

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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St. Ansgar Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Allan Stelpflug	President	2009
Karla Smith	Vice President	2008
Gene Hertel	Board Member	2008
Charlotte Gordon	Board Member	2008
Nick Hatten	Board Member	2009
Ed Kleinwort	Board Member	2010
Bryan Shupe	Board Member	2010
Board of Education (After September 2008 Election)		
Allan Stelpflug	President	2009
Ed Kleinwort	Vice President	2009*
Gene Hertel	Board Member	2011
Charlotte Gordon	Board Member	2011
Nick Hatten	Board Member	2009
Steve Groth	Board Member	2011
Bryan Shupe	Board Member	2009*
School Officials		
James Woodward	Superintendent	2009
Lisa Groth	Business Manager District Secretary	2009
Patrick Rourick	Attorney	2009

*Board term shortened 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

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(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
St. Ansgar Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of St. Ansgar Community School District, St. Ansgar, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2010 on our consideration of St. Ansgar Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 36 through 37 are not required parts of the basic financial statements, but are supplementary

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Ansgar Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The St. Ansgar Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,490,227 in fiscal 2008 to \$6,760,763 in fiscal 2009, while General Fund expenditures decreased from \$5,960,689 in fiscal 2008 to \$5,800,223 in fiscal 2009. This resulted in an increase in the District's General Fund balance from a deficit \$101,995 in fiscal 2008 to a balance of an \$859,672 in fiscal 2009, an 942.857% increase from the prior year.
- The increase in General Fund revenues was attributable to increases in local and federal sources in fiscal 2009. The decrease in expenditures was due primarily to decreases in expenses related to the support services functional area.
- Since the end of fiscal year 2006, the District's General Fund carryover balance has increased from a deficit \$312,513 to \$859,672 as of the end of fiscal year 2009.
- Staff reductions made for FY 09 were 3.125 FTE certified staff, one full time principal, and the district did not replace one full time secretary who resigned. The Superintendent position was also reduced to 40% time. The certified staff agreed to take a 0% salary increase, and the district had a 0% health insurance rate increase for FY 09.
- The District taxed for a \$475,000 Cash Reserve Levy to help improve the cash position of the school district as well as improve cashflow.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of St. Ansgar Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report St. Ansgar Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which St. Ansgar Community School District acts solely as an agent or custodial for the benefit of those outside of School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds as well as the District's fiduciary fund, the Private Purpose Trust.

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

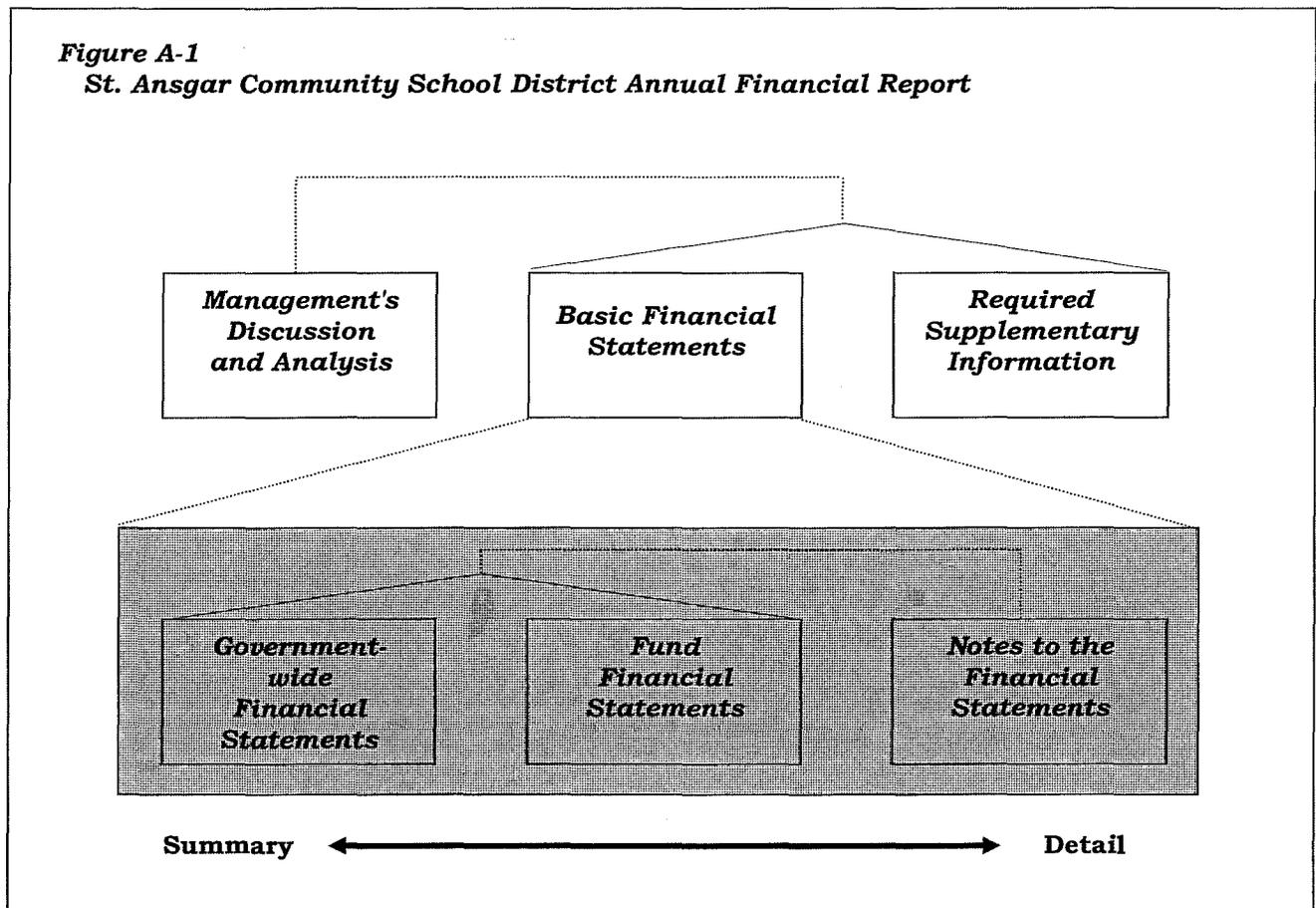


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The District's internal service fund, another type of proprietary fund, is the same as its governmental activities, but provide more detail and additional information, such as cash flows. The District has one internal service fund for health insurance benefits.

