenditures	3,361,251	173,684	210,686	3,745,621
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(407)	96,046	(100,166)	(4,527)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-		97,488	97,488
Operating transfers (out)	(10,785)	(99,683)		(110,468)
	(10,785)	(99,683)	97,488	(12,980)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND FINANCING USES	(11,192)	(3,637)	(2,678)	(17,507)
FUND BALANCE, beginning of year	175,400	339,347	47,464	562,211
FUND BALANCE, end of year	\$ 164,208	\$ 335,710	\$ 44,786	\$ 544,704

See Notes to Financial Statements.

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds	\$	(17,507)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceed capital outlays in the period.</p>		
Depreciation	\$ (108,234)	
Capital outlays	<u>63,980</u>	(44,254)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.</p>		
		100,278
<p>Proceeds of capital lease issuance are included in the governmental funds but increase long-term liabilities in the statement of activities.</p>		
		-
<p>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.</p>		
		711
<p>Early retirement payments are expenditures in governmental funds, but reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.</p>		
Early retirement		<u>29,940</u>
Change in net assets of governmental activities per Exhibit B	\$	<u><u>69,168</u></u>

See Notes to Financial Statements.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

EXHIBIT E

	School Nutrition Fund
ASSETS	
CURRENT ASSETS	
Cash	\$ 1,052
Inventories	6,812
Total current assets	7,864
NONCURRENT ASSETS	
Furniture and equipment	97,095
Less accumulated depreciation	(72,658)
Total noncurrent assets	24,437
Total assets	\$ 32,301
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 558
Contracts and benefits payable	4,789
Due to other funds	12,380
Deferred revenue	1,072
Total liabilities	18,799
NET ASSETS	
Invested in capital assets, net of related debt	24,437
Unrestricted deficit	(10,935)
Total net assets	13,502
Total liabilities and net assets	\$ 32,301

See Notes to Financial Statements.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	<u>School Nutrition Fund</u>
OPERATING REVENUES	
Local sources	
Charges for services	\$ 66,869
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries	64,047
Supplies	42,012
Depreciation	4,122
Total operating expenses	<u>110,181</u>
Operating loss	<u>(43,312)</u>
NONOPERATING REVENUES	
State sources	1,031
Federal sources	26,644
Transfer in	12,980
Total nonoperating revenues	<u>40,655</u>
Change in net assets	(2,657)
Net assets, beginning of year	<u>16,159</u>
Net assets, end of year	<u>\$ 13,502</u>

See Notes to Financial Statements.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	School Nutrition Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	\$ 65,607
Cash received from miscellaneous operating activities	1,056
Cash payments paid on behalf of employees	(133)
Cash payments to employees for services	(63,841)
Cash payments to suppliers for goods and services	(41,366)
	(38,677)
Net cash used in operating activities	(38,677)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash payments to other funds	(2,650)
Cash received from other funds	12,980
State grants and federal grants received	27,675
	38,005
Net cash provided by noncapital financing activities	38,005
Net decrease in cash equivalents	(672)
CASH, beginning of year	1,724
CASH, end of year	\$ 1,052
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (43,312)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	4,122
(Increase) in inventories	646
Increase in salaries	206
Increase in benefits payable	(133)
Increase in deferred revenue	(206)
	(38,677)
Net cash used in operating activities	\$ (38,677)

Non-cash, noncapital financing activities:

During the year ended June 30, 2009, the District received commodities valued at \$8,804.

During the year ended June 30, 2009 the proprietary fund received capital assets with net value of \$2,195 transferred from the capital projects fund.

See Notes to Financial Statements.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The North Winneshiek Community School District is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve. The geographic area served includes the Cities of Burr Oak, Bluffton, and Highlandville, Iowa, and the predominately agricultural territory in a portion of Winneshiek County. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fund raising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, North 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Joint Venture

The District participates in a jointly governed organization that provides services to the District and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust.

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 Winneshiek County Assessor's Conference Board.

District-wide Financial Statements

The statement of net assets and the statement of activities report information on all non-fiduciary activities of the District. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund and the capital projects fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Capital Projects Fund

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

Proprietary Fund

Enterprise Fund

The District's proprietary fund is the school nutrition fund. This fund is used to account for the food service operations of the District.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the financial statements.

On the District-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined below in item b.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The School District considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

- b. The District-wide statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized 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.

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

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

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

The District maintains its financial records on the modified accrual basis.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and 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. All investment activity is carried on by the District in each individual fund. 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 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 taxes in the governmental fund are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 1/2% 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.

Interfund Transactions

During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the District-wide 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.

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 purchased or received.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

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. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary fund are capitalized in the fund in which they are utilized. 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	\$ 500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	5-20 years
Furniture and equipment	3-15 years

Salaries and Benefits Payable

Payroll and related expenditures or expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2009 was used to calculate the salaries payable.

Deferred Revenue

In the fund financial statements certain revenues are measurable, however they are not available. Deferred revenue 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 consists of the succeeding year property tax receivable and unspent hot lunch proceeds. Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent hot lunch proceeds.

Long-term Obligation

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. Early retirement liability has been paid primarily by the nonmajor governmental management fund.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Compensated Absences

District employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use. Employees are not paid for unused vacation and sick benefits when employment with the District ends.

Fund Balance

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserved fund balances are used first when an expenditure is incurred for purposes for both reserved and unreserved fund balances.

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets.

Restricted net assets consists of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets are used first when an expense is incurred for purposes for both restricted and unrestricted net assets.

