

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

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Belle Plaine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Joyce Livermore	President	2011
Don McKinney	Vice President	2009
Jim Pierce	Board Member	2009
Mike Bachelder	Board Member	2011
Marie Stratford	Board Member	2011
Board of Education (After September 2009 Election)		
Joyce Livermore	President	2011
Don McKinney	Vice President	2013
Jim Pierce	Board Member	2013
Mike Bachelder	Board Member	2011
Marie Stratford	Board Member	2011
School Officials		
William Lynch	Superintendent	2010
Lori McClenathan	Business Manager	2010
Gruhn Law Office	Attorney	2010
Lynch Dallas PC	Attorney	2010

Belle Plaine Community School District

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Belle Plaine 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 Belle Plaine Community School District, Belle Plaine, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

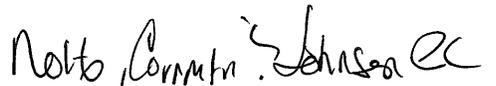
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District at 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 March 29, 2011 on our consideration of Belle Plaine Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 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. 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 Belle Plaine 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 six years ended June 30, 2009 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Belle Plaine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$5,824,312 in fiscal 2009 to \$5,822,977 in fiscal 2010 and General Fund expenditures decreased from \$5,624,702 in fiscal 2009 to \$5,326,589 in fiscal 2010. This resulted in an increase in the District's General Fund balance from \$923,074 in fiscal 2009 to a balance of \$1,419,462 in fiscal 2010, a 53.78% increase over the prior year.
- The increase in General Fund revenues was attributable to an increase in federal revenues in fiscal 2010. The largest decrease in expenditures was in Support Services Functional Area. The revenues exceeding expenditures guaranteed the increase in General Fund balance.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) increased from 15.50% at June 30, 2009 to 23.40% at June 30, 2010. The State School Budget Review Committee recommends a solvency ratio of 5% - 10%.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

Figure A-1
Belle Plaine Community School District Annual Financial Report

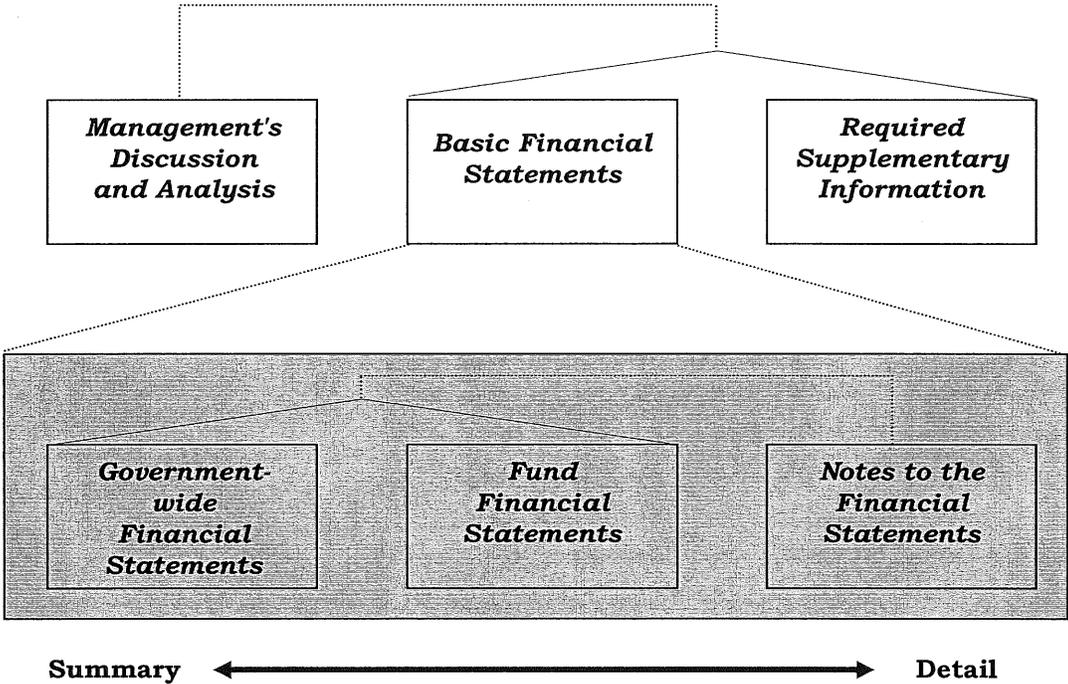


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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 services and adult education
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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
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
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the

District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 9,069,391	15,068,764	25,844	5,099	9,095,235	15,073,863	-39.66%
Capital assets	8,466,871	1,480,313	5,754	5,585	8,472,625	1,485,898	470.20%
Total assets	17,536,262	16,549,077	31,598	10,684	17,567,860	16,559,761	6.09%
Long-term obligations	8,386,532	8,471,685	850	-	8,387,382	8,471,685	-1.00%
Other liabilities	3,972,790	3,652,710	25,105	26,133	3,997,895	3,678,843	8.67%
Total liabilities	12,359,322	12,124,395	25,955	26,133	12,385,277	12,150,528	1.93%
Net assets:							
Invested in capital assets	999,249	911,321	5,754	5,585	1,005,003	916,906	9.61%
Restricted	2,428,120	2,401,752	-	-	2,428,120	2,401,752	1.10%
Unrestricted	1,749,571	1,111,609	(111)	(21,034)	1,749,460	1,090,575	60.42%
Total net assets	\$ 5,176,940	4,424,682	5,643	(15,449)	5,182,583	4,409,233	17.54%

The District's combined net assets increased by 17.54%, or \$773,350, over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 1.10%, or \$26,368, over the prior year.

