

ANAMOSA COMMUNITY SCHOOL DISTRICT
ANAMOSA, IOWA

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

JUNE 30, 2010

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ANAMOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2009 Election)		
Brian Darrow	President	2011
Connie McKean	Vice President	2009
LeAnn Ridgeway	Board Member	2009
Lowell Tiedt	Board Member	2009
Anna Mary Riniker	Board Member	2011
Brian Bieber	Board Member	2011
Rich Crump	Board Member	2011

<u>Board of Education</u>		
(After September 2009 Election)		
Lowell Tiedt	President	2013
Rich Crump	Vice President	2011
Anna Mary Riniker	Board Member	2011
Brian Bieber	Board Member	2011
Brian Darrow	Board Member	2011
Connie McKean	Board Member	2013
Jean Sellnau	Board Member	2013

<u>School Officials</u>		
Dale Monroe	Superintendent	(Resigned May 28, 2010)
Steve Goodall	Interim Superintendent	(Appointed June 11, 2010) 2010
Don L. Folkerts	District Secretary	2010
Linda Von Behren	District Treasurer	2010
Brian Gruhn	Attorney	2010
Adrian Knuth Law Firm	Attorney	2010

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Anamosa 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 Anamosa Community School District, Iowa, as of and for the year ended June 30, 2010, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District at June 30, 2010, 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 December 21, 2010 on our consideration of Anamosa 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 21 and 58 through 60 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anamosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 as a whole.

Oskaloosa, Iowa
December 21, 2010

Management's Discussion and Analysis

Anamosa Community School District provides this discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please consider this information in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- During the year, the Governor of the State of Iowa ordered an across-the-board cut of 10%. This reduction amounted to approximately \$625,160 less in State Aid and categorical funds than originally allocated. This was in addition to a 1.5% cut implemented in fiscal year 2009 that continued into fiscal year 2010.
- The Board designated \$125,000 from the general fund balance for the purposes of curriculum, technology, and professional development for the 2009-2010 year.
- The District received approximately \$829,000 in federal funds through the American Recovery and Reinvestment Act (ARRA). Most of these funds were one-time sources.
- The District received approval from the Iowa Department of Education to authorize the issuance of \$12,420,000 in Qualified School Construction Bonds (QSCB's) for a new middle school.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

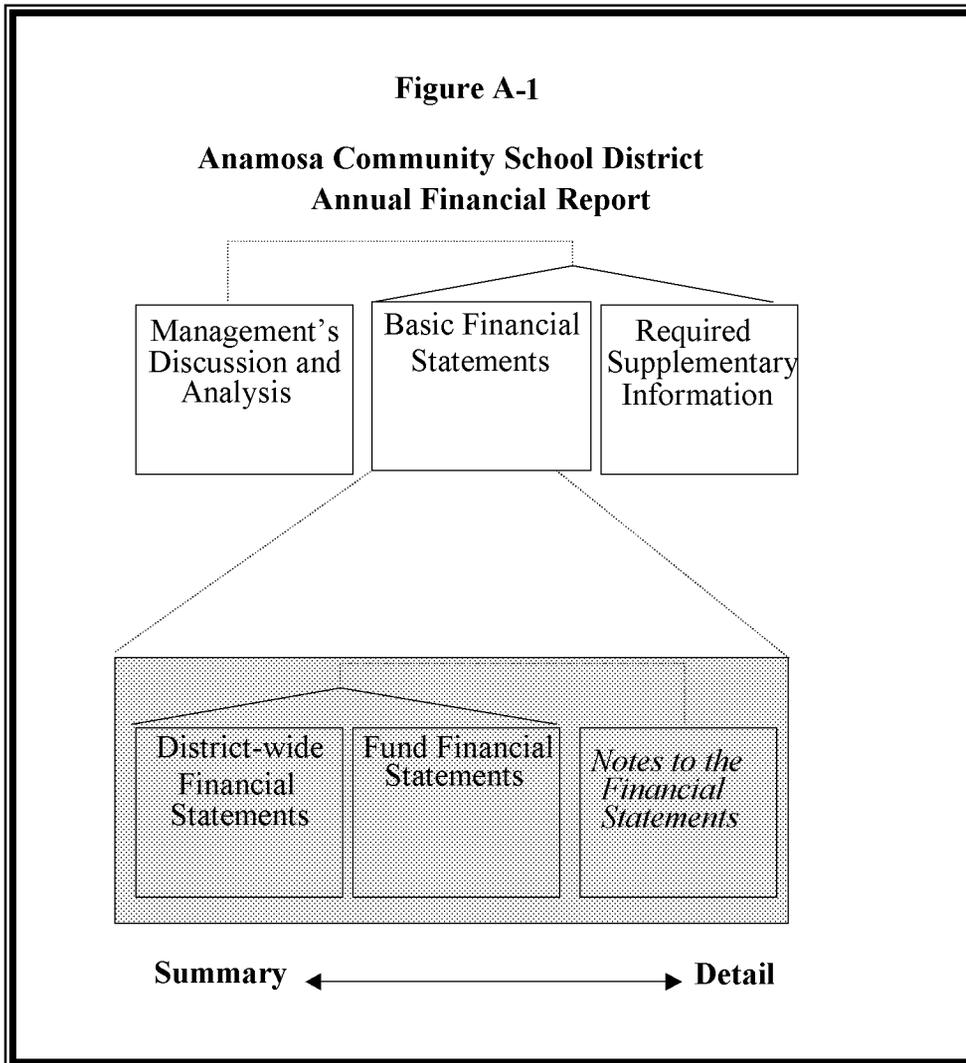


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2: Major Features of the District Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service, day care and 3 year old preschool are included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and agency fund 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 net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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 and payable	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

District-wide Financial Statements

The district-wide 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 district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is 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 its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, day care, construction trades, and preschool programs are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *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 funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in

the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements.

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

- *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 district-wide 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 has four enterprise funds, the School Nutrition Fund, the Construction Trades Fund, the Three-Year Old Preschool Fund and the Day Care Fund, consisting of Rainbow Day Care and Kids Quest.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
 - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other entities.

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.

Financial Analysis of the District as a Whole

Figure A-3 below provides a summary of the District's net assets at June 30, 2010 compared to June 30, 2009.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business	Activities	Total	
			Type		School	District
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$ 8,593,774	\$ 9,610,137	\$ 189,030	\$147,071	\$8,782,804	\$ 9,757,208
Capital assets	<u>7,363,957</u>	<u>7,286,159</u>	<u>77,168</u>	<u>68,767</u>	<u>7,441,125</u>	<u>7,354,926</u>
Total assets	<u>\$15,957,731</u>	<u>\$16,896,296</u>	<u>\$266,198</u>	<u>\$215,838</u>	<u>\$16,223,929</u>	<u>\$17,112,134</u>
Long-term obligations	\$ 86,824	\$ 197,325	\$ 15,596	\$ 13,444	\$ 102,420	\$ 210,769
Other liabilities	<u>5,424,033</u>	<u>5,554,417</u>	<u>84,444</u>	<u>50,381</u>	<u>5,508,477</u>	<u>5,604,798</u>
Total liabilities	<u>\$5,510,857</u>	<u>\$ 5,751,742</u>	<u>\$100,040</u>	<u>\$ 63,825</u>	<u>\$5,610,897</u>	<u>\$ 5,815,567</u>
Net assets						
Invested in capital assets, net of related debt	\$7,345,157	\$ 7,286,159	\$77,168	\$68,767	\$7,422,325	\$7,354,926
Restricted	1,108,222	1,882,938	-	-	1,108,222	1,882,938
Unrestricted	<u>1,993,495</u>	<u>1,975,457</u>	<u>88,990</u>	<u>83,246</u>	<u>2,082,485</u>	<u>\$2,058,703</u>
Total net assets	<u>\$10,446,874</u>	<u>\$11,144,554</u>	<u>\$166,158</u>	<u>\$152,013</u>	<u>\$10,613,032</u>	<u>\$11,296,567</u>

Net assets from governmental activities increased by \$697,680 in FY '10. This is primarily due to the District not having any long-term debt obligations to which local option sales tax revenues needed to be applied. Most of the local option sales tax proceeds were not expended. The net assets of the District's business-type activities decreased by \$14,145. This is primarily due to the depreciation of capital assets outpacing the purchase of new capital assets and a decrease in cash. (See Figure A-4)