Unrestricted net assets represent the difference between assets and liabilities that are not restricted and can be used for future obligations of the District.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

2. Deposits 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.

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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

	Amortized Cost
Diversified portfolio	\$ 297,426

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

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

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2009:

Governmental General fund Title I	\$ 16,032
Capital projects Local option sales tax	38,790
	\$ 54,822

4. Capital Assets

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

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities				
Land	\$ 10,000			\$ 10,000
Capital assets being depreciated				
Improvements	365,372	\$ 17,631		383,003
Buildings	1,993,227			1,993,227
Furniture and equipment	1,390,950	46,349		1,437,299
Total capital assets being depreciated	3,749,549	63,980	\$ None	3,813,529
Less accumulated depreciation for:				
Improvements	991,107	40,066		1,031,173
Buildings	304,777	6,432		311,209
Furniture and equipment	939,466	61,737		1,001,203
Total accumulated depreciation	2,235,350	108,235	None	2,343,585
Total capital assets being depreciated, net	1,514,199	(44,255)	None	1,469,944
Governmental activities				
Capital assets	\$ 1,524,199	\$ (44,255)	\$ None	\$ 1,479,944
Business-type activities				
Furniture and equipment	\$ 94,900	\$ 2,195		\$ 97,095
Less accumulated depreciation	68,536	4,122	\$ None	72,658
Total	\$ 26,364	\$ (1,927)	\$ None	\$ 24,437

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets (Continued)

Depreciation expense was charged to the governmental functions of the District as follows:

Governmental activities		
Instruction		
Regular	\$	2,669
Support services		
Administration services		1,259
Operation and maintenance		2,595
Transportation		45,015
		51,538
Unallocated depreciation		56,697
		108,235
Total depreciation expense-governmental activities		\$ 108,235
Business-type activities		
Food services	\$	4,122
		4,122

5. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Governmental activities					
Bonds					
General obligation	\$ 565,000		\$ 70,000	\$ 495,000	\$ 75,000
Other liabilities					
Capital leases	48,560		30,279	18,281	8,910
Early retirement	132,022		29,940	102,082	29,940
	180,582		60,219	120,363	38,850
Governmental activities					
Long-term liabilities	\$ 745,582	\$ None	\$ 130,219	\$ 615,363	\$ 113,850

a. Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education and no more than five employees per year will be granted benefits under the policy.

Early retirement benefits are \$35,000 to be used to pay employee's health insurance policy.

At June 30, 2009, the District has obligations to five participants with a total liability of \$102,082. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$29,940.

b. Bonded Indebtedness

\$495,000 1998 General Obligation Serial Bonds, due annually in varying installments May 1, 2009 through May 1, 2015 plus interest semi-annually with interest rates of the bonds varying from 4.7% to 5.05%.

NOTES TO FINANCIAL STATEMENTS

5. Long-term Debt Obligations (Continued)

b. Bonded Indebtedness (Continued)

A summary of the bond principal and interest maturities is as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 75,000	\$ 24,372
2011	75,000	20,810
2012	80,000	17,173
2013	85,000	13,253
2014	90,000	9,045
2015	90,000	4,545
	\$ 495,000	\$ 89,198

At June 30, 2009, the debt issued by the District did not exceed its legal debt margin compiled as follows:

Total assessed valuation	\$ 89,505,361
Debt limit – 5% of total assessed valuation	\$ 4,475,268
Debt applicable to debt limit	
Capital leases	(18,281)
General obligation bonded debt outstanding	(495,000)
Legal debt margin	\$ 3,961,987

c. Capital Leases

The District has leased one bus and computers under capital leases. The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2009.

	Year Ending June 30,	Amount
	2010	\$ 9,854
	2011	9,854
		\$ 19,708
Minimum lease payments		\$ 19,708
Less amount representing interest		1,427
Present value of minimum lease payments		\$ 18,281

NOTES TO FINANCIAL STATEMENTS

6. Due to/from Other Funds

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 12,380	
School nutrition fund		\$ 12,380
	\$ 12,380	\$ 12,380

The interfund receivables are loans from each respective fund all of which may not be repaid in the next year.

7. Interfund Transfers

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

	Transfers In	Transfers Out
Capital projects fund		\$ 99,683
General fund		10,785
School nutrition fund	\$ 12,980	
Debt service fund	97,488	
Total	\$ 110,468	\$ 110,468

Transfers are to move resources from the capital projects fund to the debt service fund to help pay bond obligations. Due to the referendum voted by the public, the proceeds from the local option sales tax will help pay bond obligations.

8. Fund Equity

The amounts restricted at June 30, 2009 are as follows:

Restricted net assets		
Capital projects fund		\$ 335,710
Plant, property and equipment levy fund		41,437
		\$ 377,147

The amounts reserved at June 30, 2009 are as follows:

Reserved fund balances		
Debt service fund		\$ 175
		\$ 175

9. Iowa School Cash Anticipation Program (ISCAP)

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

NOTES TO FINANCIAL STATEMENTS

9. **Iowa School Cash Anticipation Program (ISCAP) (Continued)**

A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09B	1/21/09	1/21/10	\$ 245,102	\$ 2,267	\$ 242,000	
2009-10A	6/25/09	6/23/10	330,146	41	325,000	\$ 111
			<u>\$ 575,248</u>	<u>\$ 2,308</u>	<u>\$ 567,000</u>	<u>\$ 111</u>

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

Series	Balance Beginning Year	Advances Received	Advances Repaid	Balance End of Year
2008-09B	\$ 488,000	\$ None	\$ 246,000	\$ 242,000
2009-10A	None	325,000	None	325,000
		<u>\$ 488,000</u>	<u>\$ 325,000</u>	<u>\$ 567,000</u>

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

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

10. **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%, 3.90% and 3.70% of their annual covered salary and the District is required to contribute 6.35%, 6.05% and 5.75% of annual covered payroll for the years ended June 30, 2009, 2008 and 2007, respectively. Contribution requirements are established by state statute.

The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$83,711, \$73,408, and \$74,546 respectively, equal to the required contributions for each year.

11. Other Postemployment Benefits (OPEB)

The District participates in the Northeast Iowa Schools Insurance Trust (Trust), a voluntary joint undertaking of twelve school districts, as authorized by Chapter 28E of the Code of Iowa. The primary purpose of the Trust is to provide medical, dental, life, disability, and welfare plan for its employees and their families. The trust was formed to create a pool to pay insurance costs. The agreement was effective July 1, 2005 and will continue in force until terminated by mutual agreement of the governing board. The trust is administered by Midwest Group Benefits Consultants, Inc.

The Trust self-insures its health benefits and buys stop-loss insurance from IISI. Upon retirement, the retiree can continue his/her health coverage upon payment of the appropriate health premium based upon the District specific plan coverage in which North Winneshiek Community School District pays a premium of \$582 for each retired employee. For the year ended June 30, 2009 the District paid \$32,209 in health insurance for the retired employees and the retired employees paid \$8,187 for their health insurance. There are 1,322 active and 140 retired members in the Trust. Participants must be age 55 or older at retirement. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report may be obtained at the North Winneshiek Community School District's office located at 3495 North Winn Road, Decorah, IA 52101.

The 28E agreement provides that contribution requirements of the 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.

12. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the trust account maintained by Midwest Group Benefits Consultants, Inc. The trust liability is limited to \$95,000 per individual annually with a \$2,000,000 per individual maximum. Payments from participating members are the sole source for paying claims and establishing reserves for the trust self-funded programs. Stop loss insurance is purchased by the trust to protect against large claims but the potential exists for claims to exceed the premium payments made by members into the program. The District may be contingently liable for any claims in excess of funds available at June 30, 2009, since the pool arrangement allows the trust to make additional assessments to members. The District's share of the trust's liability for any unreported claim or assessment at June 30, 2009 was unavailable as of November 3, 2009. The District contributions to the Trust for the years ended June 30, 2009, 2008, and 2007 were \$247,350, \$266,807 and \$239,689, respectively, which equaled the required contributions each year. The employee paid \$4,970 in dental insurance for the year ended June 30, 2009.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the District's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage.

13. Net Assets

The government wide statement of net assets reports \$377,147 of restricted net assets, of which \$41,437 is restricted by enabling legislation.

14. Risk Management

North Winneshiek Community School District is exposed to various risks of loss related to torts; theft; damage to an 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.

15. 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 \$118,943 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.

16. Contingencies

a. Grant Funding

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2009 significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

b. Insurance Plan

As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the insurance pool.

17. Commitment

The District has entered into two 28E agreements for high school education services. The first agreement is with Decorah Community School District for one-way whole grade sharing of grades 9-12, payment is 82% the District's regular program cost per pupil for the first four years, then it will increase to 85%, if school infrastructure local option is not renewed. The agreement expires June 30, 2012. The second agreement is student enrollment with Mabel-Canton Independent School District for students in grades 9-12 in the amount of tuition charged by the non-resident district.

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NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
For the Year Ended June 30, 2009

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual
REVENUES			
Local sources	\$ 1,989,368	\$ 66,869	\$ 2,056,237
State sources	1,551,870	1,031	1,552,901
Federal sources	199,856	26,644	226,500
Total revenues	3,741,094	94,544	3,835,638
EXPENDITURES/EXPENSES			
Instruction	2,514,446	-	2,514,446
Support services	904,448	-	904,448
Non-instructional	5,608	110,181	115,789
Other	321,119	-	321,119
Total expenditures/expenses	3,745,621	110,181	3,855,802
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(4,527)	(15,637)	(20,164)
OTHER FINANCING SOURCES, NET	(12,980)	12,980	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES/EXPENSES AND OTHER FINANCING USES	(17,507)	(2,657)	(20,164)
FUND BALANCE, beginning of year	562,211	16,159	578,370
FUND BALANCE, end of year	\$ 544,704	\$ 13,502	\$ 558,206

See Notes to Required Supplementary Information.

Budget Amounts		Final to Actual Variance- Positive (Negative)
Original	Amended Final	
\$ 2,090,909	\$ 2,090,909	\$ (34,672)
1,573,057	1,573,057	(20,156)
220,000	220,000	6,500
3,883,966	3,883,966	(48,328)
2,547,491	2,547,491	33,045
1,066,930	1,100,000	195,552
100,000	120,000	4,211
368,578	368,578	47,459
4,082,999	4,136,069	280,267
(199,033)	(252,103)	231,939
-	-	-
(199,033)	(252,103)	231,939
479,355	479,355	99,015
\$ 280,322	\$ 227,252	\$ 330,954

NORTH 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified 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. These four functions are instruction, support services, non-instructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$53,070.

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**INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION**

**To the Board of Education
North Winneshiek Community School District
Decorah, Iowa**

Our report on our audit of the basic financial statements of North Winneshiek Community School District as of and for the year ended June 30, 2009 appears on pages 2-3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We have previously audited, in accordance with U.S. generally accepted auditing standards, the basic financial statements of North Winneshiek Community School District as of and for the years ending June 30, 2008, 2007 and 2006, none of which is presented herein, and expressed unqualified opinions on those basic financial statements. In our opinion, the information set forth in the required supplementary information for the years ending June 30, 2008, 2007, and 2006 appearing on pages 35 through 40, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived. On page 40 the estimated enrollment for fiscal year 2010 has not been audited and we express no opinion on it. The basic financial statements of North Winneshiek Community School District for the years ending June 30, 2003, 2004 and 2005, were audited by other auditors who expressed unqualified opinions on those financial statements. Their reports on the information presented on pages 35 through 40 related to the 2003 to 2005 financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the 2003 to 2005 financial statements taken as a whole.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
November 3, 2009

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and pooled investments	\$ 42,653	\$ 175	\$ 42,828
Receivables			
Property tax			
Delinquent	1,958		1,958
Succeeding year	130,469		130,469
Due from other funds			-
Total assets	\$ 175,080	\$ 175	\$ 175,255
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenue			
Succeeding year property tax	\$ 130,469		\$ 130,469
Total liabilities	130,469	\$ -	130,469
Fund balances			
Reserved for			
Debt service		175	175
Unreserved	44,611		44,611
	44,611	175	44,786
Total liabilities and fund balances	\$ 175,080	\$ 175	\$ 175,255

See Independent Auditor's Report on the Supplementary Information.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Revenue	Debt Service	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	\$ 99,660		\$ 99,660
Other	10,787	\$ 6	10,793
State sources	67		67
Total revenues	110,514	6	110,520
EXPENDITURES			
Current			
Instruction			
Regular instruction	32,209		32,209
Other instruction	10,778		10,778
Support services			
Operation and maintenance plant services	61,950		61,950
Other			
Facilities acquisition	8,261		8,261
Long-term debt			
Principal		70,400	70,400
Interest and fiscal charges		27,088	27,088
Total expenditures	113,198	97,488	210,686
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,684)	(97,482)	(100,166)
OTHER FINANCING SOURCES			
Transfers in	-	97,488	97,488
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND FINANCING USES	(2,684)	6	(2,678)
FUND BALANCE, beginning of year	47,295	169	47,464
FUND BALANCE, end of year	\$ 44,611	\$ 175	\$ 44,786

See Independent Auditor's Report on the Supplementary Information.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2009