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

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

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

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

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

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 6,305,006	7,034,189	75,491	51,159	6,380,497	7,085,348	-9.95%
Capital assets	3,454,314	3,550,495	12,560	11,230	3,466,874	3,561,725	-2.66%
Total assets	9,759,320	10,584,684	88,051	62,389	9,847,371	10,647,073	-7.51%
Long-term obligations	1,592,588	1,929,237	0	0	1,592,588	1,929,237	-17.45%
Other liabilities	3,837,435	5,649,451	4,922	5,447	3,842,357	5,654,898	-32.05%
Total liabilities	5,430,023	7,578,688	4,922	5,447	5,434,945	7,584,135	-28.34%
Net assets:							
Invested in capital assets, net of related debt	1,914,314	1,790,495	12,560	11,230	1,926,874	1,801,725	6.95%
Restricted	1,467,659	1,141,662	0	0	1,467,659	1,141,662	28.55%
Unrestricted	947,324	73,839	70,569	45,712	1,017,893	119,551	751.43%
Total net assets	\$ 4,329,297	3,005,996	83,129	56,942	4,412,426	3,062,938	44.06%

The District's combined net assets increased by 44.06%, or \$1,349,488, over the prior year. The largest portion of the District's net assets is invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 28.55%, or \$325,997, over the prior year. This increase is due primarily by recognizing carryover balances in state grants that had not previously been accounted for in this calculation.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$898,342, or 751.43%. This is due mainly to increasing the fund balance of the General Fund.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues:							
Program revenues:							
Charges for services	\$ 641,940	575,611	219,570	211,928	861,510	787,539	9.39%
Operating grants and contributions and restricted interest	876,162	809,361	123,108	114,780	999,270	924,141	8.13%
Capital grants and contributions and restricted interest	250	16,575	0	0	250	16,575	-98.49%
General revenues:							
Local tax	3,334,819	3,380,718	0	0	3,334,819	3,380,718	-1.36%
Statewide sales and services tax	395,271	485,306	0	0	395,271	485,306	-18.55%
Unrestricted state grants	2,328,851	2,439,914	0	0	2,328,851	2,439,914	-4.55%
Other	322,716	213,028	681	1,093	323,397	214,121	51.03%
Total revenues	<u>7,900,009</u>	<u>7,920,513</u>	<u>343,359</u>	<u>327,801</u>	<u>8,243,368</u>	<u>8,248,314</u>	<u>-0.06%</u>
Program expenses:							
Governmental activities:							
Instructional	4,490,111	4,458,022	0	0	4,490,111	4,458,022	0.72%
Support services	1,583,548	1,786,839	0	0	1,583,548	1,786,839	-11.38%
Non-instructional programs	0	0	317,172	320,471	317,172	320,471	-1.03%
Other expenses	503,049	468,105	0	0	503,049	468,105	7.46%
Total expenses	<u>6,576,708</u>	<u>6,712,966</u>	<u>317,172</u>	<u>320,471</u>	<u>6,893,880</u>	<u>7,033,437</u>	<u>-1.98%</u>
Changes in net assets	1,323,301	1,207,547	26,187	7,330	1,349,488	1,214,877	11.08%
Beginning net assets	3,005,996	1,798,449	56,942	49,612	3,062,938	1,848,061	65.74%
Ending net assets	<u>\$ 4,329,297</u>	<u>3,005,996</u>	<u>83,129</u>	<u>56,942</u>	<u>4,412,426</u>	<u>3,062,938</u>	<u>44.06%</u>

In fiscal 2009, local tax and unrestricted state grants account for 71.69% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.80% of the revenue from business type activities.

The District's total revenues were approximately \$8.24 million of which \$7.90 million was for governmental activities and approximately \$0.34 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a .06% decrease in revenues and a 1.98% decrease in expenses. The decrease in expenditures can be attributed to staff reductions and eliminating certain programs that were deemed unnecessary.

Governmental Activities

Revenues for governmental activities were \$7,900,009 and expenses were \$6,576,708.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
	Instruction	\$ 4,490,111	4,458,022	0.72%	3,211,651	3,307,897
Support services	1,583,548	1,786,839	-11.38%	1,582,523	1,785,431	-11.36%
Other expenses	503,049	468,105	7.46%	264,182	218,091	21.13%
Totals	\$ 6,576,708	6,712,966	-2.03%	5,058,356	5,311,419	-4.76%

- The cost financed by users of the District’s programs was \$641,940.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$876,412.
- The net cost of governmental activities was financed with \$3,334,819 in local tax, \$395,271 in statewide sales and service tax, \$2,328,851 in state grants and \$129,484 in interest income and \$193,913 in other revenues.

Business Type Activities

Revenues of the District’s business type activity were \$343,359 and expenses were \$317,172. The District’s business type activity is the School Nutrition Fund and the FFA Farm Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, the St. Ansgar Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,165,704, above last year’s ending fund balances of \$1,129,588. The primary reason for the increase in combined fund balances is attributable to increases in the General Fund fund balance.

Governmental Fund Highlights

- The District’s General Fund financial position is the product of many factors. Growth during the year in state and local source revenues resulted in an increase in revenues. Reduction of staff and the elimination of unnecessary programs led to the decrease in expenditures. The increase in revenues coupled with the decrease in expenditures led to an increase in fund balance from a deficit \$101,995 in fiscal 2008 to a \$859,672 in fiscal 2009.
- The Capital Projects fund balance overall increased from \$531,431 in fiscal 2008 to \$614,050 in fiscal 2009. The increase in fund balance is attributable to the revenues exceeding expenditures during the year.