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-type Activities		Total School District	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues						
Program revenues						
Charges for services	\$ 1,602,798	\$1,525,236	\$1,155,463	\$ 779,307	\$2,758,261	\$ 2,304,543
Operating Grants & Contributions	1,861,339	2,007,750	289,549	278,100	2,150,888	2,285,850
Capital Grants & Contributions	-	-	32,105	7,954	32,105	7,954
General revenues						
Property taxes	3,836,692	3,813,067	-	-	3,836,692	3,813,067
Other taxes	1,206,139	1,148,274	-	-	1,206,139	1,148,274
Unrestricted Grants/Entitlements & interest	6,204,373	5,675,809	273	141	6,204,646	5,675,950
Total revenues	\$ 14,711,341	\$14,170,136	\$1,477,390	\$1,065,502	\$16,188,731	\$15,235,638
Expenses						
Instruction	\$ 8,988,304	\$8,837,773	\$ 8,381	13,891	\$ 8,996,685	\$ 8,851,664
Support Services	3,781,364	3,825,871	149,166	19,243	3,930,530	3,845,114
Debt Service, interest on long-term debt	36,930	12,408	-	-	36,930	12,408
Other	750,385	796,404	1,248,545	1,046,513	1,998,930	1,842,917
Total expenses	\$ 13,556,983	\$13,472,456	\$1,406,092	\$1,079,647	\$14,963,075	\$14,552,103
Change in net assets	\$ 1,154,358	\$ 697,680	\$71,298	\$ (14,145)	\$1,225,656	\$ 683,535

Figure A-5 shows the sources of revenues of governmental activities for fiscal year 2010. State Aid made up 39.4% of total revenues, down from 41.7% the previous year. Property Taxes made up 26.9% of revenues, up from 26.1% last year. Federal & State categorical grants made up 14.2% of the revenues, up from 12.6% last year. Charges for services as a percentage of total revenues decreased slightly from 10.9% to 10.8%. Other taxes, which consist of SILO and Income Surtax, made up 8.1% of governmental revenues, down slightly from 8.2% last year. Investment earnings made up .7% of total revenues.

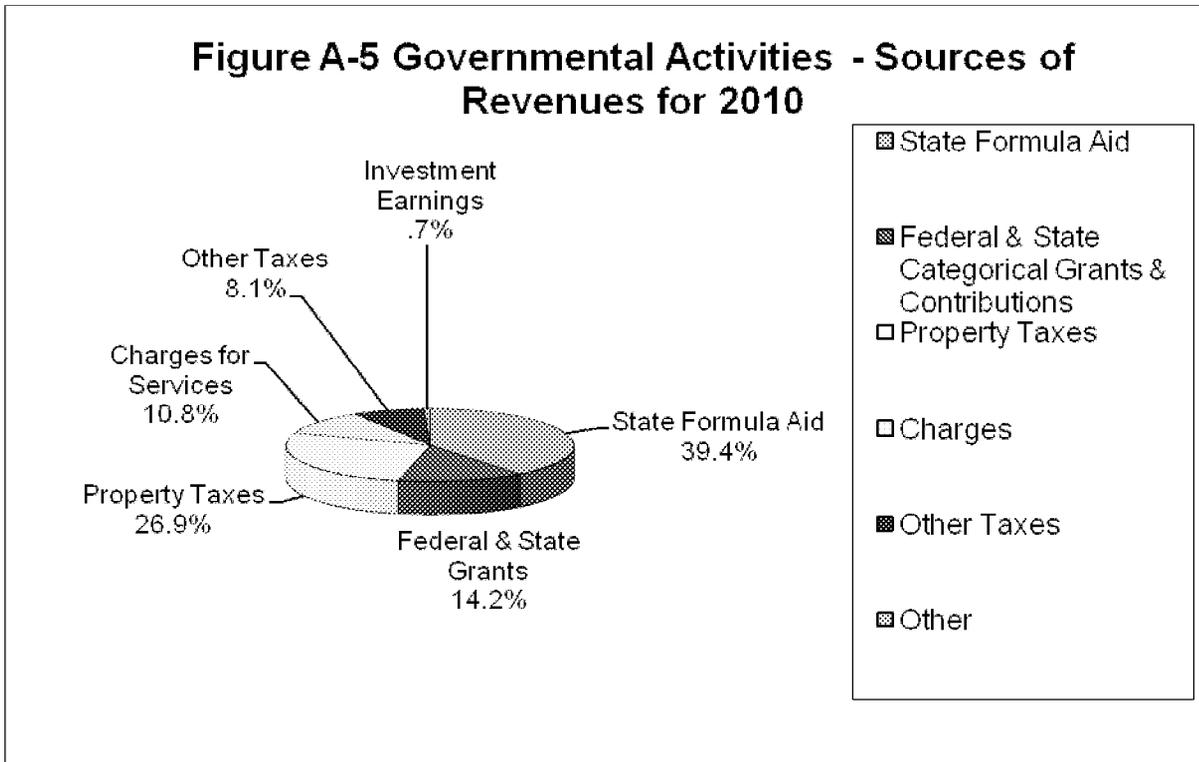


Figure A-6 illustrates the expenses of the District's governmental activities divided into seven categories and presents them as a percent of all governmental activities expenses. Instructional expenses made up 65.6% of all governmental activities expenses. This is down from 66.3% in 2009. Pupil and Instructional Support, which includes media, guidance, and technology support, made up 7.5% of all expenses. Administration represented 9.3% of all expenses, up from 8.4%. This was partly due to the use of the ARRA funds to hire a SAM at the elementary level. Maintenance and Transportation accounted for 6.7% and 4.9% respectively of all expenses. Maintenance decreased as a percent of total expenses from 6.9% last year. Debt Service accounted for .1%, down from .3%. All Other was 5.9% of total expenses. All Other includes AEA Flowthrough and Depreciation.

**Figure A-6
Governmental Activities
Expenses for 2010**

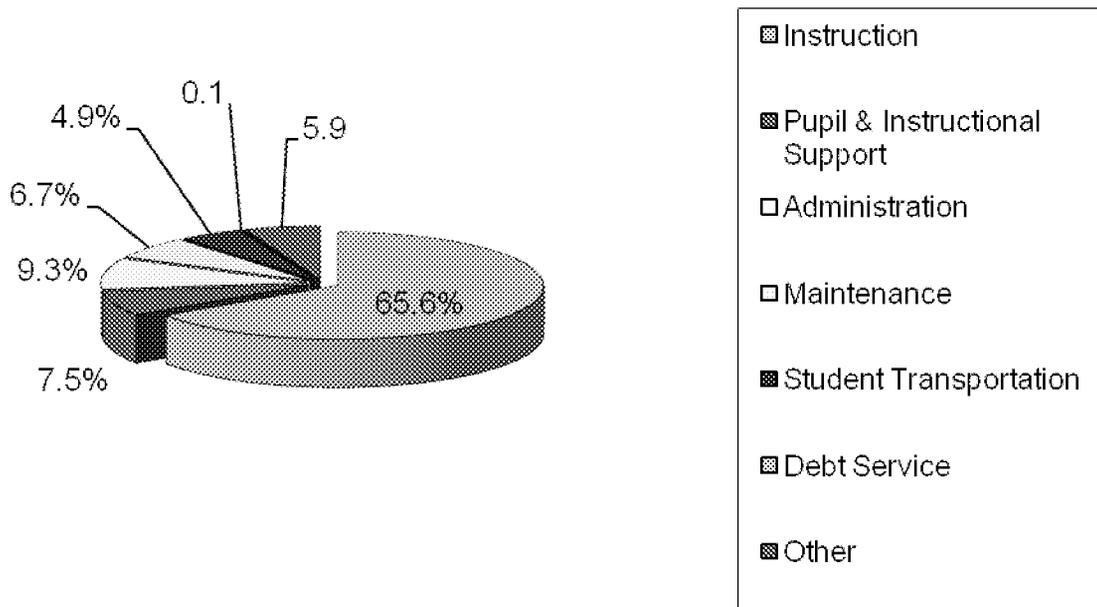


Figure A-7 presents the cost of four major district activities: instruction, support services including maintenance and transportation, debt service, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7

Total and Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Instruction	\$ 8,988,304	\$ 8,837,773	\$ 6,244,780	\$ 5,958,259
Support Services	3,781,364	3,825,871	3,551,592	3,699,232
Debt Service	36,930	12,408	36,930	12,408
Other	<u>750,385</u>	<u>796,404</u>	<u>259,544</u>	<u>269,571</u>
Total	\$13,556,983	\$13,472,456	\$ 10,092,846	\$ 9,939,470

- The cost of all governmental activities for FY '10 was \$13,472,456, a decrease of .6% from FY '09.
- Some of the cost was financed by the users of the District's programs (see Figure A-4)
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$2,007,750, and charges for district services financed \$1,525,236.
- Most of the District's costs (\$9,939,470), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$3,813,067 in property taxes, \$5,577,081 of unrestricted state aid based on the statewide finance formula, and investment earnings. The state aid portion decreased by \$555,595 or 9.1%. This is the result of the across the board cut implemented by the Governor in October 2009.