	Management Levy	Physical Plant and Equipment Levy	Student Activity	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and pooled investments	\$ 17,231	\$ 22,248	\$ 3,174	\$ 42,653
Receivables				
Property tax				
Delinquent	1,377	581		1,958
Succeeding year	99,413	31,056		130,469
Total assets	\$ 118,021	\$ 53,885	\$ 3,174	\$ 175,080
LIABILITIES AND FUND BALANCES				
Liabilities				
Deferred revenue				
Succeeding year property tax	\$ 99,413	\$ 31,056		\$ 130,469
Total liabilities	99,413	31,056	\$ -	130,469
Fund balances				
Unreserved	18,608	22,829	3,174	44,611
Total liabilities and fund balances	\$ 118,021	\$ 53,885	\$ 3,174	\$ 175,080

See Independent Auditor's Report on the Supplementary Information.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2009

	Management Levy	Physical Plant and Equipment Levy	Student Activity	Total Nonmajor Special Revenue Funds
REVENUES				
Local sources				
Local property tax	\$ 70,087	\$ 29,573		\$ 99,660
Other	192	171	\$ 10,424	10,787
State sources	47	20		67
Total revenues	70,326	29,764	10,424	110,514
EXPENDITURES				
Current				
Instruction				
Regular instruction	32,209			32,209
Other instruction			10,778	10,778
Support services				
Operation and maintenance plant services	41,327	20,623		61,950
Other				
Facilities acquisition		8,261		8,261
Total expenditures	73,536	28,884	10,778	113,198
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,210)	880	(354)	(2,684)
OTHER FINANCING SOURCES (USES)				
Operating transfers in				-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND FINANCING USES	(3,210)	880	(354)	(2,684)
FUND BALANCE, beginning of year	21,818	21,949	3,528	47,295
FUND BALANCE, end of year	\$ 18,608	\$ 22,829	\$ 3,174	\$ 44,611

See Independent Auditor's Report on the Supplementary Information.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 For the Year Ended June 30, 2009

	Balance June 30, 2008	Revenues	Expenditures	Balance June 30, 2009
Summer Recreation	\$ 1,846	\$ 2,764	\$ 2,196	\$ 2,414
Staff Activity	584	264	-	848
Athletics	(2,168)	1,053	1,065	(2,180)
Elementary Recreation	228	-	631	(403)
Yearbook	(714)	-	-	(714)
Elementary Student Council	482	754	520	716
Middle Student Council	(18)	1,062	1,022	22
Clearing	-	366	366	-
Miscellaneous Student Activity	1,180	1,999	1,861	1,318
Box tops/Milk caps	1,476	1,052	1,834	694
Fifth grade	507	1,110	1,158	459
NWBL	125	-	125	-
	<u>\$ 3,528</u>	<u>\$ 10,424</u>	<u>\$ 10,778</u>	<u>\$ 3,174</u>

See Independent Auditor's Report on the Supplementary Information.

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NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
 GOVERNMENTAL FUNDS
 For the Years Ended June 30,

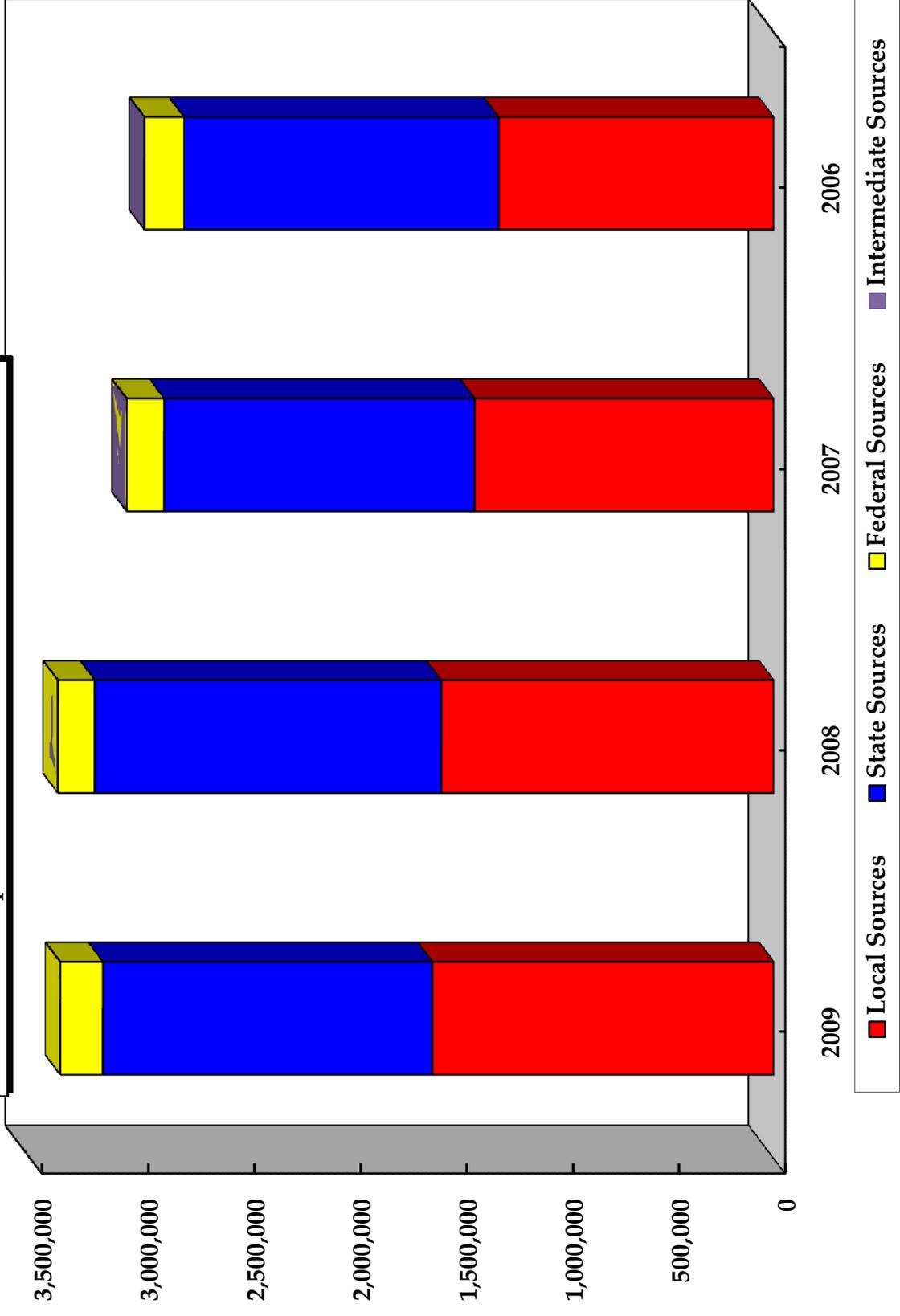
	2009	2008	2007
REVENUES			
Local sources			
Local tax	\$ 1,346,276	\$ 1,265,229	\$ 1,156,908
Tuition	256,721	275,148	302,360
Other	386,371	369,488	365,150
Intermediate sources	-	-	-
State sources	1,551,870	1,630,503	1,459,772
Federal sources	199,856	172,083	179,185
Total revenues	\$ 3,741,094	\$ 3,712,451	\$ 3,463,375
EXPENDITURES			
Current			
Instruction			
Regular instruction	\$ 1,599,614	\$ 1,535,079	\$ 1,731,983
Special instruction	620,954	588,889	536,354
Other instruction	293,878	201,442	213,416
Support services			
Student services	69,838	106,128	116,984
Instructional staff services	67,753	40,082	68,502
Administration services	298,561	279,909	237,164
Operation and maintenance plant services	261,088	233,406	178,646
Transportation services	207,208	232,682	227,234
Non-instructional	5,608	5,972	7,443
Other			
Facilities acquisition	104,688	26,780	223,334
Long-term debt			
Principal	70,400	93,323	115,242
Interest and fiscal charges	27,088	30,678	34,430
AEA flowthrough	118,943	117,281	111,326
Total expenditures	\$ 3,745,621	\$ 3,491,651	\$ 3,802,058