Unrestricted net assets-the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased 60.42%, or \$658,885, over the prior year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 as compared to year ended June 30, 2009.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for services	\$ 410,542	485,580	152,964	146,854	563,506	632,434	-10.90%
Operating grants and contributions and restricted interest	1,208,022	744,394	143,552	133,044	1,351,574	877,438	54.04%
General revenues:							
Property tax	2,294,593	2,066,365	-	-	2,294,593	2,066,365	11.04%
Income surtax	244,760	251,781	-	-	244,760	251,781	-2.79%
Statewide sales, services and use tax	350,898	351,279	-	-	350,898	351,279	-0.11%
Unrestricted state grants	2,374,651	2,592,302	-	-	2,374,651	2,592,302	-8.40%
Other	242,762	229,410	1,938	252	244,700	229,662	6.55%
Total revenues	7,126,228	6,721,111	298,454	280,150	7,424,682	7,001,261	6.05%
Program expenses:							
Governmental activities:							
Instructional	4,016,237	3,920,387	-	-	4,016,237	3,920,387	2.44%
Support services	1,561,338	1,501,714	2,159	-	1,563,497	1,501,714	4.11%
Non-instructional programs	-	-	275,203	294,910	275,203	294,910	-6.68%
Other expenses	796,395	270,211	-	-	796,395	270,211	194.73%
Total expenses	6,373,970	5,692,312	277,362	294,910	6,651,332	5,987,222	11.09%
Change in net assets	752,258	1,028,799	21,092	(14,760)	773,350	1,014,039	-23.74%
Net assets beginning of year	4,424,682	3,395,883	(15,449)	(689)	4,409,233	3,395,194	29.87%
Net assets end of year	\$ 5,176,940	4,424,682	5,643	(15,449)	5,182,583	4,409,233	17.54%

In fiscal 2010, local tax and unrestricted state grants account for 73.88% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.35% of the revenue from business type activities.

The District's total revenues were \$7,424,682 of which \$7,126,228 was for governmental activities and \$298,454 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.05% increase in revenues and a 11.09% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$7,126,228 and expenses were \$6,373,970. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 4,016,237	3,920,387	2.44%	2,634,565	2,906,840	-9.37%
Support services	1,561,338	1,501,714	3.97%	1,561,009	1,501,714	3.95%
Other expenses	796,395	270,211	194.73%	559,832	53,784	940.89%
Totals	\$ 6,373,970	5,692,312	11.98%	4,755,406	4,462,338	6.57%

- The cost financed by users of the District's programs was 410,542.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,208,022.
- The net cost of governmental activities was financed with \$2,539,353 in local tax, \$350,898 in statewide sales, services and use tax, \$2,374,651 in unrestricted state grants, \$124,393 in interest income, and \$118,369 in other general revenue.

Business type Activities

Revenues of the District's business type activities were \$298,454 and expenses were \$277,362. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$4,985,561, compared to last year's ending fund balances of \$11,195,323.

Governmental Fund Highlights

- The General Fund balance increased from \$923,074 to \$1,419,462, due to revenues exceeding expenditures.
- The Capital Projects fund balance decreased from \$9,647,517 to \$2,595,523, due to general construction costs during the year.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from a deficit \$15,499 at June 30, 2009 to a fund balance of \$5,643 at June 30, 2010, representing an increase of 136.53%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$192,554 less than budgeted revenues, a variance of 2.53%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at or 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 always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$8,472,625, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 470.20% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$118,885.

The original cost of the District's capital assets was \$11,099,419. Governmental funds account for \$11,026,117 with the remainder of \$73,302 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$7,643,406 at June 30, 2010, compared to \$599,776 reported at June 30, 2009. The increase is mainly because the District started the Elementary and Jr. High School addition and renovations during the fiscal year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 28,065	28,065	-	-	28,065	28,065	0.00%
Construction in progress	7,643,406	599,776	-	-	7,643,406	599,776	1174.38%
Buildings	616,818	663,924	-	-	616,818	663,924	-7.10%
Improvements other than buildings	41,207	46,461	-	-	41,207	46,461	-11.31%
Machinery and equipment	137,375	142,087	5,754	5,585	143,129	147,672	-3.08%
Total	\$ 8,466,871	1,480,313	5,754	5,585	8,472,625	1,485,898	470.20%

Long-Term Debt

At June 30, 2010, the District had \$8,387,382 in long-term debt outstanding. This represents an decrease of 1.00% over last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had outstanding General Obligation Bonds payable of \$4,155,000 at June 30, 2010.

The District also had outstanding Revenue Bonds payable from the Capital Projects Fund of \$4,150,000 at June 30, 2010.

The District had outstanding compensated absences payable from the General Fund of \$1,382 at June 30, 2010.

The District had a net OPEB liability of \$81,000 at June 30, 2010.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total School District		Total Change June 30, 2009-10
	June 30,						
	2010	2009	2010	2009	2010	2009	
General obligation bonds	\$ 4,155,000	4,300,000	-	-	4,155,000	4,300,000	-3.37%
Revenue bonds	4,150,000	4,150,000	-	-	4,150,000	4,150,000	0.00%
Early retirement	-	6,997	-	-	-	6,997	-100.00%
Accrued Compensation	1,382	14,688	-	-	1,382	14,688	-90.59%
Net OPEB liability	80,150	-	850	-	81,000	-	100.00%
Total	\$ 8,386,532	8,471,685	850	-	8,387,382	8,471,685	-1.00%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- The District has experienced declining enrollment for the past few years.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori McClenathan, Business Manager, Belle Plaine Community School District, 707 7th Street, Belle Plaine, Iowa, 52208.