Proprietary Fund Highlights

The School Nutrition Fund's decrease in fund expenditures for the year ended June 30, 2009, allowed the overall net assets to increase from \$39,315 at June 30, 2008 to \$59,575 at June 30, 2009, representing an increase of 51.53%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$251,406 more than budgeted revenues, a variance of 3.17%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

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

Despite the District's practice, during the year ended June 30, 2009, the District adopted one budget amendment increasing total expenditures by \$353,135.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$3,466,874, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.66% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$227,571.

The original cost of the District's capital assets was \$8,582,809. Governmental funds account for \$8,494,330 with the remainder of \$88,479 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in construction in progress. The District's construction in progress totaled \$0 at June 30, 2008 as compared to \$37,021 at June 30, 2009. This increase is due to construction projects stated during the year but not yet completed.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 105,408	105,408	0	0	105,408	105,408	0.00%
Construction in progress	37,021	0	0	0	37,021	0	100.00%
Buildings	2,906,515	2,969,225	0	0	2,906,515	2,969,225	-2.11%
Land improvements	127,696	125,502	0	0	127,696	125,502	1.75%
Machinery and equipment	277,674	350,360	12,560	11,230	290,234	361,590	-19.73%
Total	\$ 3,454,314	3,550,495	12,560	11,230	3,466,874	3,561,725	-2.66%

Long-Term Debt

At June 30, 2009, the District had \$1,592,587 in general obligation, and other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2009	2008	2008-09
General obligation bonds	1,540,000	1,760,000	-12.5%
Early retirement	38,755	156,896	-75.3%
Compensated absences	13,833	12,341	12.1%
Total	<u>\$ 1,592,588</u>	<u>1,916,896</u>	<u>-16.9%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The FY 2010 state budget cut of 10% results in a significant decrease in General Fund revenue, shifting funding on property taxes and other revenue sources. As a result of these lost revenues, the District will explore all opportunities to reduce expenditures and/or increase revenues. The District taxed a \$500,000 Cash Reserve Levy for FY 10 that should replace the cash lost by the 10% state budget cut.
- The District will share a transportation director with Riceville CSD during FY 09 to receive sharing incentive funds during FY 10.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Groth, Business Manager/Treasurer, St. Ansgar Community School District, 206 East 8th Street, St. Ansgar, Iowa, 50472.

BASIC FINANCIAL STATEMENT

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
Other	2,564,511	63,712	2,628,223
Receivables:			
Property tax:			
Delinquent	50,746	0	50,746
Succeeding year	3,084,144	0	3,084,144
Income surtax	265,710	0	265,710
Accounts	3,038	1,961	4,999
Accrued interest:			
ISCAP	7,364	0	7,364
Other	11	0	11
Due from other governments	329,482	3,594	333,076
Inventories	0	6,224	6,224
Capital assets, net of accumulated depreciation	3,454,314	12,560	3,466,874
TOTAL ASSETS	9,759,320	88,051	9,847,371
LIABILITIES			
Accounts payable	240,060	289	240,349
Salaries and benefits payable	505,234	0	505,234
Accrued interest payable	3,983	0	3,983
Deferred revenue:			
Succeeding year property tax	3,084,144	0	3,084,144
Other	4,015	0	4,015
Unearned revenue	0	4,633	4,633
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	225,000	0	225,000
Compensated absences payable	13,833	0	13,833
Early retirement payable	10,765	0	10,765
Portion due after one year:			
General obligation bonds payable	1,315,000	0	1,315,000
Early retirement payable	27,989	0	27,989
TOTAL LIABILITIES	5,430,023	4,922	5,434,945
NET ASSETS			
Invested in capital assets, net of related debt	1,914,314	12,560	1,926,874
Restricted for:			
Categorical funding	200,382	0	200,382
Management levy	213,462	0	213,462
Physical plant and equipment levy	344,423	0	344,423
Capital projects	614,050	0	614,050
Other special revenue purposes	95,342	0	95,342
Unrestricted	947,324	70,569	1,017,893
TOTAL NET ASSETS	\$ 4,329,297	83,129	4,412,426

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities		
Governmental activities:							
Instruction:							
Regular	\$ 3,072,524	294,941	596,710	0	(2,180,873)	0	(2,180,873)
Special	794,480	57,687	39,810	0	(696,983)	0	(696,983)
Other	623,107	289,312	0	0	(333,795)	0	(333,795)
	<u>4,490,111</u>	<u>641,940</u>	<u>636,520</u>	<u>0</u>	<u>(3,211,651)</u>	<u>0</u>	<u>(3,211,651)</u>
Support services:							
Student	69,315	0	0	0	(69,315)	0	(69,315)
Instructional staff	98,714	0	0	0	(98,714)	0	(98,714)
Administration	590,555	0	0	0	(590,555)	0	(590,555)
Operation and maintenance of plant	422,764	0	0	0	(422,764)	0	(422,764)
Transportation	402,200	0	775	250	(401,175)	0	(401,175)
	<u>1,583,548</u>	<u>0</u>	<u>775</u>	<u>250</u>	<u>(1,582,523)</u>	<u>0</u>	<u>(1,582,523)</u>
Other expenditures:							
Facilities acquisitions	105,457	0	0	0	(105,457)	0	(105,457)
Long-term debt interest	52,934	0	0	0	(52,934)	0	(52,934)
AEA flowthrough	238,867	0	238,867	0	0	0	0
Depreciation (unallocated)*	105,791	0	0	0	(105,791)	0	(105,791)
	<u>503,049</u>	<u>0</u>	<u>238,867</u>	<u>0</u>	<u>(264,182)</u>	<u>0</u>	<u>(264,182)</u>
Total governmental activities	6,576,708	641,940	876,162	250	(5,058,356)	0	(5,058,356)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	312,110	208,581	123,108	0	0	19,579	19,579
FFA Farm	5,062	10,989	0	0	0	5,927	5,927
Total non-instructional programs:	<u>317,172</u>	<u>219,570</u>	<u>123,108</u>	<u>0</u>	<u>0</u>	<u>25,506</u>	<u>25,506</u>
Total	\$ 6,893,880	861,510	999,270	250	(5,058,356)	25,506	(5,032,850)
General Revenues:							
Local tax for:							
General purposes				\$ 3,153,373	0	3,153,373	
Capital outlay				130,433	0	130,433	
Income Surtax				51,013	0	51,013	
Statewide sales and services tax				395,271	0	395,271	
Unrestricted state grants				2,328,851	0	2,328,851	
Unrestricted investment earnings				128,803	681	129,484	
Other				193,913	0	193,913	
Total general revenues				<u>6,381,657</u>	<u>681</u>	<u>6,382,338</u>	
Changes in net assets				1,323,301	26,187	1,349,488	
Net assets beginning of year				3,005,996	56,942	3,062,938	
Net assets end of year				<u>\$ 4,329,297</u>	<u>83,129</u>	<u>4,412,426</u>	