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 6

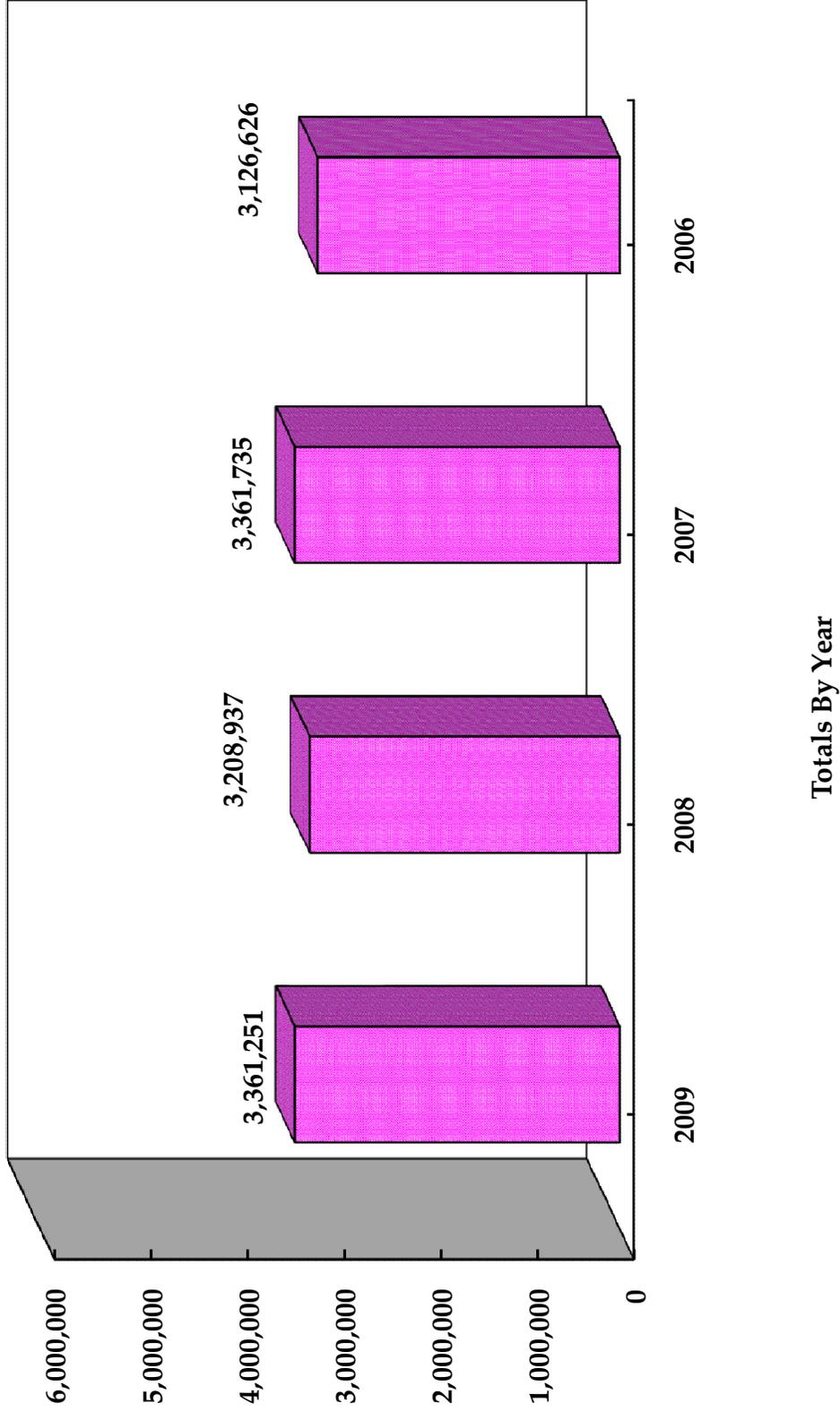
Modified Accrual			
2006	2005	2004	2003
\$ 1,051,110	\$ 1,073,996	\$ 1,339,652	\$ 1,305,657
251,262	217,594	176,324	175,310
411,699	384,591	105,559	93,069
593	719	-	-
1,478,799	1,485,245	1,301,288	1,398,967
188,080	123,443	122,077	130,025
<u>\$ 3,381,543</u>	<u>\$ 3,285,588</u>	<u>\$ 3,044,900</u>	<u>\$ 3,103,028</u>
\$ 1,614,585	\$ 1,671,552	\$ 1,626,798	\$ 1,592,302
472,837	456,109	552,080	534,936
232,265	82,900	68,406	54,219
75,622	47,476	46,381	39,818
60,146	47,342	33,155	35,829
226,694	217,775	209,259	200,168
146,214	158,425	128,574	121,611
252,560	216,795	246,843	173,343
8,480	18,804	6,783	13,503
246,909	142,780	42,583	21,073
83,319	77,747	93,031	62,904
36,923	39,942	41,518	47,850
110,110	108,509	108,251	116,759
<u>\$ 3,566,664</u>	<u>\$ 3,286,156</u>	<u>\$ 3,203,662</u>	<u>\$ 3,014,315</u>