Belle Plaine Community School District

BASIC FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 5,820,355	281,415	6,101,770
Receivables:			
Property tax:			
Delinquent	52,695	-	52,695
Succeeding year	2,443,712	-	2,443,712
Income surtax	232,747	-	232,747
Interfund	264,841	(264,841)	-
Accounts	3,844	253	4,097
Due from other governments	251,197	-	251,197
Inventories	-	9,017	9,017
Capital assets, net of accumulated depreciation	8,466,871	5,754	8,472,625
TOTAL ASSETS	17,536,262	31,598	17,567,860
LIABILITIES			
Accounts payable	841,664	339	842,003
Salaries and benefits payable	559,262	22,439	581,701
Interest payable	121,707	-	121,707
Deferred revenue:			
Succeeding year property tax	2,443,712	-	2,443,712
Other	6,445	-	6,445
Unearned revenue	-	2,327	2,327
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	150,000	-	150,000
Revenue bonds	65,000	-	65,000
Compensated absences	1,382	-	1,382
Portion due after one year:			
General obligation bonds	4,005,000	-	4,005,000
Revenue bonds	4,085,000	-	4,085,000
OPEB liability	80,150	850	81,000
TOTAL LIABILITIES	12,359,322	25,955	12,385,277
NET ASSETS			
Invested in capital assets	999,249	5,754	1,005,003
Restricted for:			
Categorical funding	57,117	-	57,117
Debt Service	252,378	-	252,378
Management levy	159,927	-	159,927
Physical plant & equipment levy	409,074	-	409,074
Capital projects	1,400,427	-	1,400,427
Other special revenue purposes	149,197	-	149,197
Unrestricted	1,749,571	(111)	1,749,460
TOTAL NET ASSETS	\$ 5,176,940	5,643	5,182,583

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Business		Total
				Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,660,604	141,093	742,256	(1,777,255)	-	(1,777,255)
Special	663,120	22,943	87,600	(552,577)	-	(552,577)
Other	692,513	246,506	141,274	(304,733)	-	(304,733)
	<u>4,016,237</u>	<u>410,542</u>	<u>971,130</u>	<u>(2,634,565)</u>	<u>-</u>	<u>(2,634,565)</u>
Support services:						
Student	79,662	-	-	(79,662)	-	(79,662)
Instructional staff	88,123	-	-	(88,123)	-	(88,123)
Administration	695,651	-	-	(695,651)	-	(695,651)
Operation and maintenance of plant	426,368	-	-	(426,368)	-	(426,368)
Transportation	271,534	-	329	(271,205)	-	(271,205)
	<u>1,561,338</u>	<u>-</u>	<u>329</u>	<u>(1,561,009)</u>	<u>-</u>	<u>(1,561,009)</u>
Other expenditures:						
Facilities acquisitions	85,080	-	-	(85,080)	-	(85,080)
Long-term debt interest	422,392	-	-	(422,392)	-	(422,392)
AEA flowthrough	236,563	-	236,563	-	-	-
Depreciation(unallocated)*	52,360	-	-	(52,360)	-	(52,360)
	<u>796,395</u>	<u>-</u>	<u>236,563</u>	<u>(559,832)</u>	<u>-</u>	<u>(559,832)</u>
Total governmental activities	6,373,970	410,542	1,208,022	(4,755,406)	-	(4,755,406)
Business Type activities:						
Support services:						
Administration	2,159	-	-	-	(2,159)	(2,159)
Non-instructional programs:						
Nutrition services	275,203	152,964	143,552	-	21,313	21,313
Total business type activities	<u>277,362</u>	<u>152,964</u>	<u>143,552</u>	<u>-</u>	<u>19,154</u>	<u>19,154</u>
Total	\$ <u>6,651,332</u>	<u>563,506</u>	<u>1,351,574</u>	<u>(4,755,406)</u>	<u>19,154</u>	<u>(4,736,252)</u>
General Revenues:						
Local tax levied for:						
General purposes				\$ 1,888,610	-	1,888,610
Capital outlay				90,257	-	90,257
Debt service				315,726	-	315,726
Statewide sales and service and use tax				350,898	-	350,898
Income surtax				244,760	-	244,760
Unrestricted state grants				2,374,651	-	2,374,651
Unrestricted investment earnings				124,393	579	124,972
Other				118,369	1,359	119,728
Total general revenues				<u>5,507,664</u>	<u>1,938</u>	<u>5,509,602</u>
Change in net assets				752,258	21,092	773,350
Net assets beginning of year				<u>4,424,682</u>	<u>(15,449)</u>	<u>4,409,233</u>
Net assets end of year				<u>\$ 5,176,940</u>	<u>5,643</u>	<u>5,182,583</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Capital Projects	Nonmajor Special Revenue	Total
ASSETS				
Cash and pooled investments	\$ 1,605,627	3,234,844	979,884	5,820,355
Receivables:				
Property tax:				
Delinquent	39,765	-	12,930	52,695
Succeeding year	1,849,217	-	594,495	2,443,712
Income surtax	209,472	-	23,275	232,747
Interfund	329,529	-	27,762	357,291
Accounts	3,844	-	-	3,844
Due from other governments	90,343	160,854	-	251,197
TOTAL ASSETS	\$ 4,127,797	3,395,698	1,638,346	9,161,841
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 42,450	-	50,000	92,450
Accounts payable	41,489	800,175	-	841,664
Salaries and benefits payable	559,262	-	-	559,262
Deferred revenue:				
Succeeding year property tax	1,849,217	-	594,495	2,443,712
Income surtax	209,472	-	23,275	232,747
Other	6,445	-	-	6,445
Total liabilities	2,708,335	800,175	667,770	4,176,280
Fund balances:				
Reserved for:				
Categorical funding	57,117	-	-	57,117
Debt service	-	-	252,378	252,378
Construction	-	837,378	-	837,378
Revenue bond	-	357,718	-	357,718
Unreserved fund balance	1,362,345	1,400,427	718,198	3,480,970
Total fund balances	1,419,462	2,595,523	970,576	4,985,561
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,127,797	3,395,698	1,638,346	9,161,841