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Physical Plant and Equipment Levy	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments:				
Other	1,246,676	390,712	886,234	2,523,622
Receivables:				
Property tax				
Delinquent	45,141	2,176	3,429	50,746
Succeeding year	2,643,114	241,030	200,000	3,084,144
Income surtax	265,710	0	0	265,710
Accounts	3,038	0	0	3,038
Accrued interest:				
ISCAP	7,364	0	0	7,364
Other	11	0	0	11
Due from other governments	248,666	3,631	77,185	329,482
Inventories	0	0	0	0
TOTAL ASSETS	\$ 4,459,720	637,549	1,166,848	6,264,117
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 182,040	52,096	5,174	239,310
Salaries and benefits payable	505,169	0	65	505,234
Deferred revenue:				
Succeeding year property tax	2,643,114	241,030	200,000	3,084,144
Income surtax	265,710	0	0	265,710
Other	4,015	0	0	4,015
Total liabilities	3,600,048	293,126	205,239	4,098,413
Fund balances:				
Reserved for:				
Categorical funding	200,382	0	0	200,382
Unreserved:				
Undesignated:				
General	659,290	0	0	659,290
Management levy	0	0	252,217	252,217
Physical plant and equipment levy	0	344,423	0	344,423
Capital projects	0	0	614,050	614,050
Other special revenue purposes	0	0	95,342	95,342
Total fund balances	859,672	344,423	961,609	2,165,704
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,459,720	637,549	1,166,848	6,264,117

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total fund balances of governmental funds (page 15)	\$	2,165,704
 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 in the governmental funds.		3,454,314
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		265,710
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		40,139
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(3,983)
Long-term liabilities, including general obligation bonds, early retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(1,592,587)
		(1,592,587)
Net assets of governmental activities (page 13)	\$	4,329,297
		4,329,297

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Physical Plant and Equipment Levy	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,951,786	130,433	201,587	3,283,806
Statewide sales and service tax	0	0	395,271	395,271
Tuition	352,628	0	0	352,628
Other	249,169	36,886	319,096	605,151
Intermediate sources	6,000	0	0	6,000
State sources	3,009,015	79	123	3,009,217
Federal sources	192,165	3,631	0	195,796
Total revenues	<u>6,760,763</u>	<u>171,029</u>	<u>916,077</u>	<u>7,847,869</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,971,605	13,430	156,896	3,141,931
Special	794,433	0	0	794,433
Other	327,312	0	289,250	616,562
	<u>4,093,350</u>	<u>13,430</u>	<u>446,146</u>	<u>4,552,926</u>
Support services:				
Student	69,315	0	0	69,315
Instructional staff	98,494	0	220	98,714
Administration	577,113	1,853	10,600	589,566
Operation and maintenance of plant	373,876	2,500	53,278	429,654
Transportation	349,208	13,500	10,012	372,720
	<u>1,468,006</u>	<u>17,853</u>	<u>74,110</u>	<u>1,559,969</u>
Other expenditures:				
Facilities acquisitions	0	136,924	50,829	187,753
Long-term debt:				
Principal	0	0	220,000	220,000
Interest and fiscal charges	0	0	53,365	53,365
AEA flowthrough	238,867	0	0	238,867
	<u>238,867</u>	<u>136,924</u>	<u>324,194</u>	<u>699,965</u>
Total expenditures	<u>5,800,223</u>	<u>168,207</u>	<u>844,450</u>	<u>6,812,880</u>
Excess of revenues over expenditures	960,540	2,822	71,627	1,034,989
Other financing sources(uses):				
Transfer in	0	0	272,767	272,767
Transfer out	0	0	(272,767)	(272,767)
Sale of equipment and materials	1,127	0	0	1,127
Total other financing sources(uses)	<u>1,127</u>	<u>0</u>	<u>0</u>	<u>1,127</u>
Net change in fund balances	961,667	2,822	71,627	1,036,116
Fund balance beginning of year	(101,995)	341,601	889,982	1,129,588
Fund balance end of year	<u>\$ 859,672</u>	<u>344,423</u>	<u>961,609</u>	<u>2,165,704</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2009

Net change in fund balances - total governmental funds(page 17) \$ 1,036,116

**Amounts reported for governmental activities in the
 statement of activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceed depreciation expense and loss on disposal in the current year, as follows:

Expenditures for capital assets	\$ 129,088	
Depreciation expense	<u>(225,269)</u>	(96,181)

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

Repaid	220,000
--------	---------

Net change in Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis. (4,728)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 431