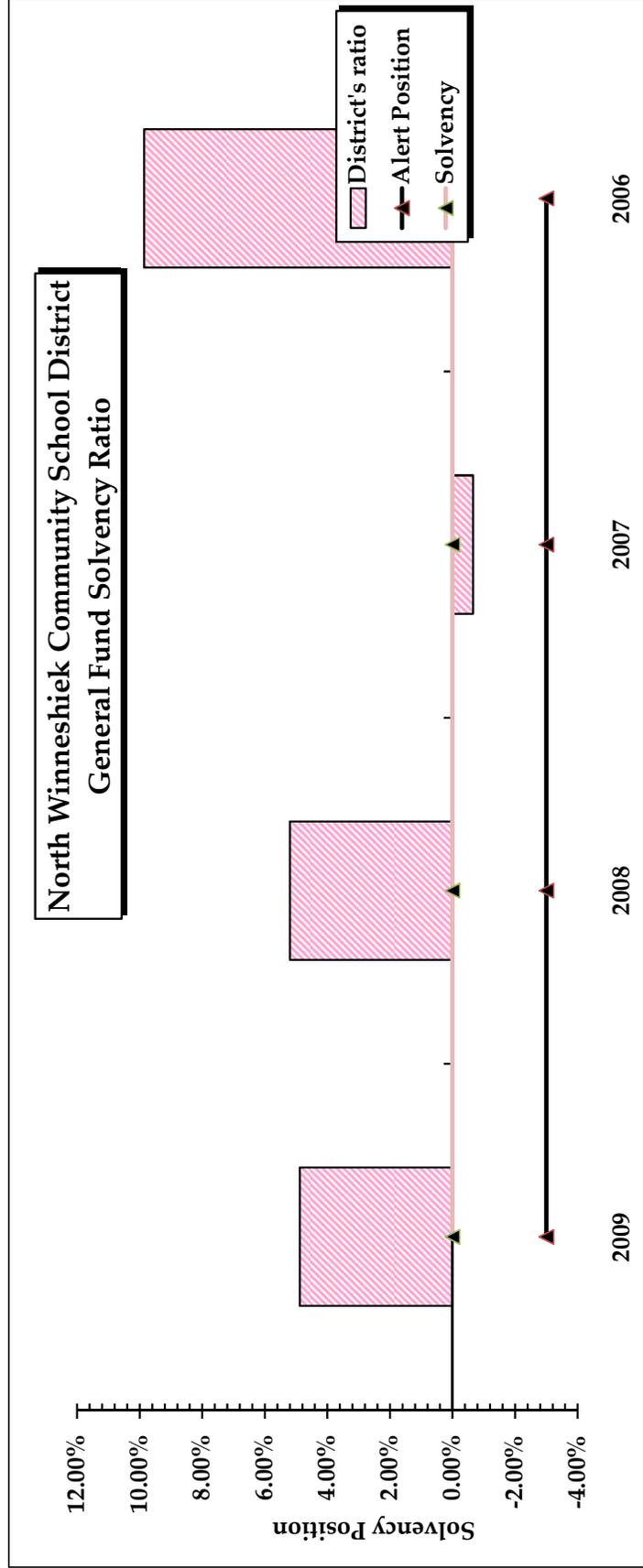
NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
Comparison of General Fund Revenues