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE 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 (page 20)	\$	4,985,561
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		8,466,871
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		232,747
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(121,707)
Long-term liabilities, including compensated absences, other post employment benefits, general obligation bonds payable and revenue bonds payable are not due and payable, in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(8,386,532)</u>
Net assets of governmental activities (page 18)	\$	<u><u>5,176,940</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Nonmajor Special Revenue	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,935,864	350,898	591,473	2,878,235
Tuition	164,036	-	-	164,036
Other	159,683	94,640	254,224	508,547
State sources	2,984,563	-	-	2,984,563
Federal sources	578,831	-	-	578,831
Total revenues	<u>5,822,977</u>	<u>445,538</u>	<u>845,697</u>	<u>7,114,212</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,612,269	-	6,997	2,619,266
Special	649,172	-	-	649,172
Other	446,176	-	240,605	686,781
	<u>3,707,617</u>	<u>-</u>	<u>247,602</u>	<u>3,955,219</u>
Support services:				
Student	77,507	-	-	77,507
Instructional staff	79,796	-	-	79,796
Administration	591,264	-	92,654	683,918
Operation and maintenance of plant	396,678	20,401	51,333	468,412
Transportation	237,164	-	11,000	248,164
	<u>1,382,409</u>	<u>20,401</u>	<u>154,987</u>	<u>1,557,797</u>
Other expenditures:				
Facilities acquisitions	-	7,105,080	23,630	7,128,710
Long-term debt:				
Principal	-	-	145,000	145,000
Interest and fiscal charges	-	-	300,685	300,685
AEA flowthrough	236,563	-	-	236,563
	<u>236,563</u>	<u>7,105,080</u>	<u>469,315</u>	<u>7,810,958</u>
Total expenditures	<u>5,326,589</u>	<u>7,125,481</u>	<u>871,904</u>	<u>13,323,974</u>
Excess(deficiency) of revenues over(under) expenditures	496,388	(6,679,943)	(26,207)	(6,209,762)
Other financing sources(uses):				
Transfer in	-	176,684	372,051	548,735
Transfer out	-	(548,735)	-	(548,735)
Total other financing sources(uses)	<u>-</u>	<u>(372,051)</u>	<u>372,051</u>	<u>-</u>
Net change in fund balances	496,388	(7,051,994)	345,844	(6,209,762)
Fund balance beginning of year	923,074	9,647,517	624,732	11,195,323
Fund balance end of year	<u>\$ 1,419,462</u>	<u>2,595,523</u>	<u>970,576</u>	<u>4,985,561</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE 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 (page 22) \$ (6,209,762)

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

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

Expenditures for capital assets	\$ 7,103,085	
Depreciation expense	<u>(116,527)</u>	6,986,558

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repaid		145,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it was due.

(121,707)

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.

12,016

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

Compensated absences	13,306	
Early retirement	6,997	
Other post employment benefits	<u>(80,150)</u>	<u>(59,847)</u>

Changes in net assets of governmental activities (page 19) \$ 752,258

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2010

	<u>School Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 281,415
Receivables:	
Accounts	253
Interfund	14,688
Inventories	9,017
Capital assets, net of accumulated depreciation	5,754
TOTAL ASSETS	<u>311,127</u>
LIABILITIES	
Accounts payable	339
Interfund payable	279,529
Salaries and benefits payable	22,439
Unearned revenue	2,327
OPEB liability	850
TOTAL LIABILITIES	<u>305,484</u>
NET ASSETS	
Invested in capital assets	5,754
Unrestricted	(111)
TOTAL NET ASSETS	<u>\$ 5,643</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2010

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 152,964
Other local income	1,359
TOTAL OPERATING REVENUES	154,323
OPERATING EXPENSES:	
Support services:	
Administration	2,159
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	116,538
Benefits	22,549
Services	823
Supplies	132,935
Depreciation	2,358
Total non-instructional programs	275,203
TOTAL OPERATING EXPENSES	277,362
OPERATING LOSS	(123,039)
NON-OPERATING REVENUES:	
State sources	2,640
Federal sources	140,912
Interest income	579
TOTAL NON-OPERATING REVENUES	144,131
Change in net assets	21,092
Net assets beginning of year	(15,449)
Net assets end of year	\$ 5,643

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 151,874
Cash received from miscellaneous sources	1,359
Cash payments to employees for services	(138,600)
Cash payments to suppliers for goods or services	(99,855)
Net cash used in operating activities	(85,222)
Cash flows from non-capital financing activities:	
Interfund borrowings	123,912
State grants received	2,640
Federal grants received	108,716
Net cash provided by non-capital financing activities	235,268
Cash flows from capital and related financing activities:	
Purchase of capital assets	(2,527)
Cash flows from investing activities:	
Interest on investments	579
Net increase in cash and cash equivalents	148,098
Cash and cash equivalents at beginning of year	133,317
Cash and cash equivalents at end of year	\$ 281,415
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (123,039)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	32,196
Depreciation	2,358
Decrease in inventories	3,527
Increase in accounts receivable	(86)
Increase in accounts payable	339
Decrease in salaries and benefits payable	(363)
Decrease in unearned revenue	(1,004)
Increase in OPEB liability	850
Net cash used in operating activities	\$ (85,222)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$32,196.

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(1) Summary of Significant Accounting Policies

The Belle Plaine Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Belle Plaine, Iowa, and the predominate agricultural territory in Poweshiek, Benton, Iowa and Tama Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

Invested in capital assets consists of capital assets, net of accumulated depreciation.

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

Due to and Due from other funds - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as June 30, 2010, balances of interfund accounts receivable or payable have been recorded.

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Intangibles	35,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	2 or more
Machinery and equipment	12 years

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

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

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

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that 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.

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

E. Budgeting and Budgetary Control

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

(2) Cash and Pooled Investments

The District's deposits at June 30, 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 no investments.

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated on a daily basis upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate 4.50%. During the year ended June 30, 2010 the District had no borrowings or repayments.

During the year ended June 30, 2010, the District paid \$2,227 of interest on the ISCAP warrants.