Business-Type Activities

Program revenues of the District's business-type activities decreased from \$1,477,390 to \$1,065,502, a decrease of \$411,888. This decrease was due to the sale of two student-built homes in fiscal year 2009, whereas in fiscal year 2010, there was not a sale. This created a significant difference in program revenues between the two years. Expenses for business-type activities decreased from \$1,406,092 to \$1,079,647. This difference is also attributed to the Construction Trades program. In FY '09 the expenses of two student-built homes were recognized. In FY '10 no student-built home expenses were recognized as the one completed in FY '10 was not sold. (Refer to Figure A-4.)

Financial Analysis of the District's Funds

As previously noted, the Anamosa 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 approximately \$3,746,400. This is up from a combined governmental fund balance of approximately \$2,814,000 at June 30, 2009. The general fund balance and capital projects funds balance increased by \$204,731 and \$626,014, respectively. The increase in the general fund balance is due to an increase in unspent categorical funding at year end and receiving ARRA funds. The increase in the capital projects fund balance is due to less than 25% of receipts being expended.

Governmental Fund Highlights

- The General Fund balance increased by 8.7% from \$2,340,878 to \$2,545,609. This increase is primarily due to an increase in unexpended categorical dollars such as state preschool and the receipt of ARRA funds some of which helped cover general expenses.
- The Capital Projects Fund balance increased by 139.2% or \$626,014. This is due to the accumulation of sales tax revenues since the general obligation bonds were redeemed at June 1, 2009. Expenditures were limited to architect fees, shoring of ceilings at West Middle School and one capital equipment item.
- The Physical Plant and Equipment Fund (PPEL) fund balance increased by 47.2% or \$94,631. This is due to the pay back on the interfund loan with the General Fund as property tax dollars are collected. Projects funded and items purchased from the PPEL fund in fiscal year 2010 include remodeling to accommodate the day care program at the elementary, building improvements, athletic equipment, a dump truck, technology equipment and musical instruments.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased by \$6,082 from last year to \$79,369 at June 30, 2010. This was primarily due to an increase in federal revenues.

The Construction Trades Fund experienced a decrease in net assets of (\$1,014) from the previous year. This is because the 2009-2010 student-built home is not yet sold.

The Preschool Fund net assets increased by \$916 from June 30, 2009. To the extent costs exceed revenues, costs for this program are transferred into the General Fund, covered by Title I funds.

The Daycare Fund net assets decreased by (\$20,129) from the previous year. This is due to primarily two reasons, operating revenues decreased by \$12,703 and the prior year included a contribution from the hospital in the amount of \$44,178.

Budgetary Highlights

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 its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a basis consistent with generally accepted accounting principles (GAAP).

Over the course of the year, the District amended its annual operating budget one time to allow for the payment of architect fees and additional curriculum materials.

With the amendment of the budget, none of the function areas exceeded the certified budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total revenues were \$1,127,545 less than budgeted, a variance of 7.3%. This was primarily due to 10% across the board cut in state funding and the student-built home not selling in FY '10.

Total expenditures were less than the budgeted amount by 23.9%. This is primarily due to the District's practice to budget expenditures near 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 exceed the actual expenditures during the year. Total expenditures are also lower than budget due to no expenditures for the FY '10 student-being recognized and the reduction of costs as a reaction to the state categorical funding cut.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2010, the District had invested approximately \$7.3 million in a broad range of assets, including school buildings, athletic facilities, transportation, and technology equipment. (See Figure A-8) This is a net decrease of \$86,199 from last year. The decrease is attributed to depreciation outpacing capital purchases during the year. Building capital improvements for the year included shoring of ceilings at West Middle School at a cost of \$77,005, door replacement at Strawberry Hill Elementary at a cost of \$16,028 and roof repairs at the middle school and high school at a total cost of \$23,153, football field concession stand and restroom construction costs of \$21,410 and \$13,758, respectively. Equipment additions for the year included the purchase of a volleyball standard system (\$6,283), high school gymnasium curtain (\$13,554), Strawberry Hill server (\$5,383), high school library air conditioner (\$5,120), used 84 passenger bus (\$6,500), '94 dump truck (\$16,250), special education equipment (\$2,875), bassoon (\$3,079) and a playground system for the preschool program (\$57,154). Site improvements consisted of replacing cement at Strawberry Hill Elementary at a total cost of \$2,550. **(More detailed information about capital assets can be found in Note 5 to the financial statements.)** Depreciation expense for the year was \$394,898 for governmental activities.

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009-2010</u>
Land	\$591,350	\$591,350	\$ -	\$ -	\$591,350	\$ 591,350	0.0%
Land Improvements	413,539	384,946			413,539	384,946	-6.9%
Construction In Progress	7,883	15,921			7,883	15,921	102.0%
Buildings	5,991,987	5,984,378	-	-	5,991,987	5,984,378	-1%
Equipment & Furniture	<u>359,198</u>	<u>309,564</u>	<u>77,168</u>	<u>68,767</u>	<u>436,366</u>	<u>378,331</u>	-13.3%
	\$ 7,363,957	\$7,286,159	\$77,168	\$68,767	\$7,441,125	\$7,354,926	-1.2%

Long-Term Debt

At year-end, the District had total long-term liabilities of \$197,325. This is an increase of \$110,501 from the previous fiscal year as can be seen in Figure A-9 below. More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

During the year the District offered an early retirement package increasing its early retirement liability to \$119,630. The District also made the final payment on technology

loan notes originated in June 2006. The District is now required to disclose the net other post-employment benefit liability (OPEB) which is the actuarially determined cost of retired employees staying on the District's group health insurance plan.

Figure A-9

Outstanding Long-Term Liabilities

	Total		Total
	School District		Percentage
	2009	2010	Change
			2009-2010
Early retirement	\$ 19,369	\$ 119,630	517.6%
Net OPEB Liability	0	36,145	100.0%
Compensated Absences	48,655	41,550	-14.6%
Notes Payable	<u>18,800</u>	<u>0</u>	-100.0%
Total	\$ 86,824	\$ 197,325	127.3%

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 will affect its financial condition in the future:

- For fiscal year 2011, the allowable growth rate of 2% was underfunded by the State by approximately 5%, or \$283.61 per weighted enrollment, for a total funding shortfall of (\$420,932).
- While the District received approval in FY '10 to authorize \$12,420,000 in Qualified School Construction Bonds (QSCB's) for a new middle school, at this time only \$3,800,000 have been sold. To the extent the District cannot find buyers for these bonds, the District will be paying a coupon rate to investors to purchase the balance of these bonds. The latest estimate the District will be paying is a 1% coupon rate or approximately \$602,000 in interest costs to the investors. The \$602,000 will need to be factored in to the cost of the project.
- The State of Iowa has elected a new governor. Governor Branstad is looking for ways to decrease spending. One of the programs on the table to be cut is the 4 year old preschool program. Rather than being fully funded by taxpayers, the Governor is proposing the

program be on a sliding fee scale basis. This could have an impact on the revenue generated to provide the program as well as the number of children participating.

- Certified teaching staff, represented by the Anamosa Education Association, make up approximately \$6,807,000 in wages and benefits or 54% of all General Fund expenditures. Salary and benefit settlements with any employee group in excess of “new money” or allowable growth in state funding has an adverse effect on the District’s General Fund budget and related fund balance.
- Each of the day care programs operated by the District experienced a decrease in program revenue in FY 2010, while expenses increased in most areas. It is important for these programs to be self-sufficient as General Fund dollars cannot be used to offset any deficits. Keeping daily attendance levels up and fee collections current are imperative.