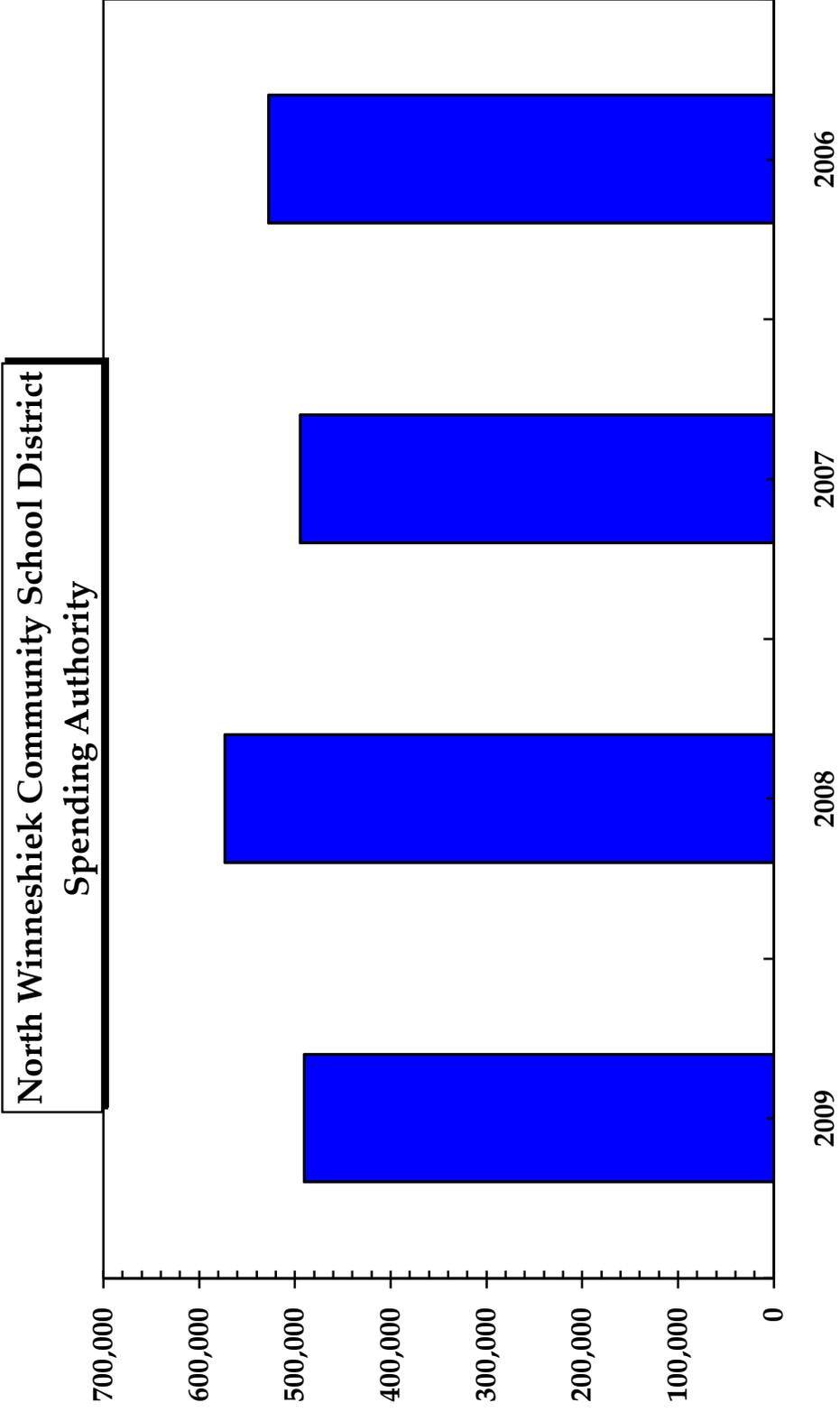


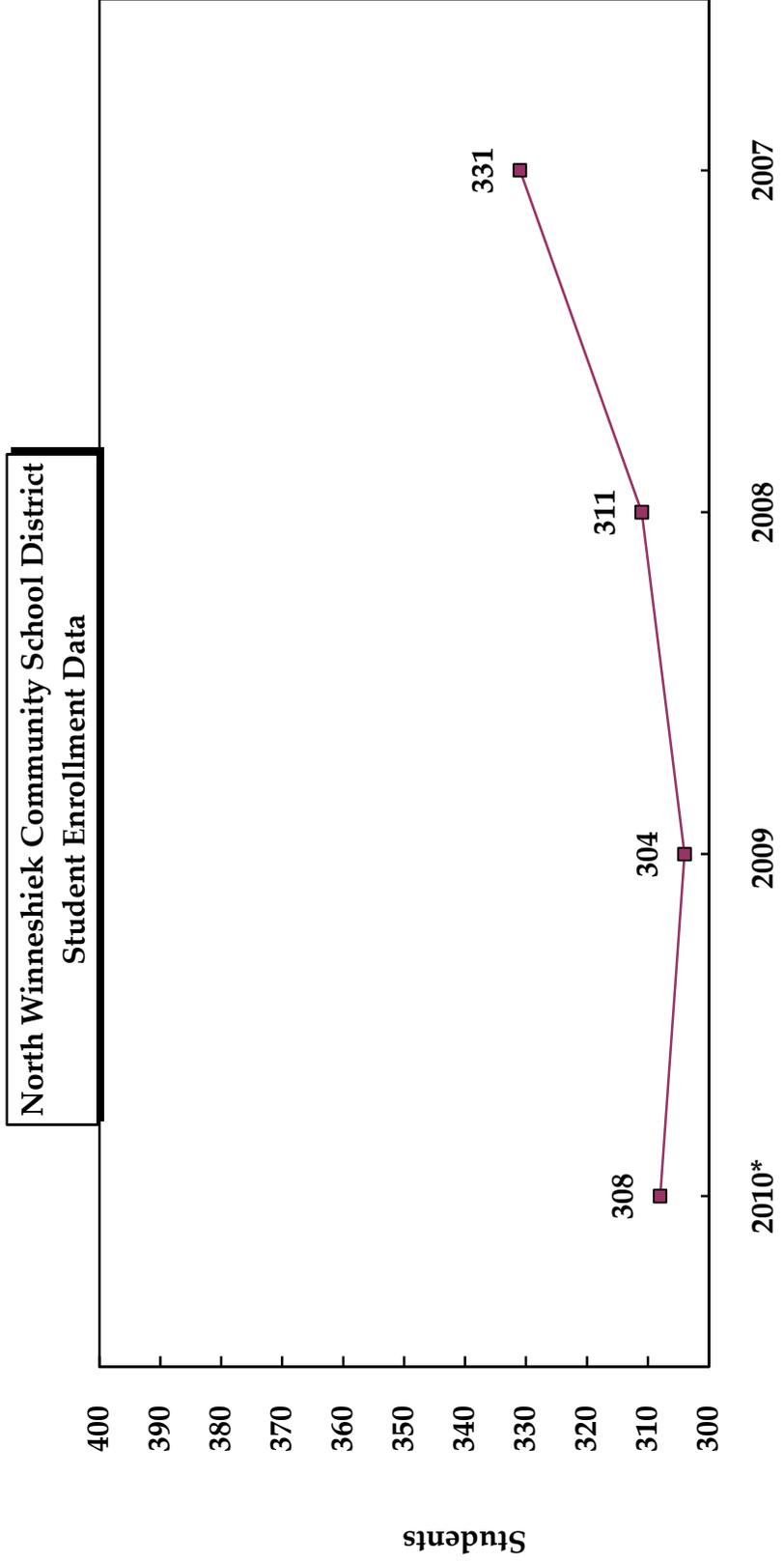
See Independent Auditor's Report on the Supplementary Information.

**NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
Comparison of General Fund Expenditures**





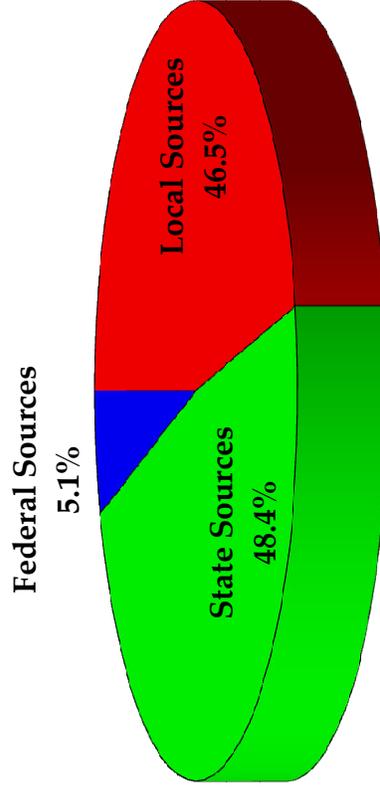




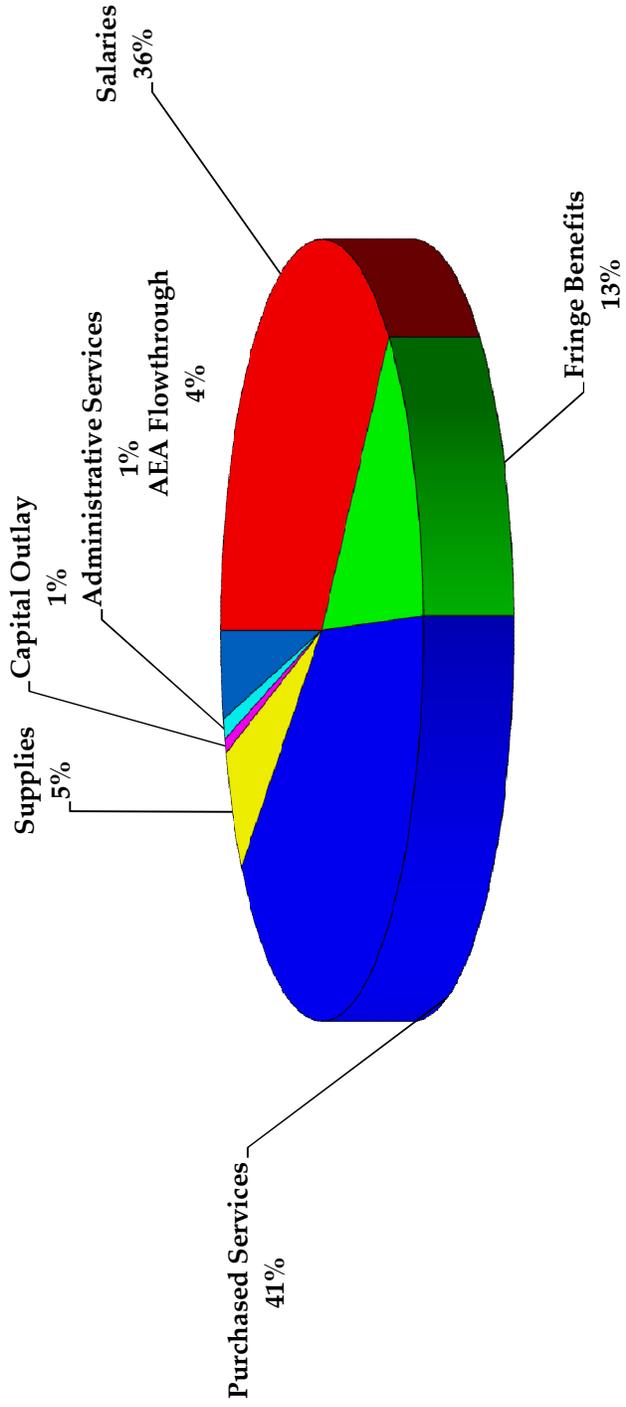
Resource: Total School Enrollment, Not Certified Enrollment, Line 11 of Certified Enrollment Form

*estimated enrollment

**NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Revenue Analysis Year Ended June 30, 2009**



NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Expenditure Analysis Year Ended June 30, 2009



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

To the Board of Education
North Winneshiek Community School District
Decorah, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Winneshiek Community School District as of and for the year ended June 30, 2009, which collectively comprise North Winneshiek Community School District's basic financial statements and have issued our report thereon dated November 3, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North 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 North Winneshiek Community School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of North 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 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 a 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 the North Winneshiek Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the North Winneshiek Community School District's financial statements that is more than inconsequential will not be prevented or detected by the North Winneshiek Community School District's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

1. Financial Report Preparation

Reporting financial data reliably in accordance with generally accepted accounting principles requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Obtaining additional generally accepted accounting principles knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable generally accepted accounting principles financial statements.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

2. Overlapping Duties

The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records. While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe that it is important that the Board be aware that this condition does exist.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the North 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. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North 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*.

We noted certain matters that we reported to management of North Winneshiek Community School District in a separate letter dated November 3, 2009.

North Winneshiek Community School District's response to the findings identified in our audit is described above. We did not audit North Winneshiek Community School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
November 3, 2009

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MANAGEMENT LETTER

To the Board of Education
North Winneshiek Community School District
Decorah, Iowa

In planning and performing our audit of the financial statements of North Winneshiek Community School District for the year ended June 30, 2009, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 thru 12 below are compliance comments required by the Iowa Auditor of State. A separate report dated November 3, 2009 contains our report on significant deficiencies in the District's internal control. This letter does not affect our report dated November 3, 2009, on the financial statements of the North Winneshiek Community School District. Comment numbers 7 and 13 are repeat comments from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

1. Certified Budget
Disbursements for the year ended June 30, 2009 , did not exceed the amounts budgeted.
2. Questionable Expenditures
We noted no expenditures that may not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.
3. Travel Expense
No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions
We noted no business transactions between the District and District officials and/or employees for the year ended June 30, 2009.
5. 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.
6. Board Minutes
We noted no transactions requiring Board approval, which had not been, approved by the Board. We also noted no minutes and bills that had not been published as required.

7. Certified Enrollment

The number of basic resident students reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for October 2008 was understated. The District's certified enrollment count excluded 1 pre-kindergarten student who was 5 years old and was open enrolled but didn't complete the papers.

Recommendation

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

Response

The Superintendent will contact the Iowa Department of Education and Department of Management.

Conclusion

Response accepted.

8. Deposits and Investments

No instances of noncompliance 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.

9. Certified Annual Report

The Certified Annual Report (CAR) was certified to the Iowa Department of Education timely.

10. Categorical Funding

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

11. Student Activity Fund

No instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for money in the Student Activity Fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

12. Statewide Sales and Services Tax

No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

13. Property and Equipment Records

There were some pieces of equipment junked but not taken off inventory list. There were also some pieces of equipment on the inventory lists under the capitalization amount.

Recommendation

We recommend the District update their inventory list of capital assets.

Response

The District Secretary is in charge of maintaining the District's inventoried items. Annually, she will update the inventoried items throughout the District and try to do a better job of what to record and not record.

Conclusion

Response accepted.

14. Student Activity Funds Deficits

As of June 30, 2009, several individual student activity accounts have negative account balances. Some of these accounts historically have had operating deficits.

Recommendation

We recommend that a plan be established to eliminate the deficit accounts including but not limited to the reallocation of funds among the accounts.

Response and Corrective Action Planned

Our objective is to report what the activities true picture are at June 30 and make intrafund transfers if appropriate on July 1.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of North 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.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
November 3, 2009