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 51,013

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

Compensated absences	(1,492)	
Early retirement	<u>118,142</u>	<u>116,650</u>

Changes in net assets of governmental activities(page 14) \$ 1,323,301

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	FFA Farm	Total	
	ASSETS			
Cash and pooled investments	\$ 39,869	23,843	63,712	40,889
Accounts receivable	1,961	0	1,961	0
Inventories	6,224	0	6,224	0
Due from other governments	3,594	0	3,594	0
Capital assets, net of accumulated depreciation	12,560	0	12,560	0
TOTAL ASSETS	64,208	23,843	88,051	40,889
LIABILITIES				
Accounts payable	0	289	289	750
Unearned revenue	4,633	0	4,633	0
TOTAL LIABILITIES	4,633	289	4,922	750
NET ASSETS				
Invested in capital assets	12,560	0	12,560	0
Unrestricted	47,015	23,554	70,569	40,139
TOTAL NET ASSETS	\$ 59,575	23,554	83,129	40,139

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Business-Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	FFA Farm	Total	
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 208,581	10,989	219,570	0
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	122,420	0	122,420	0
Benefits	45,561	0	45,561	0
Services	3,774	0	3,774	4,875
Supplies	138,053	5,062	143,115	0
Depreciation	2,302	0	2,302	0
TOTAL OPERATING EXPENSES	312,110	5,062	317,172	4,875
OPERATING INCOME (LOSS)	(103,529)	5,927	(97,602)	(4,875)
NON-OPERATING REVENUES:				
Interest	681	0	681	147
State sources	3,920	0	3,920	0
Federal sources	119,188	0	119,188	0
TOTAL NON-OPERATING REVENUES	123,789	0	123,789	147
Change in net assets	20,260	5,927	26,187	(4,728)
Net assets beginning of year	39,315	17,627	56,942	44,867
Net assets end of year	\$ 59,575	23,554	83,129	40,139

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities-
	School	FFA	Total	Internal Service Fund
	Nutrition	Farm		
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 205,596	0	205,596	0
Cash received from miscellaneous operating activities	0	10,989	10,989	0
Cash payments to employees for services	(167,981)	0	(167,981)	(4,875)
Cash payments to suppliers for goods or services	(126,128)	(5,009)	(131,137)	750
Net cash provided by(used in) operating activities	(88,513)	5,980	(82,533)	(4,125)
Cash flows from non-capital financing activities:				
State grants received	3,920	0	3,920	0
Federal grants received	102,524	0	102,524	0
Net cash provided by non-capital financing activities	106,444	0	106,444	0
Cash flows from capital financing activities:				
Acquisition of capital assets	(3,632)	0	(3,632)	0
Cash flows from investing activities:				
Interest on investments	681	0	681	147
Net increase(decrease) in cash and cash equivalents	14,980	5,980	20,960	(3,978)
Cash and cash equivalents at beginning of year	24,889	17,863	42,752	44,867
Cash and cash equivalents at end of year	\$ 39,869	23,843	63,712	40,889
Reconciliation of operating income(loss) to net cash used in operating activities:				
Operating income(loss)	\$ (103,529)	5,927	(97,602)	(4,875)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	16,664	0	16,664	0
Depreciation	2,302	0	2,302	0
Increase in inventories	(965)	0	(965)	0
Increase in accounts receivable	(2,407)	0	(2,407)	0
Increase in accounts payable	0	53	53	750
Decrease in unearned revenue	(578)	0	(578)	0
Net cash provided by(used in) operating activities	\$ (88,513)	5,980	(82,533)	(4,125)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 39,869	23,843	63,712	40,889
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				

During the year ended June 30, 2009, the District received Federal commodities valued at \$16,664.

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2009

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 157,489
Interest receivable	1,274
TOTAL ASSETS	<u>158,763</u>
LIABILITIES	
Accounts payable	<u>0</u>
NET ASSETS	
Reserved for scholarships	158,763
Unreserved	0
TOTAL NET ASSETS	<u>\$ 158,763</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 7,286
Stock dividends	51
Total additions	<u>7,337</u>
Deductions:	
Non-instructional programs:	
Scholarships awarded	<u>6,500</u>
Change in net assets	837
Net assets beginning of year	<u>157,926</u>
Net assets end of year	<u>\$ 158,763</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(1) Summary of Significant Accounting Policies

The St. Ansgar Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served primarily includes the Cities of St. Ansgar, Carpenter, Stacyville and Grafton Iowa, and the predominate agricultural territory of Worth and Mitchell County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, St. Ansgar Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The St. Ansgar Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Worth and Mitchell County Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Physical Plant and Equipment Levy Fund is utilized to account for major equipment purchases and capital improvements.

The District's proprietary funds are the Enterprise, School Nutrition Fund, FFA Farm Fund and the Internal Service Fund. The Nutrition Fund is used to account for the food service operations of the District and the FFA Farm Fund is used to account for the operations of the District's FFA Farming operations program.

The District also reports one fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund is the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 500
Buildings	500
Land improvements	500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

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

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

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

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

recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and

instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 78,743</u>

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

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

Investments in common stock are stated at the approximate fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2009, the District's investment in common stock is the following:

Name of Stock	Number of Shares	Fair Value
Coca Cola	33	\$1,584
Principal Financial Group	471	\$8,874
Dominion Resources, Inc.	114	\$3,810
Total	<u>618</u>	<u>\$14,268</u>

Concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. The District's investment in common stock is approximately 10 percent of the District's total investments.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	<u>\$ 272,767</u>

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

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09A	6/26/2008	6/23/2009	\$	0	7,364	0

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, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ 0	375,000	375,000	0

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08B	3.750%	3.451%
2008-09A	3.500%	3.469%

