

**WEST HANCOCK COMMUNITY SCHOOL DISTRICT  
BRITT, IOWA**

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

**YEAR ENDED JUNE 30, 2010**

## Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor’s Report		2-3
Management’s Discussion and Analysis		4-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Governmental Fund Financial Statements:		
Balance Sheet	C	19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances	E	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	22
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	23
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	24
Statement of Cash Flows	I	25-26
Notes to Financial Statements		27-44
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund		45-46
Notes to Required Supplementary Information – Budgetary Reporting		47
Schedule of Funding Progress for the Retiree Health Plan		48

Table of Contents (continued)

	<u>Schedule</u>	<u>Page</u>
Other Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	49-50
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	51-52
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	53-54
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	4	55-56
Schedule of Expenditures of Federal Awards	5	57-58
Independent Auditor’s Report Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		59-61
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB A-133		62-63
Schedule of Findings and Questioned Costs		64-71

**West Hancock Community School District  
Britt, Iowa**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2009 Election)</b>		
Jay Burgardt	President	2009
Paul Kumsher	Vice President	2011
Darla Yeakel	Board Member	2011
Steve Kelly	Board Member	2009
Murray Quastad	Board Member	2009
Darin Eckels	Board Member	2011
Kristi Gast	Board Member	2011
<b>(After September 2009 Election)</b>		
Jay Burgardt	President	2013
Paul Kumsher	Vice President	2011
Darla Yeakel	Board Member	2011
Darin Eckels	Board Member	2011
Kristi Gast	Board Member	2011
Gary Chizek	Board Member	2013
Murray Quastad	Board Member	2013
<b>School Officials</b>		
Richard Keith	Superintendent	2010
Mona Buns	District Secretary/Treasurer and Business Manager	Indefinite
Rick Engel	Attorney	Indefinite

## Independent Auditor's Report

To the Board of Education of  
West Hancock 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 West Hancock Community School District, Britt, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as 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 West Hancock 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 February 21, 2011 on our consideration of West Hancock 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 the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 14 and 45 through 48 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 West Hancock Community School District's basic financial statements. The financial statements for the year ended June 30, 2009 (which is not presented herein) was audited by other auditors who expressed an unqualified opinion on those financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (none of which is presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, 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.

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

February 21, 2011

## Management Discussion and Analysis

The West Hancock 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.

### Financial Highlights

- General Fund revenues for fiscal 2010 were \$5,272,291 while General Fund expenditures were \$5,677,310, this resulted in a decrease in the District's General Fund balance from \$1,993,549 in fiscal 2009 to \$1,588,530 in fiscal 2010, or a \$405,019 decrease from the prior year.
- The decrease in General Fund balance was attributable to the reduction in state aid, 10% across the board cuts and increased salaries/benefits.

### Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education were financed in the *short term* as well as what remains for future spending.
- The statement for *proprietary funds* offer short-term and long-term financial information about the activities the District operates like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