(4) Due To And Due From Other Funds

The detail of the interfund receivables and payables at June 30, 2010, is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Physical Plant and Equipment Levy	General Fund	\$ 27,762
Nutrition Fund	General Fund	14,688
General Fund	Special Revenue: Physical Plant and Equipment Levy	50,000
General Fund	Nutrition Fund	<u>279,529</u>
Total		<u>\$ 371,979</u>

The General Fund will be repaying the Special Revenue: Physical Plant and Equipment Levy for expenditures incorrectly expended in the PPEL Fund.

The Special Revenue: Physical Plant and Equipment Levy will pay the General Fund for a CD that was cashed and coded to the wrong fund.

The Nutrition Fund owes the General Fund for salaries and benefits paid during the year by the General Fund.

The General Fund owes the Nutrition Fund for money that was deposited into the wrong bank account.

(5) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 372,051
Capital Projects Building Projects	Capital Projects Statewide Sales Tax	176,684
Total		<u>\$ 548,735</u>

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

(6) 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	\$ 28,065	-	-	28,065
Construction in progress	599,776	7,043,630	-	7,643,406
Total capital assets not being depreciated	<u>627,841</u>	<u>7,043,630</u>	<u>-</u>	<u>7,671,471</u>
Capital assets being depreciated:				
Buildings	2,158,576	-	-	2,158,576
Land improvements	143,917	-	-	143,917
Machinery and equipment	1,051,524	59,455	58,826	1,052,153
Total capital assets being depreciated	<u>3,354,017</u>	<u>59,455</u>	<u>58,826</u>	<u>3,354,646</u>
Less accumulated depreciation for:				
Buildings	1,494,652	47,106	-	1,541,758
Land improvements	97,456	5,254	-	102,710
Machinery and equipment	909,437	64,167	58,826	914,778
Total accumulated depreciation	<u>2,501,545</u>	<u>116,527</u>	<u>58,826</u>	<u>2,559,246</u>
Total capital assets being depreciated, net	<u>852,472</u>	<u>(57,072)</u>	<u>-</u>	<u>795,400</u>
Governmental activities capital assets, net	<u>\$ 1,480,313</u>	<u>6,986,558</u>	<u>-</u>	<u>8,466,871</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 72,213	2,527	1,438	73,302
Less accumulated depreciation	66,628	2,358	1,438	67,548
Business type activities capital assets, net	\$ 5,585	169	-	5,754

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 781
Special		369
Other		1,831
Support services:		
Student services		923
Instructional staff services		7,095
Administration services		12,814
Operation and maintenance of plant services		5,965
Transportation		34,389
Unallocated depreciation		52,360
Total governmental activities depreciation expense		\$ 116,527
Business type activities:		
Food services		\$ 2,358

(7) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 4,300,000	-	145,000	4,155,000	150,000
Revenue bonds	4,150,000	-	-	4,150,000	65,000
Early retirement	6,997	-	6,997	-	-
Accrued compensated absences	14,688	1,382	14,688	1,382	1,382
Net OPEB liability	-	80,150	-	80,150	-
Total	\$ 8,471,685	81,532	166,685	8,386,532	216,382
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ -	850	-	850	-

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond issue July 1, 2009		
		Principal	Interest	Total
2011	2.50	% \$ 150,000	171,815	321,815
2012	2.60	155,000	168,065	323,065
2013	3.00	160,000	164,190	324,190
2014	3.40	165,000	159,390	324,390
2015	3.40	175,000	154,027	329,027
2016-2020	3.60-4.40	975,000	665,026	1,640,026
2021-2025	4.60-5.10	1,200,000	437,836	1,637,836
2026-2029	5.20-5.50	1,175,000	139,803	1,314,803
Subtotal		\$ 4,155,000	2,060,152	6,215,152

Revenue Bonds Payable

Details of the District's June 30, 2010 revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond issue May 1, 2009		
		Principal	Interest	Total
2011	2.50	% \$ 65,000	185,460	250,460
2012	2.60	130,000	183,152	313,152
2013	3.00	160,000	179,446	339,446
2014	3.40	155,000	175,042	330,042
2015	3.60	185,000	169,572	354,572
2016-2020	3.60-4.40	980,000	739,624	1,719,624
2021-2025	4.60-5.10	1,130,000	503,755	1,633,755
2026-2030	5.20-5.50	1,345,000	188,222	1,533,222
Subtotal		\$ 4,150,000	2,324,273	6,474,273

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,150,000 bonds issued in May 2009. The bonds were issued for the purpose of financing a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the notes is \$6,474,273. For the current year, \$124,095 in interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$350,898.

The resolution providing for the issuance of the statewide Sales, services and use tax revenue bonds includes the following provisions:

- a) \$357,718 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.

- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed between fifteen and twenty five years of continuous service to the District. Employees who have fifteen years of service will receive \$4,500, those employees with 20 of continuous service will receive \$5,500 and those with twenty five years of continuous service will receive \$6,500. Employees must complete an application which is subject to approval by the Board of Education. For the year ended June 30, 2010, the District paid \$6,997 in early retirement benefits.

(8) Other Postemployment Benefits (OPEB)

The District 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 69 active and 6 retired members in the plan. Participants must be age 55 or older at retirement. Employees must be at least age 55 with 20 or more years of service to be eligible for the District's cash benefit.

The District pays a cash benefit based on 60% of the retiree's final salary. The cash benefit is shown as an explicit subsidy and an OPEB liability.

The medical/prescription drug coverage is provided through 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.

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	\$ 131,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>131,000</u>
Contributions made	<u>(50,000)</u>
Increase in net OPEB obligation	81,000
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 81,000</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 \$50,000 to the medical and explicit plans. Plan members eligible for benefits contributed \$54,000, or 51.9% of the premium costs.

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:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 131,000	38.17%	\$ 81,000

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 \$1,532,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,532,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,304,982, and the ratio of the UAAL to covered payroll was 46.4%. As of June 30, 2010, there were no trust fund assets.

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 unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are for the \$344 per month for retirees who have attained age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$237,798, \$215,674, and \$178,182 respectively, equal to the required contributions for each year.