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 Linda Von Behren, Business Manager, Anamosa Community School District, 200 S Garnavillo Street, Anamosa, Iowa, 52205.

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Basic Financial Statements

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 4,478,873	\$ 102,979	\$ 4,581,852
Receivables:			
Property tax:			
Current year	48,099	-	48,099
Succeeding year	4,048,976	-	4,048,976
Income surtax	309,281	-	309,281
Accounts	4,053	23,913	27,966
Due from other governments	451,351	-	451,351
Interfund balances (note 4)	219,170	(219,170)	-
Inventories	-	239,009	239,009
Prepaid expenses	50,334	340	50,674
Capital assets, net of accumulated depreciation (note 5)	7,286,159	68,767	7,354,926
Total assets	16,896,296	215,838	17,112,134
Liabilities			
Accounts payable	300,568	4,654	305,222
Salaries and benefits payable	1,174,091	39,146	1,213,237
Deferred revenue:			
Succeeding year property tax	4,048,976	-	4,048,976
Other	30,782	6,581	37,363
Long-term liabilities (notes 6 and 7):			
Portion due within one year:			
Early retirement	29,907	-	29,907
Compensated absences	41,550	9,589	51,139
Portion due after one year:			
Early retirement	89,723	-	89,723
Net OPEB liability	36,145	3,855	40,000
Total liabilities	5,751,742	63,825	5,815,567

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets	\$ 7,286,159	\$ 68,767	\$ 7,354,926
Restricted for:			
Categorical funding (note 11)	596,604	-	596,604
Other special revenue purposes	138,526	-	138,526
Debt service	71,926	-	71,926
Capital projects	1,075,882	-	1,075,882
Unrestricted	<u>1,975,457</u>	<u>83,246</u>	<u>2,058,703</u>
Total net assets	<u>\$ 11,144,554</u>	<u>\$ 152,013</u>	<u>\$ 11,296,567</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 8,837,773	\$ 1,496,949	\$ 1,382,565	\$ -
Support services:				
Student services	486,813	-	41,017	-
Instructional staff services	522,778	-	20,582	-
Administration services	1,251,078	-	-	-
Operation and maintenance of plant services	902,302	9,227	21,473	-
Transportation services	662,900	19,060	15,280	-
	<u>3,825,871</u>	<u>28,287</u>	<u>98,352</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	20,461	-	-	-
Long-term debt interest and fiscal charges	12,408	-	-	-
AEA flowthrough	526,833	-	526,833	-
Depreciation (unallocated) *	249,110	-	-	-
	<u>808,812</u>	<u>-</u>	<u>526,833</u>	<u>-</u>
Total governmental activities	<u>13,472,456</u>	<u>1,525,236</u>	<u>2,007,750</u>	<u>-</u>
Business-Type Activities:				
Instruction	<u>13,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:				
Instructional staff services	823	-	-	-
Administration services	10,779	-	-	-
Operation and maintenance of plant services	6,902	-	-	-
Transportation services	739	-	-	-
	<u>19,243</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,958,259)	\$ -	\$ (5,958,259)
(445,796)	-	(445,796)
(502,196)	-	(502,196)
(1,251,078)	-	(1,251,078)
(871,602)	-	(871,602)
(628,560)	-	(628,560)
(3,699,232)	-	(3,699,232)
(20,461)	-	(20,461)
(12,408)	-	(12,408)
-	-	-
(249,110)	-	(249,110)
(281,979)	-	(281,979)
(9,939,470)	-	(9,939,470)
-	(13,891)	(13,891)
-	(823)	(823)
-	(10,779)	(10,779)
-	(6,902)	(6,902)
-	(739)	(739)
-	(19,243)	(19,243)

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities (continued):				
Non-instructional programs:				
Food service operations	\$ 620,400	\$ 362,908	\$ 271,405	\$ 7,954
Construction and trades operations	182	476	-	-
Preschool operations	9,556	17,668	6,695	-
Daycare operations	416,375	398,255	-	-
	<u>1,046,513</u>	<u>779,307</u>	<u>278,100</u>	<u>7,954</u>
Total business-type activities	<u>1,079,647</u>	<u>779,307</u>	<u>278,100</u>	<u>7,954</u>
Total	<u>\$ 14,552,103</u>	<u>\$ 2,304,543</u>	<u>\$ 2,285,850</u>	<u>\$ 7,954</u>

General Revenues:

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

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ -	\$ 21,867	\$ 21,867
-	294	294
-	14,807	14,807
-	(18,120)	(18,120)
-	18,848	18,848
-	(14,286)	(14,286)
(9,939,470)	(14,286)	(9,953,756)
3,537,485	-	3,537,485
275,582	-	275,582
343,184	-	343,184
805,090	-	805,090
5,577,081	-	5,577,081
24,372	141	24,513
74,356	-	74,356
10,637,150	141	10,637,291
697,680	(14,145)	683,535
10,446,874	166,158	10,613,032
\$ 11,144,554	\$ 152,013	\$ 11,296,567

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 3,236,432	\$ 916,841	\$ 325,600	\$ 4,478,873
Receivables:				
Property tax:				
Current year	41,961	-	6,138	48,099
Succeeding year	3,490,289	-	558,687	4,048,976
Income surtax	309,281	-	-	309,281
Interfund receivable (note 4)	418,630	-	-	418,630
Accounts	4,053	-	-	4,053
Due from other governments	273,193	178,158	-	451,351
Prepaid expenses	50,334	-	-	50,334
	<hr/>			
Total assets	<u>\$ 7,824,173</u>	<u>\$ 1,094,999</u>	<u>\$ 890,425</u>	<u>\$ 9,809,597</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 275,011	\$ 19,117	\$ 6,440	\$ 300,568
Salaries and benefits payable	1,173,201	-	890	1,174,091
Interfund payable (note 4)	-	-	199,460	199,460
Deferred revenue:				
Succeeding year property tax	3,490,289	-	558,687	4,048,976
Other	340,063	-	-	340,063
Total liabilities	<u>5,278,564</u>	<u>19,117</u>	<u>765,477</u>	<u>6,063,158</u>
Fund balances:				
Reserved for:				
Categorical funding (note 11)	596,604	-	-	596,604
Prepaid expenses	50,334	-	-	50,334
Debt service	-	-	71,926	71,926
Unreserved:				
Designated for:				
Wellness	48,852	-	-	48,852
Curriculum	5,160	-	-	5,160
Undesignated, reported in:				
General fund	1,844,659	-	-	1,844,659
Special revenue funds	-	-	53,022	53,022
Capital projects fund	-	1,075,882	-	1,075,882
Total fund balances	<u>2,545,609</u>	<u>1,075,882</u>	<u>124,948</u>	<u>3,746,439</u>
Total liabilities and fund balances	<u>\$ 7,824,173</u>	<u>\$ 1,094,999</u>	<u>\$ 890,425</u>	<u>\$ 9,809,597</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2010

Total fund balances of governmental funds	\$ 3,746,439
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,286,159
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	309,281
Long-term liabilities, including compensated absences, early retirement and net OPEB liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(197,325)</u>
Net assets of governmental activities	<u>\$ 11,144,554</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,718,733	\$ 805,090	\$ 480,803	\$ 5,004,626
Tuition	720,134	-	-	720,134
Other	186,809	1,174	430,405	618,388
Intermediate sources	12,927	-	-	12,927
State sources	6,448,629	-	437	6,449,066
Federal sources	1,367,265	-	11,604	1,378,869
Total revenues	<u>12,454,497</u>	<u>806,264</u>	<u>923,249</u>	<u>14,184,010</u>
Expenditures:				
Current:				
Instruction	8,310,201	-	437,910	8,748,111
Support services:				
Student services	465,885	-	-	465,885
Instructional staff services	464,577	-	20,383	484,960
Administration services	1,122,017	114,834	28,301	1,265,152
Operation and maintenance of plant services	820,135	-	137,211	957,346
Transportation services	532,075	-	85,614	617,689
	<u>3,404,689</u>	<u>114,834</u>	<u>271,509</u>	<u>3,791,032</u>
Other expenditures:				
Facilities acquisition	-	53,416	133,557	186,973
Long term debt:				
Principal	-	-	18,800	18,800
Interest and fiscal charges	-	12,000	408	12,408
AEA flowthrough	526,833	-	-	526,833
	<u>526,833</u>	<u>65,416</u>	<u>152,765</u>	<u>745,014</u>
Total expenditures	<u>12,241,723</u>	<u>180,250</u>	<u>862,184</u>	<u>13,284,157</u>
Excess of revenues over expenditures	<u>212,774</u>	<u>626,014</u>	<u>61,065</u>	<u>899,853</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):				
Sale of equipment	\$ 1,968	\$ -	\$ -	\$ 1,968
Compensation for loss of capital assets	9,197	-	21,745	30,942
Interfund transfers in (note 3)	-	-	19,208	19,208
Interfund transfers out (note 3)	(19,208)	-	-	(19,208)
Total other financing sources (uses)	<u>(8,043)</u>	<u>-</u>	<u>40,953</u>	<u>32,910</u>
Net change in fund balances	204,731	626,014	102,018	932,763
Fund balances beginning of year	<u>2,340,878</u>	<u>449,868</u>	<u>22,930</u>	<u>2,813,676</u>
Fund balances end of year	<u>\$ 2,545,609</u>	<u>\$ 1,075,882</u>	<u>\$ 124,948</u>	<u>\$ 3,746,439</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ 932,763