Figure A-1

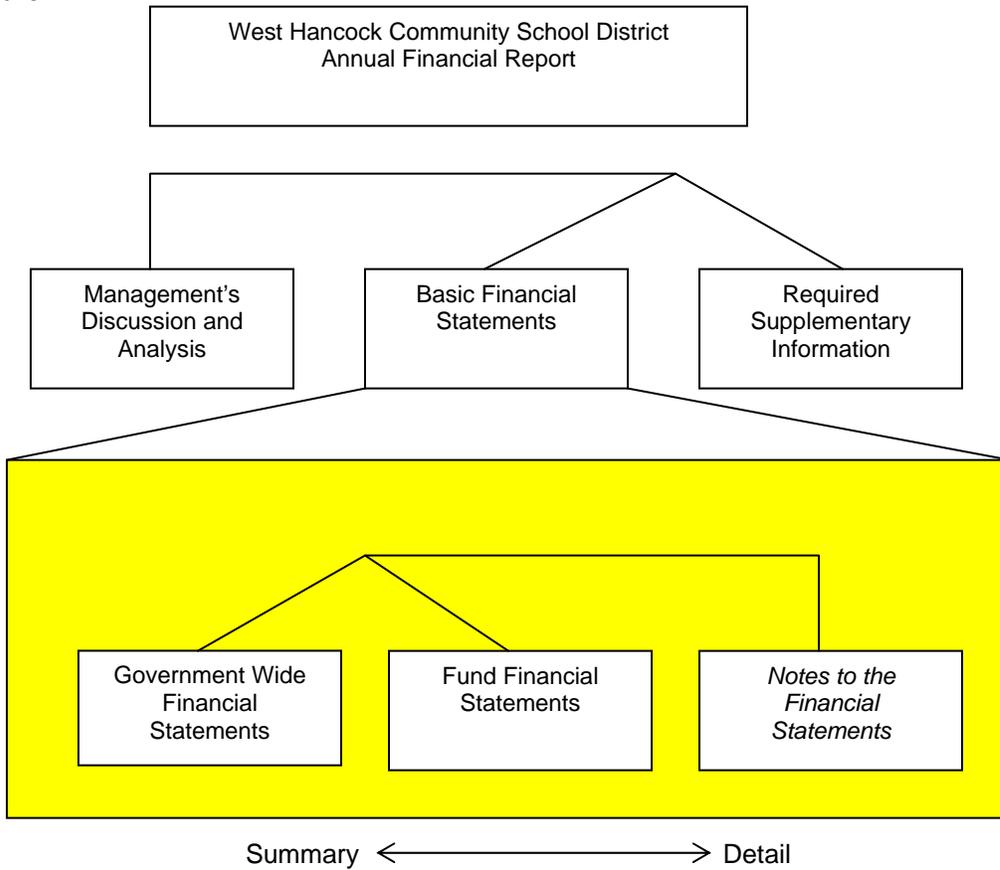


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**Figure A-2:  
Major Features of the Government Wide and Fund Financial Statements**

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

### **Government-wide Financial Statements**

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

The two government-wide 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 its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

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 taxes and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

## Fund Financial Statements

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

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

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
  - The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
  - The District's *enterprise funds* (one type of proprietary fund) are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

## Financial Analysis of the District as a Whole

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

**Figure A-3**  
**Condensed Statement of Net Assets (in millions of dollars) June 30, 2010**

	Governmental		Business-type		Total	
	Activities		Activities		School District	
	2010	2009	2010	2009	2010	2009
Current and other assets	8.642	6.719	.123	.116	8.765	6.834
Capital assets	8.401	8.037	.028	.031	8.429	8.068
<b>Total assets</b>	<b>17.043</b>	<b>14.756</b>	<b>.151</b>	<b>.147</b>	<b>17.194</b>	<b>14.903</b>
Long-term debt outstanding	7.025	5.131	-	-	7.025	5.131
Other liabilities	3.906	3.396	.007	.005	3.913	3.401
Total liabilities	10.931	8.527	.007	.005	10.938	8.532
Net assets						
Invested in capital assets, net of related debt	1.045	2.923	.028	.031	1.073	2.954
Restricted	1.413	1.078	-	-	1.413	1.078
Unrestricted	3.654	2.227	.116	.112	3.770	2.339
<b>Total net assets</b>	<b>6.112</b>	<b>6.228</b>	<b>.144</b>	<b>.143</b>	<b>6.256</b>	<b>6.371</b>