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 105,408	0	0	105,408
Construction in progress	0	37,021	0	37,021
Total capital assets not being depreciated	<u>105,408</u>	<u>37,021</u>	<u>0</u>	<u>142,429</u>
Capital assets being depreciated:				
Buildings	5,095,663	34,832	0	5,130,495
Land improvements	154,536	10,443	0	164,979
Machinery and equipment	3,069,391	46,792	59,756	3,056,427
Total capital assets being depreciated	<u>8,319,590</u>	<u>92,067</u>	<u>59,756</u>	<u>8,351,901</u>
Less accumulated depreciation for:				
Buildings	2,126,438	97,542	0	2,223,980
Land improvements	29,034	8,249	0	37,283
Machinery and equipment	2,719,031	119,478	59,756	2,778,753
Total accumulated depreciation	<u>4,874,503</u>	<u>225,269</u>	<u>59,756</u>	<u>5,040,016</u>
Total capital assets being depreciated, net	<u>3,445,087</u>	<u>(133,202)</u>	<u>0</u>	<u>3,311,885</u>
Governmental activities capital assets, net	<u>\$ 3,550,495</u>	<u>(96,181)</u>	<u>0</u>	<u>3,454,314</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 91,915	3,632	7,068	88,479
Less accumulated depreciation	80,685	2,302	7,068	75,919
Business type activities capital assets, net	<u>\$ 11,230</u>	<u>1,330</u>	<u>0</u>	<u>12,560</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 56,351
Special	4,624
Other	6,545
Support services:	
Administration	1,551
Operation and maintenance	5,804
Transportation	44,603
	<u>119,478</u>
Unallocated depreciation	<u>105,791</u>
Total governmental activities depreciation expense	<u>\$ 225,269</u>
Business-type activities:	
Food services	<u>\$ 2,302</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 1,760,000	0	220,000	1,540,000	225,000
Early Retirement	156,896	38,754	156,896	38,754	10,765
Compensated Absences	12,341	13,833	12,341	13,833	13,833
Total	\$ 1,929,237	52,587	389,237	1,592,587	249,598

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of March 24, 2004			
	Interest Rates	Principal	Interest	Total
2010	2.55 %	\$ 225,000	47,775	272,775
2011	2.80	230,000	42,058	272,058
2012	3.00	240,000	35,618	275,618
2013	3.15	250,000	28,418	278,418
2014	3.35	255,000	20,543	275,543
2015	3.50	240,000	12,000	252,000
2016	3.60	100,000	3,600	103,600
Total		\$ 1,540,000	190,012	1,730,012

Early Retirement

Early retirement benefits are offered during certain years at the discretion of the Board of Directors of the District. In years where early retirement is offered, benefits of the plan can also change by direction of the District's Board of Directors. The following was the plan offered by the District for fiscal year 2009.

The District offered a voluntary early retirement plan to any certified staff employee who is at least age fifty-five as of August 15, 2009. Each employee that is considered for this benefit must have completed a total of 10 years of service to the school District. Employees must complete an application which is required to be approved by the Board of Education. Employees that are granted early retirement benefits may continue on the District's major medical plan as long as the employees pay the monthly premium to the District.

The District's early retirement plan currently can have a maximum of five applicants who will be paid in two unequal installments not to exceed \$36,000. The first payment, not to exceed \$10,000, will be paid during calendar year 2009 with the remaining balance paid during calendar year 2010.

Early retirement benefits paid during the year ended June 30, 2009, totaled \$156,896. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2009, 2008 and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$223,095, \$217,111 and \$206,377 respectively, equal to the required contributions for each year.

(8) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: life and long-term disability. District contributions to ISEBA for the year ended June 30, 2009 were \$8,731.

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District

assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$238,867 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Property Lease

For fiscal year 2009, the District has a lease with the City of Grafton for rental of rooms for the District's alternative school. The rental payment for the year is \$2,500.

The District currently has a lease with Rosalee Lowe for rental of a storage facility for two buses that are kept in Stacyville. Payment is \$1,150 per year until either the District or the landlord terminates the lease.

The District currently has a lease with Darren Marsh and Mullenbach Rental for rental of storage facilities for District equipment. Payments are \$17 and \$75 per month respectively. The lease will remain in effect until either the District or the landlord terminates the lease.

(11) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2009 are broken out by the following projects:

Project	Amount
LEP weighting	\$ 1,066
Gifted and talented	31,962
Dropout prevention	98,994
Professional development	42,764
Market factor	2,533
Learning connections	5,467
Curriculum survey	2,593
Market factor 2008	4,942
Core curriculum	10,061
Reserved for categorical funding	<u><u>\$ 200,382</u></u>

(12) Other Post-employment Benefits (OPEB)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other post-employment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB No. 45.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 4,636,856	220,251	4,857,107	4,576,304	4,576,304	280,803
Intermediate sources	6,000	0	6,000	0	0	6,000
State sources	3,009,217	3,920	3,013,137	2,683,517	2,683,517	329,620
Federal sources	195,796	119,188	314,984	680,000	680,000	(365,016)
Total revenues	<u>7,847,869</u>	<u>343,359</u>	<u>8,191,228</u>	<u>7,939,821</u>	<u>7,939,821</u>	<u>251,407</u>
Expenditures:						
Instruction	4,552,926	0	4,552,926	4,589,285	4,690,000	137,074
Support services	1,559,969	0	1,559,969	1,991,500	2,090,000	530,031
Non-instructional programs	0	317,172	317,172	387,000	437,000	119,828
Other expenditures	699,985	0	699,985	756,080	860,000	160,015
Total expenditures/expenses	<u>6,812,880</u>	<u>317,172</u>	<u>7,130,052</u>	<u>7,723,865</u>	<u>8,077,000</u>	<u>946,948</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	1,034,989	26,187	1,061,176	215,956	(137,179)	1,198,355
Other financing sources, net	1,127	0	1,127	0	0	1,127
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	1,036,116	26,187	1,062,303	215,956	(137,179)	1,199,482
Balance beginning of year	1,129,588	56,942	1,186,530	787,086	787,086	(399,444)
Balance end of year	<u>\$ 2,165,704</u>	<u>83,129</u>	<u>2,248,833</u>	<u>1,003,042</u>	<u>649,907</u>	<u>800,038</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2009, the District adopted one budget amendment increasing total expenditures by \$353,135.