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

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

Expenditures for capital assets	\$ 317,100	
Depreciation expense	<u>(394,898)</u>	(77,798)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. (46,784)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 18,800

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

Early retirement	(100,261)	
Compensated absences	7,105	
Net OPEB liability	<u>(36,145)</u>	<u>(129,301)</u>

Change in net assets of governmental activities \$ 697,680

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	School Nutrition	Nonmajor Enterprise Funds	Total
Assets			
Cash and cash equivalents	\$ 30,114	\$ 72,865	\$ 102,979
Accounts receivable	2,843	21,070	23,913
Inventories	20,437	218,572	239,009
Prepaid expenses	-	340	340
Capital assets, net of accumulated depreciation (note 5)	68,767	-	68,767
Total assets	<u>122,161</u>	<u>312,847</u>	<u>435,008</u>
Liabilities			
Accounts payable	105	4,549	4,654
Salaries and benefits payable	9,140	30,006	39,146
Interfund payable (note 4)	26,143	193,027	219,170
Deferred revenue	5,921	660	6,581
Compensated absences (note 6)	-	9,589	9,589
Net OPEB liability (notes 6 and 7)	1,483	2,372	3,855
Total liabilities	<u>42,792</u>	<u>240,203</u>	<u>282,995</u>
Net Assets			
Invested in capital assets	68,767	-	68,767
Unrestricted	10,602	72,644	83,246
Total net assets	<u>\$ 79,369</u>	<u>\$ 72,644</u>	<u>\$ 152,013</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	School Nutrition	Nonmajor Enterprise Funds	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 362,908	\$ 416,399	\$ 779,307
Operating expenses:			
Instruction	-	13,891	13,891
Support services:			
Instructional staff services	-	823	823
Administration services	9,139	1,640	10,779
Operation and maintenance of plant services	6,727	175	6,902
Transportation services	-	739	739
Non-instructional programs	620,400	426,113	1,046,513
	<u>636,266</u>	<u>443,381</u>	<u>1,079,647</u>
Operating loss	(273,358)	(26,982)	(300,340)
Non-operating revenues:			
Interest on investments	81	60	141
Capital contributions	7,954	-	7,954
State sources	5,721	6,695	12,416
Federal sources	265,684	-	265,684
Total non-operating revenues	<u>279,440</u>	<u>6,755</u>	<u>286,195</u>
Change in net assets	6,082	(20,227)	(14,145)
Net assets beginning of year	<u>73,287</u>	<u>92,871</u>	<u>166,158</u>
Net assets end of year	<u>\$ 79,369</u>	<u>\$ 72,644</u>	<u>\$ 152,013</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	School Nutrition	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 357,626	\$ -	\$ 357,626
Cash received from miscellaneous operating activities	1,077	600,559	601,636
Cash payments to employees for services	(303,585)	(401,802)	(705,387)
Cash payments to suppliers for goods or services	(255,384)	(276,435)	(531,819)
Net cash used by operating activities	<u>(200,266)</u>	<u>(77,678)</u>	<u>(277,944)</u>
Cash flows from non-capital financing activities:			
State grants received	5,721	6,695	12,416
Federal grants received	218,695	-	218,695
Net cash provided by non-capital financing activities	<u>224,416</u>	<u>6,695</u>	<u>231,111</u>
Cash flows from investing activities:			
Interest on investments	81	60	141
Net increase (decrease) in cash and cash equivalents	24,231	(70,923)	(46,692)
Cash and cash equivalents beginning of year	<u>5,883</u>	<u>(48,170)</u>	<u>(42,287)</u>
Cash and cash equivalents end of year	<u>\$ 30,114</u>	<u>\$ (119,093)</u>	<u>\$ (88,979)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	School Nutrition	Nonmajor Enterprise Funds	Total
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (273,358)	\$ (26,982)	\$ (300,340)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	16,355	-	16,355
Commodities used	46,989	-	46,989
(Increase) decrease in accounts receivable	(2,843)	184,225	181,382
(Increase) in inventories	(9,926)	(193,572)	(203,498)
(Increase) in prepaid expenses	-	(340)	(340)
Increase (decrease) in accounts payable	17	(34,630)	(34,613)
Increase in salaries and benefits payable	1,936	41	1,977
Increase (decrease) in interfund payable	20,443	(2,720)	17,723
(Decrease) in deferred revenue	(1,362)	(65)	(1,427)
(Decrease) in compensated absences	-	(6,007)	(6,007)
Increase in net OPEB liability	1,483	2,372	3,855
Net cash used by operating activities	<u>\$ (200,266)</u>	<u>\$ (77,678)</u>	<u>\$ (277,944)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$46,989 of federal commodities and \$7,954 of contributed equipment.

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2010

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>69,244</u>	\$ <u>65,322</u>
Liabilities:		
Accounts payable	-	213
Other payables	<u>-</u>	<u>65,109</u>
Total liabilities	<u>-</u>	<u>65,322</u>
Net assets:		
Reserved for scholarships	\$ <u><u>69,244</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2010

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$	600
Interest		<u>1,604</u>
Total additions		<u>2,204</u>
Deductions:		
Support services:		
Scholarships awarded		<u>3,420</u>
Change in net assets		(1,216)
Net assets beginning of year		<u>70,460</u>
Net assets end of year	\$	<u><u>69,244</u></u>
See notes to financial statements.		

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies

Anamosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve, special education pre-kindergarten, and a preschool program for three and four year olds. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Anamosa, Martelle, Viola, Morley, Fairview, and Stone City, Iowa, and agricultural territory in Jones 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, Anamosa 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. Anamosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2009.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2010 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	150,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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.

Designated Fund Balance – The District has designated a portion of the fund balance of the General Fund for wellness and curriculum.

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

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2010 consists of \$1,882,938.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u>5,006</u>

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

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	General	\$ <u>19,208</u>

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 4. Interfund Receivables and Payables

At June 30, 2010, interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Interfund balances between governmental funds:		
Other receivables:		
General	Special Revenue - Student Activity	\$ 360
	Special Revenue - Physical Plant and Equipment Levy	199,100
		<u>199,460</u>
Interfund balances between governmental and proprietary funds:		
Pooled cash balances:		
General	Enterprise - Construction and Trades	<u>191,958</u>
Other receivables:		
General	Enterprise - Construction and Trades	1,069
General	Enterprise - School Nutrition	<u>26,143</u>
		<u>27,212</u>
		<u>219,170</u>
Total		<u>\$ 418,630</u>

Pooled cash balances are temporary financing between funds which is necessary due to the timing of expected revenues from the sale of the student built house and the related expenses.

The other receivable interfund balance between the General Fund and the Physical Plant and Equipment Levy Fund is a long-term loan to finance land acquisition. This loan will be repaid over six years and includes interest at 4.0% per annum. The remaining other receivable interfund balances are due to timing differences involved in various reimbursements at year end.