**Changes in net assets** – Figure A-4 shows the changes in net assets for the year ended June 30, 2010.

**Figure A-4**  
**Changes in Net Assets from Operating Results (in millions of dollars)**

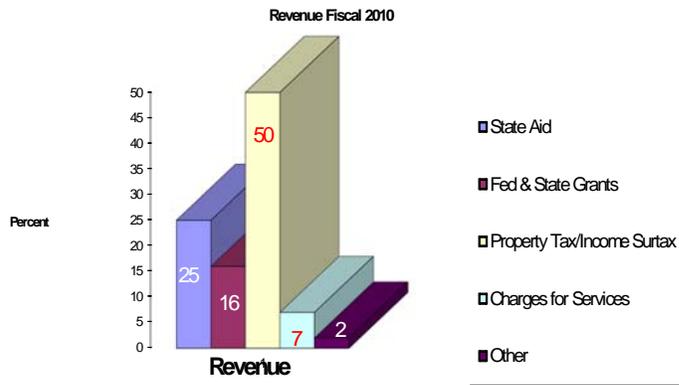
	Governmental Activities		Business-type Activities		Total School District	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>						
Program revenues						
Charges for services	.427	.639	0.121	.132	.548	.771
Operating Grants & Contributions	1.066	.836	0.164	.150	1.230	.986
Capital Grants & Contributions	.012	.043	-	-	.012	.043
General revenues						
Property Taxes & Other Local Taxes	3.302	3.210	-	-	3.302	3.210
Unrestricted State Aid	1.646	2.223	-	-	1.646	2.223
Other	.111	.156	-	.014	.111	.170
<b>Total revenues</b>	<b>6.564</b>	<b>7.107</b>	<b>.285</b>	<b>.296</b>	<b>6.849</b>	<b>7.403</b>
<b>Expenses</b>						
Instruction	4.178	4.096	-	-	4.178	4.096
Support Services	1.658	1.738	-	-	1.658	1.738
Non-instructional programs	.000	.000	.284	.270	.284	.270
Other	.845	.699	-	-	.845	.699
<b>Total expenses</b>	<b>6.681</b>	<b>6.533</b>	<b>.284</b>	<b>.270</b>	<b>6.965</b>	<b>6.803</b>
<b>Increase (decrease) in net assets</b>	<b>(.117)</b>	<b>.574</b>	<b>.001</b>	<b>.026</b>	<b>(.116)</b>	<b>.600</b>

Property tax, income surtax, sales taxes and state foundation aid account for 75 percent of the total revenue. The District's expenses primarily relate to instruction and support services that account for 87 percent of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$6,563,677 and expenses were \$6,680,631. This resulted in a decreased budget balance.

**Figure A-5** The following graph presents the total Revenue for the District's major governmental activities: state aid, federal and state grants, property taxes, charges for services and other incomes.



**Figure A-6** The following graph presents the total Expenditures for the District’s major governmental activities: instruction, student & instructional services, administration & business operations & maintenance, transportation and AEA flow thru.

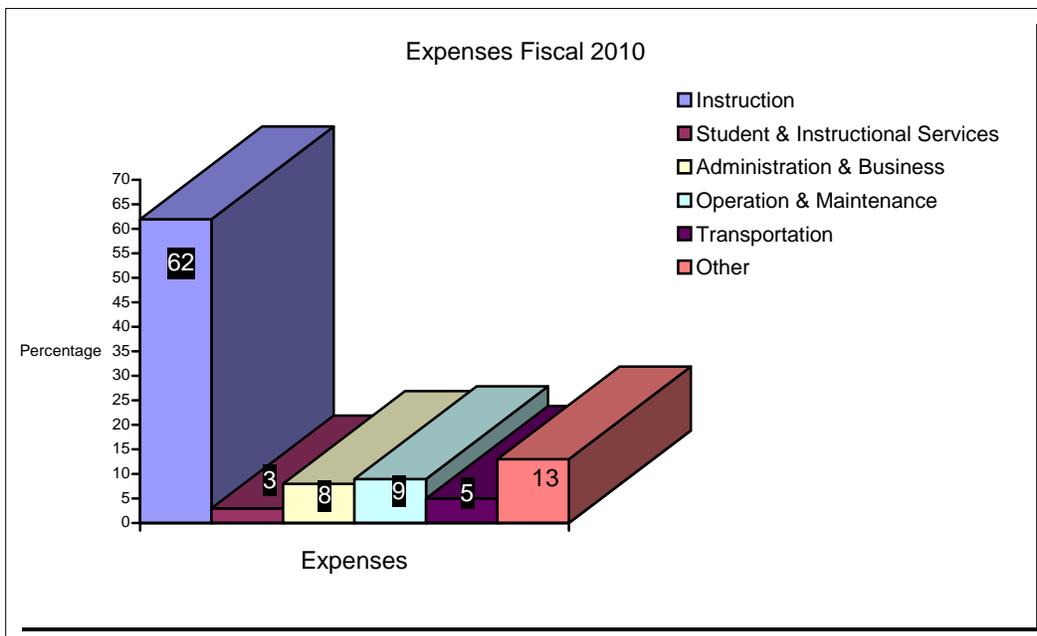


Figure A-7 presents the cost of six major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions.