(10) Risk Management

Belle Plaine 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.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$236,563 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.

(12) Deficit Net Assets/Fund Balance

As of the year ended June 30, 2010, the Nutrition Fund had a deficit unrestricted net assets of \$111.

As of the year ended June 30, 2010, The Capital Projects, Building Projects Fund has a deficit fund balance of \$800,175.

(13) Construction Commitments

The District entered into contracts totaling \$9,057,087 for the Elementary and Jr. High School additions and renovations. As of June 30, 2010, costs of \$7,643,406 had been incurred against the contract. The balance of \$1,413,681 remaining at June 30, 2010 will be paid as work on the project progresses.

(14) Categorical Funding

The District's ending balances for categorical funding by project as of the year ended June 30, 2010 are as follows:

<u>Project</u>	<u>Amount</u>
Gifted and talented	\$ 1,823
At risk supplementary weighting	36,154
Beginning teacher mentoring	257
Market factor	4,794
Model core curriculum	873
Market factor incentives	4,503
Professional development	8,713
Total reserved for categorical funding	<u>\$ 57,117</u>

REQUIRED SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2010

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,550,818	154,902	3,705,720	3,629,831	3,629,831	75,889
State sources	2,984,563	2,640	2,987,203	3,759,089	3,759,089	(771,886)
Federal sources	578,831	140,912	719,743	216,300	216,300	503,443
Total revenues	7,114,212	298,454	7,412,666	7,605,220	7,605,220	(192,554)
Expenditures/Expenses:						
Instruction	3,955,219	-	3,955,219	3,770,000	4,000,000	44,781
Support services	1,557,797	2,159	1,559,956	2,296,860	2,296,860	736,904
Non-instructional programs	-	275,203	275,203	289,000	320,000	44,797
Other expenditures	7,810,958	-	7,810,958	9,562,978	9,562,978	1,752,020
Total expenditures/expenses	13,323,974	277,362	13,601,336	15,918,838	16,179,838	2,578,502
Excess(deficiency) of revenues over(under) expenditures/expenses	(6,209,762)	21,092	(6,188,670)	(8,313,618)	(8,574,618)	2,385,948
Balance beginning of year	11,195,323	(15,449)	11,192,194	10,993,544	10,993,544	198,650
Balance end of year	\$ 4,985,561	5,643	5,003,524	2,679,926	2,418,926	2,584,598

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010

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

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

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

During the year, the District adopted one budget amendment increasing budgeted expenditures by \$261,000.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION

For Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 1,532,000	\$ 1,532,000	0.0%	\$ 3,304,982	46.4%

See Note 8 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

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Nonmajor Special Revenue Funds					Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Debt Service	
ASSETS						
Cash and pooled investments	\$ 156,191	149,197	429,268	734,656	245,228	979,884
Receivables:						
Property tax:						
Delinquent	3,736	-	2,044	5,780	7,150	12,930
Succeeding year	176,500	-	95,780	272,280	322,215	594,495
Income surtax	-	-	23,275	23,275	-	23,275
Interfund	-	-	27,762	27,762	-	27,762
TOTAL ASSETS	\$ 336,427	149,197	578,129	1,063,753	574,593	1,638,346
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund payable	\$ -	-	50,000	50,000	-	50,000
Deferred revenue:						
Succeeding year property tax	176,500	-	95,780	272,280	322,215	594,495
Income surtax	-	-	23,275	23,275	-	23,275
Total liabilities	176,500	-	169,055	345,555	322,215	667,770
Fund balances:						
Reserved for:						
Debt Service	-	-	-	-	252,378	252,378
Unreserved fund balances	159,927	149,197	409,074	718,198	-	718,198
Total fund balances	159,927	149,197	409,074	718,198	252,378	970,576
TOTAL LIABILITIES AND FUND BALANCES	\$ 336,427	149,197	578,129	1,063,753	574,593	1,638,346

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUES FUNDS
 YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 162,216	-	113,531	275,747	315,726	591,473
Other	13,865	239,797	470	254,132	92	254,224
TOTAL REVENUES	176,081	239,797	114,001	529,879	315,818	845,697
EXPENDITURES:						
Current:						
Instruction:						
Regular	6,997	-	-	6,997	-	6,997
Other	-	240,605	-	240,605	-	240,605
Support services:						
Administration	92,654	-	-	92,654	-	92,654
Operation and maintenance of plant	-	-	51,333	51,333	-	51,333
Student transportation	-	-	11,000	11,000	-	11,000
Other expenditures:						
Facilities acquisition	-	-	23,630	23,630	-	23,630
Long-term debt:						
Principal	-	-	-	-	145,000	145,000
Interest and fiscal charges	-	-	-	-	300,685	300,685
TOTAL EXPENDITURES	99,651	240,605	85,963	426,219	445,685	871,904
Excess (Deficiency) of revenues over (under) expenditures	76,430	(808)	28,038	103,660	(129,867)	(26,207)
Other financing sources:						
Transfer in	-	-	-	-	372,051	372,051
Change in fund balance	76,430	(808)	28,038	103,660	242,184	345,844
Fund balance beginning of year	83,497	150,005	381,036	614,538	10,194	624,732
Fund balance end of year	\$ 159,927	149,197	409,074	718,198	252,378	970,576