The balances between governmental funds are not included on the government-wide Statement of Net Assets. The balances between governmental and proprietary funds have been eliminated on the face of the government-wide Statement of Net Assets.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,350	\$ -	\$ -	\$ 591,350
Construction in progress	7,883	15,921	7,883	15,921
Total capital assets not being depreciated	<u>599,233</u>	<u>15,921</u>	<u>7,883</u>	<u>607,271</u>
Capital assets being depreciated:				
Buildings	8,628,284	190,314	-	8,818,598
Improvements other than buildings	671,628	2,550	-	674,178
Furniture and equipment	2,015,024	116,198	103,575	2,027,647
Total capital assets being depreciated	<u>11,314,936</u>	<u>309,062</u>	<u>103,575</u>	<u>11,520,423</u>
Less accumulated depreciation for:				
Buildings	2,636,297	197,923	-	2,834,220
Improvements other than buildings	258,089	31,143	-	289,232
Furniture and equipment	1,655,826	165,832	103,575	1,718,083
Total accumulated depreciation	<u>4,550,212</u>	<u>394,898</u>	<u>103,575</u>	<u>4,841,535</u>
Total capital assets being depreciated, net	<u>6,764,724</u>	<u>(85,836)</u>	<u>-</u>	<u>6,678,888</u>
Governmental activities capital assets, net	<u>\$ 7,363,957</u>	<u>\$ (69,915)</u>	<u>\$ 7,883</u>	<u>\$ 7,286,159</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 250,881	\$ 7,954	\$ 1,134	\$ 257,701
Less accumulated depreciation	173,713	16,355	1,134	188,934
Business-type activities capital assets, net	<u>\$ 77,168</u>	<u>\$ (8,401)</u>	<u>\$ -</u>	<u>\$ 68,767</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 5. Capital Assets (continued)

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

Governmental activities:

Instruction	\$ 20,056
Support services:	
Instructional staff	37,943
Operation and maintenance of plant services	19,571
Transportation	<u>68,218</u>
	145,788
Unallocated depreciation	<u>249,110</u>
 Total governmental activities depreciation expense	 <u>\$ 394,898</u>

Business-type activities:

Food service operations	<u>\$ 16,355</u>
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Note 6. Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2010 is as follows:

	<u>Compensated Absences</u>	<u>Early Retirement</u>	<u>Technology Loan Notes</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Balance beginning of year	\$ 48,655	\$ 19,369	\$ 18,800	\$ -	\$ 86,824
Additions	41,550	119,630	-	36,145	197,325
Reductions	<u>48,655</u>	<u>19,369</u>	<u>18,800</u>	<u>-</u>	<u>86,824</u>
 Balance end of year	 <u>\$ 41,550</u>	 <u>\$ 119,630</u>	 <u>\$ -</u>	 <u>\$ 36,145</u>	 <u>\$ 197,325</u>
 Due within one year	 <u>\$ 41,550</u>	 <u>\$ 29,907</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 71,457</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities (continued)

Early Retirement

The District offered a voluntary early retirement plan to its employees for fiscal year 2010 only. Under the plan, eligible employees had to be at least age fifty-five and had to have completed fifteen years of full-time contracted service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible classified employee is equal to 45% of the employee's 2009-10 annualized wage excluding overtime. The early retirement incentive for each eligible certified employee is equal to 45% of the employee's 2009-10 salary schedule, excluding extra-curricular, Phase II, or other payments not included in the salary schedule and subject to a maximum of \$20,000 per individual. Early retirement benefits will be paid in four equal annual payments into a 403(b) retirement plan or a health reimbursement arrangement (HRA).

At June 30, 2010, the District has obligations to six participants with a total liability of \$119,630. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$19,369. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

A summary of changes in business-type activities long-term liabilities for the year ended June 30, 2010 is as follows:

	Compensated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ 15,596	\$ -	\$ 15,596
Additions	9,589	3,855	13,444
Reductions	15,596	-	15,596
Balance end of year	<u>\$ 9,589</u>	<u>\$ 3,855</u>	<u>\$ 13,444</u>
Due within one year	<u>\$ 9,589</u>	<u>\$ -</u>	<u>\$ 9,589</u>

Note 7. Other Postemployment Benefits (OPEB)

The District prospectively implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 128 active and 17 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 7. Other Postemployment Benefits (OPEB) (continued)

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 60,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>60,000</u>
Contributions made	<u>20,000</u>
Increase in net OPEB obligation	40,000
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>\$ 40,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$20,000 to the medical plan.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 60,000	33.3%	\$ 40,000

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$481,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$481,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,466,000, and the ratio of the UAAL to covered payroll was 5.7%. As of June 30, 2010, there were no trust fund assets.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 7. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality and the health care cost trend.

Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Mortality Table projected to 2000. The UAAL is being amortized as a level dollar cost over the service of the group on a closed basis over 30 years.

Note 8. Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the year ended June 30, 2010. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$553,957, \$536,367, and \$495,065, respectively, equal to the required contributions for each year.

Note 9. Risk Management

Anamosa Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 10. 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 \$526,833 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Categorical Funding

The District's fund balance reserved for categorical funding at June 30, 2010 is comprised of the following programs:

Program	Amount
Limited English proficient	\$ 8,638
Home school assistance program	38,153
At-risk programs	8,395
Gifted and talented programs	61,445
Returning dropouts and dropout prevention programs	186,896
Four year old preschool state aid	109,996
Beginning teacher mentoring and induction program	1,441
Salary improvement program	73,400
Additional teacher contract day	3,941
Additional salary, professional development, or both	89
Market factor	5,409
Professional development for model core curriculum	18,926
Professional development	69,667
Market factor incentives	10,160
Textbook aid for nonpublic students	48
Total	\$ 596,604

Note 12. Deficit Balance

The Special Revenue, Physical Plant and Equipment Levy Fund within the nonmajor governmental funds had a deficit fund balance of \$105,769 at June 30, 2010.

Note 13. Subsequent Events

In May 2010, the District approved the purchase of 41.5 acres for \$585,000. The closing date will be in either December 2010 or January 2011, at the election of the seller. The purchase agreement will be paid over five years and includes interest at 3.75%.

In May 2010, the District accepted authorization to issue \$12,420,000 of qualified school construction bonds in the future. In November 2010, the District approved the sale of \$3,800,000 of taxable qualified school construction revenue bonds. The bonds are payable over nineteen years and include a 0% interest rate to the District and a 5.49% tax credit rate to the bondholders.

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Required Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
 Budget and Actual – All Governmental Funds
 and Proprietary Funds
 Required Supplementary Information
 Year Ended June 30, 2010

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds - Actual	Funds - Actual		Original	Final	
REVENUES:						
Local sources	\$ 6,343,148	\$ 787,402	\$ 7,130,550	\$ 7,177,721	\$ 7,177,721	\$ (47,171)
Intermediate sources	12,927	-	12,927	-	-	12,927
State sources	6,449,066	12,416	6,461,482	8,672,646	8,672,646	(2,211,164)
Federal sources	1,378,869	265,684	1,644,553	526,690	526,690	1,117,863
Total revenues	14,184,010	1,065,502	15,249,512	16,377,057	16,377,057	(1,127,545)
EXPENDITURES/EXPENSES:						
Instruction	8,748,111	13,891	8,762,002	10,590,436	10,590,436	1,828,434
Support services	3,791,032	19,243	3,810,275	4,395,566	4,525,566	715,291
Non-instructional programs	-	1,046,513	1,046,513	1,142,184	1,242,184	195,671
Other expenditures	745,014	-	745,014	1,442,546	1,442,546	697,532
Total expenditures/expenses	13,284,157	1,079,647	14,363,804	17,570,732	17,800,732	3,436,928
Excess (deficiency) of revenues over (under) expenditures/ expenses	899,853	(14,145)	885,708	(1,193,675)	(1,423,675)	2,309,383
Other financing sources, net	32,910	-	32,910	(93,900)	(93,900)	126,810
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	932,763	(14,145)	918,618	(1,287,575)	(1,517,575)	2,436,193
Balance beginning of year	2,813,676	166,158	2,979,834	1,826,318	1,826,318	1,153,516
Balance end of year	\$ <u>3,746,439</u>	\$ <u>152,013</u>	\$ <u>3,898,452</u>	\$ <u>538,743</u>	\$ <u>308,743</u>	\$ <u>3,589,709</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2010

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$230,000.