**Figure A-7**  
**Net Cost of Governmental Activities (in millions of dollars)**

	<b>Total Cost of Services <u>2010</u></b>	<b>Net Cost of Services <u>2010</u></b>
Instruction	\$4.179	\$ 2.947
Pupil & Instructional Services	.194	.194
Administrative & Business	.546	.546
Maintenance & operations	.611	.599
Transportation	.306	.298
Other	.845	.592
<b>Total</b>	<b>\$ 6.6810</b>	<b>\$ 5.176</b>

- The cost of all governmental activities this year was \$6,680,631.
- Some of the cost was financed by the users of the District's programs in the amount of \$427,443.
- The federal and state governments subsidized certain programs with grants and contributions \$1,077,045.
- Most of the District's costs were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$2,602,235 million in property taxes, \$340,687 of income surtax and 359,219 of sales tax \$1,645,790 million of unrestricted state aid based on the statewide finance formula, and investment earnings.

### **Business Type Activities**

Revenues from the District's business-type activities included charges for services in the amount of \$121,195 and \$164,129 from operating grants, contributions and restricted interest. Expenses from the District's business type activities amounted to \$283,850. The Hot Lunch program was the only Business Type Activity for the District during the 2010 school year.

## **Financial Analysis of the District's Funds**

As previously noted, the West Hancock 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 \$5,036,442 which is \$1,972,381 above last year's ending fund balances of \$3,064,061.

### **Governmental Fund Highlights**

The General Fund balance decreased from \$1,993,549 to \$1,588,530 due mainly to an across the board 10% cut from the state, increased salaries/benefits and increased energy costs.

- The Management Fund stayed stable.

### **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased from \$142,692 at June 30, 2009 to \$1424,166 June 30, 2010. This has stayed fairly stable considering the fact that the Nutrition Fund acquired new equipment.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. A schedule showing the original budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison.

### **Legal Budgetary Highlights**

The District's total actual receipts were approximately \$458,213 less than that budgeted receipts, which is a 6.3% variance.

Total expenditures were less than budgeted. It is the District's practice to budget expenditures at the same amount as budgeted revenues in all funds. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

## Capital Asset and Debt Administration

### Capital Assets

By the end of 2010 the District had invested \$8.1 million, in a broad range of assets, including school buildings, school infrastructure, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Figure A-8) **(More detailed information about capital assets can be found in Note 5 to the financial statements.)** Total depreciation expense for the year exceeded \$300,000.

Figure A-8 Capital Assets (net of depreciation, (in millions of dollars))			
	<b>Governmental Activities <u>2010</u></b>	<b>Business Type Activities <u>2010</u></b>	<b>Total School District <u>2010</u></b>
Land	0.013	0	0.013
Construction in progress	.473	0	.473
Buildings	7.322	0	7.322
Improvements	.209	0	.209
Equipment & Furniture	0.384	0.028	0.412
	<b>8.401</b>	<b>0.028</b>	<b>8.429</b>

### Long-Term Debt

At year-end, the District had \$7,519,845 in general obligation bonds and other long-term debt outstanding. The district also incurred 2,705,000. This represents an increase of 46.54% over the previous fiscal year as can be seen in Figure A-9 below.

Figure A-9  
Outstanding Long-Term Debt (in millions of dollars)

	Total School District		Total Percentage Change
	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>
General Obligation bonds & notes (financed with property tax)	7.473	5.114	46.13
Other general obligation debt	.046	.017	1.75
<b>Total</b>	<b>7.519</b>	<b>5.131</b>	<b>46.54</b>

### Factors Bearing on the District's Future

The following factors will have some impact on the district's financial future.

- The district must expect and plan for a continued enrollment decline of approximately 6% over the next five years.
  1. There has been a steady decline in enrollment during the past ten years.
  2. The number of farms in Hancock County continues to decline
  3. Few new houses have been built in Britt or Kanawha in the past few years.
- Future state funding will be a major factor in the district's future
- State and Federal unfunded mandates.
- The degree to which the district will commit itself to effectively manage the fiscal matters of the district.

### Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 either, Richard Keith, Superintendent or Mona Buns, Board Secretary/Business Manager, West Hancock Community School District, 510 9<sup>th</sup> Ave. SW., Britt, Iowa 50423

## **Basic Financial Statements**

West Hancock Community School District  
 Britt, Iowa  
 Statement of Net Assets  
 June 30, 2010

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	5,402,915	105,898	5,508,813
Receivables:			
Property tax:			
Delinquent	28,337	-	28,337
Succeeding year	2,705,522	-	2,705,522
Accounts	2,120	-	2,120
Accrued interest	2,440	-	2,440
Due from other governments	500,404	-	500,404
Inventories	-	16,877	16,877
Capital assets, net of accumulated depreciation	<u>8,401,266</u>	<u>27,968</u>	<u>8,429,234</u>
<b>Total assets</b>	<u>17,043,004</u>	<u>150,743</u>	<u>17,193,747</u>
 <b>Liabilities</b>			
Accounts payable	452,787	60	452,847
Salaries and benefits payable	240	-	240
Accrued interest payable	105,465	-	105,465
Deferred revenue - succeeding year property tax	2,705,522	-	2,705,522
Deferred revenue - other	163,878	4,964	
Due to other funds	100,000	-	100,000
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	290,000	-	290,000
Notes payable	75,722	-	75,722
Compensated absences	12,897	-	12,897
Portion due after one year:			
General obligation bonds payable	4,195,000	-	4,195,000
Revenue bonds (net of \$16,553 unamortized discount)	2,588,447	-	2,588,447
Notes payable	207,214	-	207,214
Net OPEB Liability	<u>34,012</u>	<u>1,553</u>	<u>35,565</u>
<b>Total liabilities</b>	<u>10,931,184</u>	<u>6,577</u>	<u>10,937,761</u>

West Hancock Community School District  
 Britt, Iowa  
 Statement of Net Assets  
 June 30, 2010

Exhibit A

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	1,044,883	27,968	1,072,851
Restricted for:			
Categorical funding	134,388	-	134,388
Management levy	561,505	-	561,505
Physical plant and equipment levy	165,377	-	165,377
Other special revenue purposes	134,222	-	134,222
Debt service	416,996	-	416,996
Unrestricted	3,654,449	116,198	3,770,647
<b>Total net assets</b>	<b>\$ 6,111,820</b>	<b>144,166</b>	<b>6,255,986</b>

See notes to financial statements.

West Hancock Community School District  
 Britt, Iowa  
 Statement of Activities  
 Year ended June 30, 2010

		Program Revenues		
<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	
<b>Functions/Programs</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,379,206	214,336	699,528	-
Special instruction	739,295	5,880	105,125	-
Other instruction	1,059,401	206,717	-	-
	<u>4,177,902</u>	<u>426,933</u>	<u>804,653</u>	<u>-</u>
Support services:				
Student services	57,018	-	-	-
Instructional staff services	137,200	-	-	-
Administration services	545,989	-	-	-
Operation and maintenance of plant	611,273	510	-	11,533
Transportation services	306,121	-	8,215	-
	<u>1,657,601</u>	<u>510</u>	<u>8,215</u>	<u>11,533</u>
Other expenditures:				
Facilities acquisition	75,448	-	-	-
Long-term debt interest	299,886	-	-	-
AEA flowthrough	253,004	-	253,004	-
Depreciation (unallocated)*	216,790	-	-	-
	<u>845,128</u>	<u>-</u>	<u>253,004</u>	<u>-</u>
Total governmental activities	6,680,631	427,443	1,065,872	11,533
Business type activities:				
Non-instructional programs:				
Food service operations	283,850	121,195	163,732	-
Total	<u>\$ 6,964,481</u>	<u>548,638</u>	<u>1,229,604</u>	<u>11,533</u>
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Statewide sales, service and use tax				
Income surtaxes				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

\* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
(1,465,342)	-	(1,465,342)
(628,290)	-	(628,290)
(852,684)	-	(852,684)
<u>(2,946,316)</u>	<u>-</u>	<u>(2,946,316)</u>
(57,018)	-	(57,018)
(137,200)	-	(137,200)
(545,989)	-	(545,989)
(599,230)	-	(599,230)
(297,906)	-	(297,906)
<u>(1,637,343)</u>	<u>-</u>	<u>(1,637,343)</u>
(75,448)	-	(75,448)
(299,886)	-	(299,886)
-	-	-
<u>(216,790)</u>	<u>-</u>	<u>(216,790)</u>
<u>(592,124)</u>	<u>-</u>	<u>(592,124)</u>
(5,175,783)	-	(5,175,783)
<u>-</u>	<u>1,077</u>	<u>1,077</u>
<u>(5,175,783)</u>	<u>1,077</u>	<u>(5,174,706)</u>
\$ 2,111,927	-	2,111,927
392,474	-	392,474
97,834	-	97,834
359,219	-	359,219
340,687	-	340,687
1,645,790	-	1,645,790
69,788	397	70,185
41,110	-	41,110
<u>5,058,829</u>	<u>397</u>	<u>5,059,226</u>
(116,954)	1,474	(115,480)
<u>6,228,774</u>	<u>142,692</u>	<u>6,371,466</u>
<u>\$ 6,111,820</u>	<u>144,166</u>	<u>6,255,986</u>