OTHER SUPPLEMENTARY INFORMATION

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds				Total
	Management Levy	Student Activity	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
ASSETS					
Cash and pooled investments	\$ 249,580	99,789	349,369	536,865	886,234
Receivables:					
Property tax					
Current year delinquent	3,429	0	3,429	0	3,429
Succeeding year	200,000	0	200,000	0	200,000
Due from other governments	0	0	0	77,185	77,185
TOTAL ASSETS	\$ 453,009	99,789	552,798	614,050	1,166,848
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 792	4,382	5,174	0	5,174
Salaries and benefits payable	0	65	65	0	65
Deferred revenue:					
Succeeding year property tax	200,000	0	200,000	0	200,000
Total liabilities	200,792	4,447	205,239	0	205,239
Fund balances:					
Unreserved	252,217	95,342	347,559	614,050	961,609
Total fund balances	252,217	95,342	347,559	614,050	961,609
TOTAL LIABILITIES AND FUND BALANCES	\$ 453,009	99,789	552,798	614,050	1,166,848

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Total Special Revenue Funds	Capital Projects	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 201,587	0	201,587	0	0	201,587
Statewide sales and service tax	0	0	0	395,271	0	395,271
Other	18,464	287,099	305,563	13,529	4	319,096
State sources	123	0	123	0	0	123
TOTAL REVENUES	220,174	287,099	507,273	408,800	4	916,077
EXPENDITURES:						
Current:						
Instruction:						
Regular	156,896	0	156,896	0	0	156,896
Other	0	289,250	289,250	0	0	289,250
Support services:						
Instructional staff	0	220	220	0	0	220
Administration	10,600	0	10,600	0	0	10,600
Operation and maintenance of plant	53,278	0	53,278	0	0	53,278
Transportation	7,427	0	7,427	2,585	0	10,012
Other expenditures:						
Facilities acquisition	0	0	0	50,829	0	50,829
Long-term debt:						
Principal	0	0	0	0	220,000	220,000
Interest and fiscal charges	0	0	0	0	53,365	53,365
TOTAL EXPENDITURES	228,201	289,470	517,671	53,414	273,365	844,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,027)	(2,371)	(10,398)	355,386	(273,361)	71,627
OTHER FINANCING SOURCES (USES):						
Transfers in	0	0	0	0	272,767	272,767
Transfers out	0	0	0	(272,767)	0	(272,767)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	(272,767)	272,767	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(8,027)	(2,371)	(10,398)	82,619	(594)	71,627
FUND BALANCE BEGINNING OF YEAR	260,244	97,713	357,957	531,431	594	889,982
FUND BALANCE END OF YEAR	\$ 252,217	95,342	347,559	614,050	0	961,609

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama	\$ 6,502	2,536	1,601	7,437
Speech	281	0	(947)	1,228
Vocal Music	509	2,344	894	1,959
Choir Robes	1,759	1,072	2,674	157
Band and Choir Trip	7,095	44,663	44,752	7,006
Vocal Music Activities	5,172	3,680	300	8,552
Instrument Rent	1,143	195	1,297	41
High School Band	329	1,582	625	1,286
Middle School Band	3	0	0	3
Band Uniforms	1,532	300	1,510	322
Music Concessions	468	10,689	10,789	368
Cheerleaders	11,606	9,610	20,220	996
Baseball	2,686	24,035	23,462	3,259
Softball	59	4,699	888	3,870
HS Athletics	7,072	61,015	56,030	12,057
MS Athletics	80	4,829	4,767	142
MS Student Council	306	5,542	3,043	2,805
HS Student Council	676	1,465	1,056	1,085
Elem. Student Council	189	423	59	553
Annual	7,002	8,277	9,941	5,338
Art Club	1,836	0	(107)	1,943
German Club	1,539	4,852	5,383	1,008
Industrial Arts Club	2,540	3,309	1,710	4,139
Revolving Shop - MS	282	0	0	282
MS Activities	227	811	832	206
Class of 2010	549	33,127	22,255	11,421
Class of 2013	6,791	0	6,688	103
Class of 2012	654	0	0	654
FCCLA	438	286	362	362
Spanish Club	66	0	0	66
Saints Pride	341	0	38	303
Student Book Club	0	6,173	6,165	8
FFA	5,432	35,231	36,473	4,190
Student Pictures	14,086	10,188	16,371	7,903
Milk Machines	3,394	1,908	3,104	2,198
Towel Rental	3,576	3,801	6,947	430
Insurance	0	91	91	0
Petty Cash	100	0	0	100
Community Education	206	0	(12)	218
Student Extended Learning	41	26	(1,168)	1,235
Computer Club	1,146	340	1,377	109
Total	\$ 97,713	287,099	289,470	95,342

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 JUNE 30, 2009

	Private Purpose Trust - Scholarship Fund							Total
	Kulik	Ramsay	Sheka	Arnold	Maurine	Vocal		
	Scholarship	Scholarship	Scholarship	Scholarship	Scholarship	Memorials		
ASSETS								
Cash and pooled investments	\$ 11,002	11,122	20,568	107,119	6,678	1,000	157,489	
Interest receivable	2	43	100	1,105	24	0	1,274	
TOTAL ASSETS	\$ 11,004	11,165	20,668	108,224	6,702	1,000	158,763	
LIABILITIES	\$ 0	0	0	0	0	0	0	
NET ASSETS								
Reserved for scholarships	11,004	11,165	20,668	108,224	6,702	1,000	158,763	
TOTAL NET ASSETS	\$ 11,004	11,165	20,668	108,224	6,702	1,000	158,763	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND
 CHANGES IN NET ASSETS
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trust - Scholarship Fund						Total
	Kulik	Ramsay	Sheka	Arnold	Maurine	Vocal	
	Scholarship	Scholarship	Scholarship	Scholarship	Scholarship	Music Memorials	
Additions:							
Local sources:							
Interest	\$ 444	265	1,032	5,361	184	0	7,286
Stock dividends	51	0	0	0	0	0	51
TOTAL ADDITIONS	495	265	1,032	5,361	184	0	7,337
DEDUCTIONS:							
Non-instructional programs:							
Scholarships awarded	500	0	2,000	4,000	0	0	6,500
Change in net assets	(5)	265	(968)	1,361	184	0	837
Net assets beginning of year	11,009	10,900	21,636	106,863	6,518	1,000	157,926
Net assets end of year	\$ 11,004	11,165	20,668	108,224	6,702	1,000	158,763