During the year ended June 30, 2010, expenditures did not exceed the amounts budgeted.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2010

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2010	July 1, 2009	\$ -	\$ 481	\$ 481	0.0%	\$ 8,466	5.7%

See note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
Assets					
Cash and pooled investments	\$ 21,479	\$ 142,394	\$ 89,801	\$ 71,926	\$ 325,600
Receivables:					
Property tax:					
Current year	2,608	-	3,530	-	6,138
Succeeding year	273,615	-	285,072	-	558,687
Total assets	\$ 297,702	\$ 142,394	\$ 378,403	\$ 71,926	\$ 890,425
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 3,822	\$ 2,618	\$ -	\$ -	\$ 6,440
Salaries and benefits payable	-	890	-	-	890
Interfund payable	-	360	199,100	-	199,460
Deferred revenue:					
Succeeding year property tax	273,615	-	285,072	-	558,687
Total liabilities	277,437	3,868	484,172	-	765,477
Fund balances:					
Reserved for:					
Debt service	-	-	-	71,926	71,926
Unreserved:					
Undesignated	20,265	138,526	(105,769)	-	53,022
Total fund balances	20,265	138,526	(105,769)	71,926	124,948
Total liabilities and fund balances	\$ 297,702	\$ 142,394	\$ 378,403	\$ 71,926	\$ 890,425

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	
Revenues:					
Local sources:					
Local tax	\$ 205,469	\$ -	\$ 275,334	\$ -	\$ 480,803
Other	10,577	414,352	5,311	165	430,405
State sources	189	-	248	-	437
Federal sources	-	-	11,604	-	11,604
Total revenues	216,235	414,352	292,497	165	923,249
Expenditures:					
Current:					
Instruction	39,741	381,533	16,636	-	437,910
Support services:					
Instructional staff services	-	-	20,383	-	20,383
Administration services	12,691	-	15,610	-	28,301
Operation and maintenance of plant services	126,536	-	10,675	-	137,211
Transportation services	62,864	-	22,750	-	85,614
Other expenditures:					
Facilities acquisition	-	-	133,557	-	133,557
Long term debt:					
Principal	-	-	-	18,800	18,800
Interest and fiscal charges	-	-	-	408	408
Total expenditures	241,832	381,533	219,611	19,208	862,184
Excess (deficiency) of revenues over (under) expenditures	(25,597)	32,819	72,886	(19,043)	61,065
Other financing sources:					
Compensation for loss of capital assets	-	-	21,745	-	21,745
Interfund transfers in	-	-	-	19,208	19,208
Total other financing sources	-	-	21,745	19,208	40,953

ANAMOSA COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	
Net change in fund balances	\$ (25,597)	\$ 32,819	\$ 94,631	\$ 165	\$ 102,018
Fund balances beginning of year	45,862	105,707	(200,400)	71,761	22,930
Fund balances end of year	\$ 20,265	\$ 138,526	\$ (105,769)	\$ 71,926	\$ 124,948

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

 COMBINING SCHEDULE OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2010

	<u>Construction and Trades</u>	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ -	\$ 5,756	\$ 67,109	\$ 72,865
Accounts receivable	142	-	20,928	21,070
Inventories	218,572	-	-	218,572
Prepaid expenses	-	340	-	340
Total assets	<u>218,714</u>	<u>6,096</u>	<u>88,037</u>	<u>312,847</u>
Liabilities				
Accounts payable	1,089	-	3,460	4,549
Salaries and benefits payable	468	3,694	25,844	30,006
Interfund payable	193,027	-	-	193,027
Deferred revenue	-	660	-	660
Compensated absences	-	-	9,589	9,589
Net OPEB liability	-	-	2,372	2,372
Total liabilities	<u>194,584</u>	<u>4,354</u>	<u>41,265</u>	<u>240,203</u>
Net Assets				
Unrestricted	<u>\$ 24,130</u>	<u>\$ 1,742</u>	<u>\$ 46,772</u>	<u>\$ 72,644</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 Year Ended June 30, 2010

	<u>Construction and Trades</u>	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Operating revenues:				
Local sources:				
Charges for services	\$ 476	\$ 17,668	\$ 398,255	\$ 416,399
Operating expenses:				
Instruction	-	13,891	-	13,891
Support services:				
Instructional staff services	-	-	823	823
Administration services	1,308	-	332	1,640
Operation and maintenance of plant services	-	-	175	175
Transportation services	-	-	739	739
Non-instructional programs	182	9,556	416,375	426,113
	<u>1,490</u>	<u>23,447</u>	<u>418,444</u>	<u>443,381</u>
Operating loss	(1,014)	(5,779)	(20,189)	(26,982)
Non-operating revenues:				
Interest on investments	-	-	60	60
State sources	-	6,695	-	6,695
Total non-operating revenues	<u>-</u>	<u>6,695</u>	<u>60</u>	<u>6,755</u>
Change in net assets	(1,014)	916	(20,129)	(20,227)
Net assets beginning of year	<u>25,144</u>	<u>826</u>	<u>66,901</u>	<u>92,871</u>
Net assets end of year	<u>\$ 24,130</u>	<u>\$ 1,742</u>	<u>\$ 46,772</u>	<u>\$ 72,644</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2010

	<u>Construction and Trades</u>	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from miscellaneous operating activities	\$ 191,438	\$ 17,668	\$ 391,453	\$ 600,559
Cash payments to employees for services	(319)	(22,958)	(378,525)	(401,802)
Cash payments to suppliers for goods or services	(231,740)	(699)	(43,996)	(276,435)
Net cash used by operating activities	<u>(40,621)</u>	<u>(5,989)</u>	<u>(31,068)</u>	<u>(77,678)</u>
Cash flows from non-capital financing activities:				
State grants received	-	6,695	-	6,695
Cash flows from investing activities:				
Interest on investments	-	-	60	60
Net increase (decrease) in cash and cash equivalents	(40,621)	706	(31,008)	(70,923)
Cash and cash equivalents beginning of year	<u>(151,337)</u>	<u>5,050</u>	<u>98,117</u>	<u>(48,170)</u>
Cash and cash equivalents end of year	<u>\$ (191,958)</u>	<u>\$ 5,756</u>	<u>\$ 67,109</u>	<u>\$ (119,093)</u>
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (1,014)	\$ (5,779)	\$ (20,189)	\$ (26,982)
Adjustments to reconcile operating loss to net cash used by operating activities:				
(Increase) decrease in accounts receivable	190,962	65	(6,802)	184,225
(Increase) in inventories	(193,572)	-	-	(193,572)
(Increase) in prepaid expenses	-	(340)	-	(340)
(Decrease) in accounts payable	(34,577)	-	(53)	(34,630)
Increase (decrease) in salaries and benefits payable	300	130	(389)	41
(Decrease) in interfund payable	(2,720)	-	-	(2,720)
(Decrease) in deferred revenue	-	(65)	-	(65)
(Decrease) in compensated absences	-	-	(6,007)	(6,007)
Increase in net OPEB liability	-	-	2,372	2,372
Net cash used by operating activities	<u>\$ (40,621)</u>	<u>\$ (5,989)</u>	<u>\$ (31,068)</u>	<u>\$ (77,678)</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Annual	\$ 2,249	\$ 16,730	17,181	\$ 1,798
Middle School Student Council	7,872	35,301	30,432	12,741
Class of:				
2009	(747)	747	-	-
2010	1,913	6,093	7,397	609
2011	75	6,799	3,798	3,076
Drama	1,314	1,697	2,204	807
Spanish Club	1,151	824	350	1,625
French Club	3,190	927	2,709	1,408
Interact Club	3,055	603	-	3,658
High School Art Club	3,014	3,132	3,515	2,631
Cheerleaders	(121)	15,409	14,952	336
Archery Club	(304)	14,889	13,411	1,174
Future Farmers of America	12,920	100,342	84,695	28,567
Instrumental Music	36	4,153	3,587	602
MS Instrumental Music	1,038	20,188	13,536	7,690
High School Music Trip Fund	(1,383)	1,390	-	7
General Athletics	(495)	8,739	8,244	-
Middle School Concessions	6,374	1,263	3,323	4,314
Dance Squad	(2,927)	2,934	-	7
Football	1,831	34,868	36,245	454
Boys Soccer	1,679	5,408	5,992	1,095
Girls Soccer	196	2,589	2,429	356
Baseball	1,745	7,787	9,518	14
Softball	944	7,426	6,641	1,729
Girls Track	1,033	5,313	5,241	1,105
Boys Track	1,958	3,405	3,498	1,865
Boys Golf	(727)	4,682	3,593	362
Wrestling	449	5,544	5,240	753
Cross Country	1,565	4,612	3,638	2,539
Girls Golf	(1,080)	2,467	1,174	213
Volleyball	1,348	10,033	8,075	3,306
Girls Basketball	1,447	8,390	9,327	510
Boys Basketball	1,961	12,125	11,843	2,243
Vocal Music	3,728	6,529	7,177	3,080
Musicals	2,135	-	-	2,135
Strawberry Hill - Miscellaneous	42,345	34,740	41,446	35,639
Strawberry Hill Service Project	27	-	-	27