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletic Boosters Club	\$ 8,474	-	-	8,474
Interest	1,422	-	1,422	-
K-8 Art Club	52	449	363	138
Junior High/Elementary Drama	196	264	307	153
Camp Courageous	718	1,720	1,568	870
6th Grade	3,938	7,642	9,524	2,056
Elementary Student Council	6,099	1,236	633	6,702
Junior High Student Council	6,385	13,076	13,573	5,888
School Play	-	810	728	82
Speech	164	67	33	198
Speech fundraiser	63	-	-	63
Vocal	13	187	-	200
Band	13	187	-	200
Boys Cross Country	200	-	-	200
Girls Cross Country	200	-	-	200
Boys Cross Country Fundraiser	360	-	-	360
Girls Cross Country Fundraiser	257	687	685	259
Boys/Girls Golf	127	623	-	750
Boys Basketball	6	744	747	3
Boys Basketball Fundraiser	4,441	7,308	8,705	3,044
Football	291	959	1,250	-
Football Fundraiser	2,090	9,046	10,238	898
Baseball	-	750	299	451
Baseball Fundraiser	453	2,443	2,086	810
Boys Track	61	314	345	30
Boys Track Fundraiser	1,491	1,967	1,863	1,595
Boys Golf Fundraiser	1,580	1,007	1,635	952
Wrestling	47	703	750	-
Wrestling Fundraiser	76	1,665	1,670	71
Girls Basketball	69	681	720	30
Girls Basketball Fundraiser	891	2,311	2,551	651
Volleyball	1	749	750	-
Volleyball Fundraiser	1,679	4,607	4,698	1,588
Softball	-	750	747	3
Softball Fundraiser	1,094	6,417	7,448	63
Girls Track	61	314	375	-
Girls Track Fundraiser	1,717	3,917	2,945	2,689
Activities	29,415	77,983	75,921	31,477
Cheerleading Fundraiser	1,021	5,344	5,175	1,190
Cheerleading	45	402	293	154
Dance/Drill Team	288	1,660	1,204	744
Science Club	1,125	68	-	1,193
Pep Club	47	70	-	117
High School Student Council	7,202	4,273	3,445	8,030
Annual	10,304	5,780	9,164	6,920
Close Up	15,253	23,415	23,521	15,147
Peer Helpers	149	-	-	149
Spanish club	80	276	276	80
FFA	28,552	34,129	29,464	33,217
Win With Fitness	180	-	13	167
Belle Plaine S.A.D.D.	420	-	-	420
Video Club	338	574	306	606
German Club	141	2,079	1,228	992
Student/Staff Pop fund	3,920	7,338	6,358	4,900
Projects	1,671	-	-	1,671
Class of 2009	401	-	401	-
Class of 2010	1,274	1,643	2,871	46
Class of 2011	2,618	321	2,288	651
Class of 2012	832	146	6	972
Class of 2013	-	696	13	683
Total	\$ 150,005	239,797	240,605	149,197

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET FOR CAPITAL PROJECTS FUND
 JUNE 30, 2010

	Capital Projects Fund		
	Building Projects	Statewide Sales Tax	Total
Assets			
Cash and pooled investments	\$ -	3,234,844	3,234,844
Due from other governments	-	160,854	160,854
Total Assets	\$ -	3,395,698	3,395,698
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 800,175	-	800,175
Fund balances:			
Reserved for construction	-	837,378	837,378
Reserved for debt service	-	357,718	357,718
Unreserved fund balance	(800,175)	2,200,602	1,400,427
Total fund balances	(800,175)	3,395,698	2,595,523
Total Liabilities and Fund Balances	\$ -	3,395,698	3,395,698

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2010

	Capital Projects Fund		
	Building Projects	Statewide Sales Tax	Total
Revenues:			
Local sources:			
Statewide sales and service tax	\$ -	350,898	350,898
Interest on investments	26,112	68,528	94,640
Total revenues	26,112	419,426	445,538
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	-	20,401	20,401
Other expenditures:			
Facilities acquisitions	4,816,573	2,288,507	7,105,080
Total expenditures	4,816,573	2,308,908	7,125,481
Deficiency of revenues under expenditures	(4,790,461)	(1,889,482)	(6,679,943)
Other financing sources(uses):			
Transfer in	176,684	-	176,684
Transfer out	(372,051)	(176,684)	(548,735)
Total other financing sources(uses)	(195,367)	(176,684)	(372,051)
Excess of revenues over expenditures and other financing uses	(4,985,828)	(2,066,166)	(7,051,994)
Fund balance beginning of year	4,185,653	5,461,864	9,647,517
Fund balance end of year	\$ (800,175)	3,395,698	2,595,523

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 2,878,235	2,650,971	2,488,684	2,311,470	2,187,039	2,197,074	1,913,270
Tuition	164,036	176,204	138,590	167,612	128,317	263,300	187,117
Other	508,547	613,970	420,898	357,117	319,339	237,063	266,261
State sources	2,984,563	3,205,102	3,190,242	3,114,097	2,986,849	3,019,856	2,948,051
Federal sources	578,831	112,634	127,976	120,028	129,567	126,370	119,061
Total	\$ 7,114,212	6,758,881	6,366,390	6,070,324	5,751,111	5,843,663	5,433,760
Expenditures:							
Instruction:							
Regular	\$ 2,619,266	2,392,766	2,450,902	2,534,811	2,546,399	2,496,924	2,462,224
Special	649,172	741,855	624,013	705,497	671,141	675,667	744,499
Other	686,781	799,478	558,205	512,360	498,777	489,880	431,840
Support services:							
Student	77,507	50,455	44,050	77,402	79,791	92,382	92,838
Instructional staff	79,796	76,334	79,943	150,924	170,979	108,201	101,460
Administration	683,918	1,095,919	618,806	724,720	693,490	662,511	652,031
Operation and maintenance of plant	468,412	447,593	453,011	460,129	472,027	493,409	436,307
Transportation	248,164	216,812	294,431	311,662	228,354	208,482	169,826
Other expenditures:							
Facilities acquisitions	7,128,710	152,655	16,188	59,558	139,931	51,903	134,568
Long Term Debt:							
Principal	145,000	-	-	-	-	-	-
Interest	300,685	600	-	-	-	-	-
AEA flow-through	236,563	216,427	211,997	208,301	201,163	201,940	205,191
Total	\$ 13,323,974	6,190,894	5,351,546	5,745,364	5,702,052	5,481,299	5,430,784