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 3,679,077	3,651,327	3,326,800	3,146,241	2,885,208	2,939,844
Tuition	352,628	310,045	211,470	183,288	128,749	132,425
Other	605,150	524,160	533,807	472,661	361,648	295,047
Intermediate sources	6,000	5,000	0	0	0	0
State sources	3,009,217	3,092,944	2,956,993	2,771,584	2,767,428	2,410,644
Federal sources	195,796	122,340	156,961	147,855	171,815	142,765
Total	<u>\$ 7,847,868</u>	<u>7,705,816</u>	<u>7,186,031</u>	<u>6,721,629</u>	<u>6,314,848</u>	<u>5,920,725</u>
Expenditures:						
Instruction:						
Regular instruction	\$ 3,141,931	2,894,492	3,188,377	2,939,467	2,764,925	2,633,020
Special instruction	794,433	659,961	717,157	671,818	691,043	664,163
Other instruction	616,562	869,642	593,694	685,481	577,227	532,842
Support services:						
Student services	69,315	133,895	127,565	122,449	115,147	114,685
Instructional staff services	98,714	91,124	209,929	187,880	129,933	181,098
Administration services	589,566	671,303	746,539	670,406	549,271	525,642
Operation and maintenance of plant services	429,654	435,533	451,359	477,599	484,627	433,465
Transportation services	372,720	423,135	366,153	367,380	304,032	319,713
Non-instructional programs	0	0	1,072	1,778	434	1,844
Other expenditures:						
Facilities acquisitions	187,753	237,707	327,064	139,833	121,152	116,718
Long-term debt:						
Principal	220,000	215,000	210,000	205,000	2,435,000	140,000
Interest and other charges	53,365	57,772	61,342	63,710	196,094	210,835
AEA flow-through	238,867	233,639	226,566	212,020	211,638	211,147
Total	<u>\$ 6,812,880</u>	<u>6,923,203</u>	<u>7,226,817</u>	<u>6,744,821</u>	<u>8,580,523</u>	<u>6,085,172</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

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

To the Board of Education of the
St. Ansgar Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of St. Ansgar Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 15, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects St. Ansgar Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of St. Ansgar Community School District's financial statements that is more than inconsequential will not be prevented or detected by St. Ansgar Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Findings Related to the Basic Financial Statements to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-09 is a material weakness.

Compliance and Other Matters

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

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

St. Ansgar Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit St. Ansgar Community School District's responses and, accordingly, we express no opinion on them.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of St. Ansgar Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

February 15, 2010

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

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

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation that are within reason.

Conclusion - Response accepted.

- I-B-09 Payroll procedures - We noted during our audit, that the superintendent is receiving an allowance for travel and incidentals. These allowances are not included in W-2 wages.

Recommendation - Allowances given to employees are considered W-2 wages. The District should review their procedures to ensure that the proper procedures are followed and all IRS regulations followed.

Response - The District has corrected this procedure. The Superintendent is currently providing documentation for his incidental travel allowance reimbursement.

Conclusion - Response accepted.

- I-C-09 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Per Chapter 9 of the LEA Financial Accounting Manual, "The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8)." Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-

12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

The Student Pictures account should be renamed. It is used as a general activity account. Rebates from pepsi sales and interest earned are recorded in this account. These rebates along with the interest need to be allocated out by year end.

The Towel Rent account should be transferred to the general fund.

We noted during our audit that in the MS and HS Student Council accounts, donations were made to Mitchell County Food Bank. Standalone donations, those not fundraised, are not allowed from existing funds.

Response - The Student Picture account will be renamed. Pepsi rebates and interest will be allocated out by year end. The Towel Rent funds will be transferred annually to the General Fund. Donations that have not been specifically fundraised will not be made.

Conclusion - Response accepted.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - During the year ended June 30, 2009, District expenditures did not exceed the amounts budgeted.
- II-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ed Kleinwort, Board Member Shareholder in St. Ansgar Mills	Purchased services	\$1,338
Joni DeMaris, Employee Spouse is owner of Al's Electric	Purchased service	\$17,632
Rosalee Lowe, Employee	Building rent	\$1,150
Diann Tabbert, Employee Owner of Country Cakes Etc.	Purchased service	\$598
Jennifer Nielsen, Employee Co-owner of Striking Designs	Purchased service	\$914

The above transactions with the Board Member do not appear to represent a conflict of interest in accordance with Chapter 279.7A of the Code of Iowa.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouse of Joni DeMaris do not appear to represent a conflict of interest.

In accordance with Attorney's General Opinion dated July 2, 1990, the above transactions with employees of the District do not appear to represent a conflict of interest.

- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

made. The current practice is to supply the District office with a voucher that the athletic official was at the event but not the signed contract.

Recommendation - Better internal controls are achieved if the signed contract is provided to the District office for supporting documentation. The contract could then be included in with the paid bills and provided to the Board for proper approval and authorization. If the District plans to continue to utilize a commissioner then the District should have a written agreement between the Board and the commissioner to allow the commissioner to enter into officiating contracts on the Districts behalf.

Response - The District will follow up on entering into contracts with the commissioners who enter into officiating contracts on the District's behalf.

Conclusion - Response accepted.

II-M-09 Payroll Authorization - We noted during our audit, the District does not have written authorization to mail employee's payroll checks. Chapter 91A.3 of the Code of Iowa requires that an employer have a written request from an employee before wages can be sent to an employee by mail.

Recommendation - The District should obtain written authorization from each employee who desires to receive a payroll check by mail.

Response - The District will obtain written authorization from each employee who wants to receive a payroll check by mail.

Conclusion - Response accepted.

II-N-09 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response -The District has requested all coaches who are not certified staff keep track of hours worked. This will be turned in before the coach is paid.

Conclusion - Response accepted.