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Science Club	\$ 364	\$ -	\$ -	364
Weight Room	143	1,470	16	1,597
ELP/SCI Store	2,189	1,374	1,368	2,195
Trapshoot Club	567	1,875	2,310	132
Parent Partner	25	-	-	25
Student Success Story	-	231	170	61
Vending Machine	1,389	10,382	6,455	5,316
Veterans Day	192	942	803	331
NHS Fundraiser	30	-	-	30
Total	\$ 105,707	\$ 414,352	\$ 381,533	\$ 138,526

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2010

	<u>Empowerment Fund</u>	<u>Music Boosters</u>	<u>ACS Celebrates</u>	<u>Total</u>
Assets and Liabilities				
Balances beginning of year	\$ 107,329	\$ 3,658	\$ -	\$ 110,987
Additions:				
Early Childhood Program	27,736	-	-	27,736
School Ready Children	37,174	-	-	37,174
Preschool Tuition Assistance	55,007	-	-	55,007
Quality Improvement	33,410	-	-	33,410
Family Support	95,405	-	-	95,405
Interest	231	-	-	231
Fees	-	3,417	-	3,417
Contributions	-	-	6,647	6,647
Total additions	<u>248,963</u>	<u>3,417</u>	<u>6,647</u>	<u>259,027</u>
Deductions:				
Agency remittances:				
Trusts paid out	297,735	2,471	4,486	304,692
Balances end of year	<u>\$ 58,557</u>	<u>\$ 4,604</u>	<u>\$ 2,161</u>	<u>\$ 65,322</u>

See accompanying independent auditor's report.

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ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SIX YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2010	2009	2008	2007
Revenues:				
Local sources:				
Local tax	\$ 5,004,626	\$ 5,039,189	\$ 4,749,517	\$ 4,512,425
Tuition	720,134	779,802	735,736	651,467
Other	618,388	675,294	697,412	732,767
Intermediate sources	12,927	8,569	200	-
State sources	6,449,066	7,465,867	7,592,452	6,625,602
Federal sources	1,378,869	736,779	778,013	867,161
Total revenues	\$ 14,184,010	\$ 14,705,500	\$ 14,553,330	\$ 13,389,422
Expenditures:				
Instruction	\$ 8,748,111	\$ 9,009,836	\$ 8,763,429	\$ 7,960,603
Support services:				
Student services	465,885	479,442	705,492	757,234
Instructional staff services	484,960	521,540	611,574	559,333
Administration services	1,265,152	1,106,262	1,118,882	1,025,053
Operation and maintenance of plant services	957,346	967,248	936,804	869,900
Transportation services	617,689	592,731	683,384	697,788
Non-instructional programs	-	-	32,000	-
Other expenditures:				
Facilities acquisition	186,973	74,688	108,081	668,331
Long-term debt:				
Principal	18,800	1,028,800	1,198,800	1,037,600
Interest and fiscal charges	12,408	41,394	102,846	158,507
AEA flowthrough	526,833	490,841	484,508	432,227
Total expenditures	\$ 13,284,157	\$ 14,312,782	\$ 14,745,800	\$ 14,166,576

See accompanying independent auditor's report.

2006	2005
\$ 4,335,162	\$ 4,167,435
537,216	491,171
630,334	496,660
-	-
6,324,145	5,920,355
927,975	862,619
<u>\$ 12,754,832</u>	<u>\$ 11,938,240</u>
\$ 7,359,279	\$ 6,731,909
830,925	675,119
398,139	347,346
920,025	816,421
883,972	740,929
596,839	540,503
-	28,781
197,203	140,819
1,000,000	304,000
216,741	231,535
403,084	378,516
<u>\$ 12,806,207</u>	<u>\$ 10,935,878</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 10	\$ 21,601
National School Lunch Program	10.555	FY 10	197,094
National School Lunch Program (non-cash)	10.555	FY 10	<u>46,989</u>
			<u>265,684</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	0234G	100,032
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 09	11,038
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 10	<u>55,349</u>
			<u>166,419</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 10	<u>3,205</u>
Improving Teacher Quality State Grants	84.367	FY 10	<u>46,309</u>
Grants for State Assessments and Related Activities	84.369	FY 10	<u>8,333</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	<u>597,438</u>
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 10	71,306
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 09	38,995
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	<u>125,684</u>
			<u>235,985</u>
Career and Technical Education - Basic Grants to States	84.048	FY 10	<u>9,414</u>
U. S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Disaster Grants - Public Assistance	97.036	DR1763	<u>20,455</u>
 Total			 <u><u>\$ 1,353,242</u></u>

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Basis of Presentation –

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

See accompanying independent auditor's report.

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

To the Board of Education of
Anamosa 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 Anamosa Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 21, 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 Anamosa Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Anamosa Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Anamosa Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Anamosa Community School District's operations for the year ended June 30, 2010 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.

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

Oskaloosa, Iowa
December 21, 2010

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

To the Board of Education of
Anamosa Community School District:

Compliance

We have audited the compliance of Anamosa Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Anamosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Anamosa Community School District's management. Our responsibility is to express an opinion on Anamosa Community School District's compliance based on our audit.

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

In our opinion, Anamosa Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no matters involving the internal control over compliance that we consider to be material weaknesses.

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

Oskaloosa, Iowa
December 21, 2010

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Anamosa Community School District qualified as a low-risk auditee.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

II-A-10 Fundraisers – We noted two athletic fundraisers where the coach collected the money and paid the invoice directly. Only the profits were then turned in to the District. In addition, the required fundraiser reconciliation was not completed for all fundraisers.

Recommendation – All fundraisers should run through the District. All receipts should be turned in to the District intact and all related expenses should be paid through the normal disbursements process. Otherwise, revenues and expenditures are both understated and the budget and district oversight are bypassed. The District should also try to make sure that all fundraisers have a completed reconciliation form.

Response – We will try to make sure all future fundraisers are properly run through the District and have a completed reconciliation.

Conclusion – Response accepted.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010, did not exceed the amounts budgeted.
- IV-B-10 Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-10 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-10 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Lowell Tiedt, Board President	Officiating	\$ 710
Connie McKean, Board Member	Substitute Teacher	2,167
Amanda Hackney, Dance Coach Owner of Jones County Spirits	Dance and cheerleading supplies	6,326

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the Board Members do not appear to represent conflicts of interest since the cumulative amount for each individual was less than \$2,500 for the fiscal year.

In accordance with an Attorney General’s opinion dated November 9, 1976, the transaction with the Dance Coach does not appear to represent a conflict of interest.

- IV-E-10 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-10 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-10 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-J-10 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

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

- IV-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-10 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales and services tax revenue are as follows:

Beginning balance	\$	449,868		
Statewide sales and services tax revenue		805,090		
Interest		1,174		
Expenditures:				
School infrastructure:				
Buildings	\$	165,505		
Equipment		2,745		
Debt service for school infrastructure:				
Revenue debt fiscal services		<table style="width: 100%; border-collapse: collapse; margin-left: auto; margin-right: 0;"> <tr> <td style="border-bottom: 1px solid black; width: 50%; text-align: right;">12,000</td> <td style="border-bottom: 1px solid black; width: 50%; text-align: right;">180,250</td> </tr> </table>	12,000	180,250
12,000	180,250			
Ending balance	\$	<u><u>1,075,882</u></u>		

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars	
Debt service levy	\$ 3.00242	\$	805,090

- IV-M-10 Financial Condition – At June 30, 2010, the Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund had a negative fund balance of \$105,769.

Recommendation – The District needs to explore alternatives to restore the PPEL Fund to a sound financial condition.

Response – The PPEL Fund deficit is due to a long-term interfund loan to purchase land and will be eliminated as the loan is repaid.

Conclusion – Response accepted.