West Hancock Community School District  
Britt, Iowa

Exhibit C

Balance Sheet  
Governmental Funds

June 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments:					
Other	1,667,590	94,481	2,776,069	864,775	5,402,915
Receivables:					
Property tax:					
Delinquent	20,822	4,274	-	3,241	28,337
Succeeding year	2,026,831	393,728	-	284,963	2,705,522
Accounts	1,004	-	-	1,116	2,120
Accrued interest	2,440	-	-	-	2,440
Due from other funds	-	100,000	-	-	100,000
Due from other governments	437,473	-	51,022	11,909	500,404
<b>Total assets</b>	<u>\$ 4,156,160</u>	<u>592,483</u>	<u>2,827,091</u>	<u>1,166,004</u>	<u>8,741,738</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 93,812	-	339,038	19,937	452,787
Salaries and benefits payable	240	-	-	-	240
Due to other funds	-	-	100,000	-	100,000
Deferred revenue:					
Succeeding year property tax	2,026,831	393,728	-	284,963	2,705,522
Income surtax	282,869	-	-	-	282,869
Other	163,878	-	-	-	163,878
<b>Total liabilities</b>	<u>2,567,630</u>	<u>393,728</u>	<u>439,038</u>	<u>304,900</u>	<u>3,705,296</u>
Fund balances:					
Reserved for:					
Categorical funding	134,388	-	-	-	134,388
Debt service	-	198,755	218,241	-	416,996
Reserved for revenue bonds	-	-	-	-	-
Unreserved, reported in:					
General fund	1,454,142	-	-	-	1,454,142
Special revenue funds	-	-	-	861,104	861,104
Capital projects fund	-	-	2,169,812	-	2,169,812
<b>Total fund balances</b>	<u>1,588,530</u>	<u>198,755</u>	<u>2,388,053</u>	<u>861,104</u>	<u>5,036,442</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,156,160</u>	<u>592,483</u>	<u>2,827,091</u>	<u>1,166,004</u>	<u>8,741,738</u>

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2010

<b>Total fund balances of governmental funds (page 20)</b>	\$ 5,036,442
<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.	8,401,266
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	282,869
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(105,465)
Long-term liabilities, including bonds and notes payable, compensated absences and other post employment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(7,403,292)</u>
<b>Net assets of governmental activities (page 17)</b>	<u><u>\$ 6,211,820</u></u>

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit E

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2010

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 2,233,535	392,236	359,219	297,477	3,282,467
Tuition	202,630	-	-	-	202,630
Other	122,502	377	18,447	224,863	366,189
State sources	2,293,114	238	-	180	2,293,532
Federal sources	418,640	-	-	11,533	430,173
Total revenues	<u>5,270,421</u>	<u>392,851</u>	<u>377,666</u>	<u>534,053</u>	<u>6,574,991</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,378,245	-	-	41,445	2,419,690
Special	759,839	-	-	-	759,839
Other	851,626	-	-	203,234	1,054,860
	<u>3,989,710</u>	<u>-</u>	<u>-</u>	<u>244,679</u>	<u>4,234,389</u>
Support services:					
Student	50,028	-	-	-	50,028
Instructional staff	136,107	-	-	-	136,107
Administration	501,548	-	-	18,463	520,011
Operation and maintenance of plant	482,537	-	-	119,906	602,443
Transportation	264,376	-	-	5,000	269,376
	<u>1,434,596</u>	<u>-</u>	<u>-</u>	<u>143,369</u>	<u>1,577,965</u>
Other expenditures:					
Facilities acquisition	-	-	628,577	20,793	649,370
Long-term debt:					
Principal	-	346,354	-	-	346,354
Interest and fiscal charges	-	231,337	-	-	231,337
AEA flowthrough	253,004	-	-	-	253,004
	<u>253,004</u>	<u>577,691</u>	<u>628,577</u>	<u>20,793</u>	<u>1,480,065</u>
Total expenditures	<u>5,677,310</u>	<u>577,691</u>	<u>628,577</u>	<u>408,841</u>	<u>7,292,419</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(406,889)</u>	<u>(184,840)</u>	<u>(250,911)</u>	<u>125,212</u>	<u>(717,428)</u>
Other financing sources (uses):					
Revenue bonds issued	-	-	2,705,000	-	2,705,000
Discount on revenue bonds issued	-	-	(17,061)	-	(17,061)
Operating transfers in	-	355,498	-	-	355,498
Operating transfers out	-	-	(355,498)	-	(355,498)
Sale of equipment	1,870	-	-	-	1,870
Total other financing sources	<u>1,870</u>	<u>355,498</u>	<u>2,332,441</u>	<u>-</u>	<u>2,689,809</u>
Net change in fund balances	(405,019)	170,658	2,081,530	125,212	1,972,381
Fund balances beginning of year	1,993,549	28,097	306,523	735,892	3,064,061
Fund balances end of year	<u>\$ 1,588,530</u>	<u>198,755</u>	<u>2,388,053</u>	<u>861,104</u>	<u>5,036,442</u>