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	16,885
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	124,027 *
			140,912
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	55,321
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 09	6,445
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	25,834
			87,600
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) -			
EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 09	50,022
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) -			
EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	293,614
			343,636
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES -			
STATE GRANTS	84.186	FY 10	3,342
IMPROVING TEACHER QUALITY STATE GRANTS			
(TITLE IIA)	84.367	FY 10	19,357
GRANTS FOR STATE ASSESSMENTS AND RELATED			
ACTIVITIES (TITLE VI A)	84.369	FY 10	3,965
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	31,160
SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 09	17,041
SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 10	68,162
			116,363
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	4,568
TOTAL			\$ 719,743

* -Includes \$32,196 in non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Belle Plaine Community School District and is presented in conformity with 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.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

To the Board of Education of the
Belle Plaine 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 Belle Plaine 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 March 29, 2011. 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 Belle Plaine Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Belle Plaine Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Belle Plaine 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 material weaknesses and other deficiencies we considers 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. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

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 deficiencies described in Part II of the accompanying Schedule of Findings and Questioned costs as items II-B-10 and II-C-10 to be a significant deficiencies.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the 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.

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 29, 2011

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

Independent Auditor's Report on 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
Belle Plaine Community School District:

Compliance

We have audited the compliance of Belle Plaine 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. Belle Plaine 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 Belle Plaine Community School District's management. Our responsibility is to express an opinion on Belle Plaine Community School District's compliance based on our audit.

We conducted our audit on compliance in accordance with U.S. generally accepted accounting 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 Belle Plaine 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 Belle Plaine Community School District's compliance with those requirements.

In our opinion, Belle Plaine 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 Belle Plaine Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Belle Plaine 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Belle Plaine Community School District's internal control over compliance.

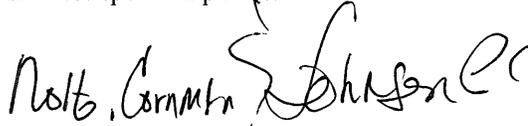
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance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

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 consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-10 to be a material weakness.

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 III of the accompanying Schedule of Findings and Questioned costs as item III-B-10 to be a significant deficiency.

Belle Plaine Community School District's responses to the 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 Belle Plaine 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 Belle Plaine Community School District and other parties to whom Belle Plaine Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

March 29, 2011

BELLE PLAINE 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) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency and a material weakness 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 did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - CDFA Number 84.394 - ARRA - State Fiscal Stabilization Fund(SFSF) State Grants, Recovery Act
 - Clustered Programs:
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Belle Plaine Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - The District will review its procedures in this area.

Conclusion - Response accepted.

II-B-10 Receipt Posting - We noted that receipts are not always posted timely. We noted April property taxes from Tama County were deposited into the account in April but were not received to the cash receipts journal. An adjustment has been made to post this revenue.

Recommendation -The District should reviews its procedures to ensure that all cash receipts are posted in a timely manner.

Response - The District will review its procedures for the posting of cash receipts to insure receipts are posted in a timely manner.

Conclusion - Response accepted.

II-C-10 Bank Reconciliations- We noted during our audit that the bank reconciliations of the Bankers Trust statement was not done.

Recommendation- The Bankers Trust statements should be reconciled monthly.

Response – The District has requested Banker’s Trust to send monthly statements so that reconciling can take place monthly.

Conclusion - Response accepted.

OTHER MATTERS:

II-D-10 Intangible Asset Policy - Although the District implemented Governmental Accounting Standards Board Statement No. 51 with regard to intangible assets, the District does not have a board policy addressing capitalization of intangible assets.

Recommendation - The District’s Board of Directors should adopt an intangible asset policy addressing the capitalization of intangible assets.

Response - The District will adopt an intangible asset policy that addresses the capitalization of intangible assets.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program Education
Federal Award Year: 2010
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.394: ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants,
Recovery Act
Federal Award Year: 2009 and 2010
Department of Education
Passed through the Iowa Department of Education

III-A-10 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - The District will review its procedures in this area.

Conclusion - Response accepted.

III-B-10 Federal Nutrition Revenue - We noted during our audit that the federal lunch reimbursement for the Nutrition Fund was deposited into the General Fund bank account.

Recommendation - The District should review its procedures to ensure that all revenues are recorded to the proper account.

Response - The District will review its procedures in this area.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District disbursements for the year ended June 30, 2010, did not exceed the amount budgeted.

IV-B-10 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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 - No business transactions between the District and District officials were noted.

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

IV-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

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 - We noted no instances of non-compliance with the deposit

- IV-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
- IV-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-10 Statewide sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use 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, services and use tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning Balance		\$	316,602
Statewide sales and service tax revenue			350,898
Expenditures/transfers out:			
School Infrastructure:			
Other improvements	20,401		
Debt service for school infrastructure			
Revenue bonds	176,684		197,085
			<u>197,085</u>
Ending Balance		\$	<u>470,415</u>

As a result of the statewide sales, services and use tax revenue received during the year ended June 30, 2010 the District reduced the following levies:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
	<u> </u>	<u> </u>
Physical plant and equipment levy	\$ 0.92819	\$ 114,799

- IV-M-10 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should research the outstanding checks to determine if they should be reissued, voided or submitted to the Treasurer of Iowa as unclaimed property.

Response - The District will research this matter.

Conclusion - Response accepted.

- IV-N-10 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required in the Special Revenue, Student Activity Fund.

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

Response - The District will discuss this matter with the appropriate financial institution.

Conclusion - Response accepted.

IV-O-10 Financial Condition - At June 30, 2010, the District has a deficit fund balance of \$800,175 in the Capital Projects, Building Projects Fund.

At June 30, 2010, the Nutrition Fund had a deficit unrestricted net assets of \$111.

Recommendation - The District should make a transfer for the Capital Projects, Statewide Sales Tax Fund to cover the deficit. The District should continue to monitor the Nutrition Fund to eliminate this deficit.

Response - The District will make the necessary transfer and will monitor the Nutrition Fund.

Conclusion - Response accepted.