See notes to financial statements.

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)** \$ 1,972,381

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

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

Expenditures for capital assets	\$ 692,046	
Depreciation expense	<u>(328,172)</u>	363,874

Income surtaxes and other receivables not collected for several months after year end are not considered available revenue and are deferred in the governmental funds. (13,184)

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 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows

Issued	\$ (2,705,000)	
Discount on bonds issued	17,061	
Repaid	346,354	
Amortize bond discount costs	<u>(508)</u>	(2,342,093)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (68,041)

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

Early Retirement	\$ 6,373	
Compensated absences	(2,252)	
Other postemployment benefits	<u>(34,012)</u>	<u>(29,891)</u>

**Change in net assets of governmental activities (page 19)** \$ (116,954)

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit G

Statement of Net Assets  
Proprietary Fund

June 30, 2010

	<u>School Nutrition</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 105,898
Inventories	16,877
Capital assets, net of accumulated depreciation	<u>27,968</u>
	<u>150,743</u>
<b>Liabilities</b>	
Accounts payable	60
Net OPEB liability	1,553
Deferred revenue	<u>4,964</u>
<b>Total liabilities</b>	<u>6,577</u>
<b>Net Assets</b>	
Invested in capital assets	27,968
Unrestricted	<u>116,198</u>
<b>Total net assets</b>	<u>\$ 144,166</u>

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Exhibit H

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2010

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	<u>\$ 121,195</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	140,662
Purchased services	1,809
Supplies	136,558
Depreciation	<u>4,821</u>
Total operating expenses	<u>283,850</u>
Operating loss	<u>(162,655)</u>
Non-operating revenues:	
State sources	3,252
Federal sources	160,480
Interest income	<u>397</u>
Total non-operating revenues	<u>164,129</u>
Increase in net assets	1,474
Net assets beginning of year	<u>142,692</u>
Net assets end of year	<u><u>\$ 144,166</u></u>

See notes to financial statements.

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2010

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 121,898
Cash paid to employees for services	(139,109)
Cash paid to suppliers for goods or services	<u>(118,085)</u>
Net cash used by operating activities	<u>(135,296)</u>
Cash flows from non-capital financing activities:	
State grants received	3,252
Federal grants received	<u>139,599</u>
Net cash provided by non-capital financing activities	<u>142,851</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,508)</u>
Net cash used by capital and related financing activities	<u>(1,508)</u>
Cash flows from investing activities:	
Interest on investments	<u>397</u>
Net increase in cash and cash equivalents	6,444
Cash and cash equivalents beginning of year	<u>99,454</u>
Cash and cash equivalents end of year	<u>\$ 105,898</u>

Statement of Cash Flows  
Proprietary Fund

School  
Nutrition

Year ended June 30, 2010

**Reconciliation of operating loss to net cash used by  
operating activities:**

Operating loss	\$ (162,655)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	20,881
Depreciation	4,821
Increase in inventories	(315)
(Decrease) in accounts payable	(284)
Increase in Net OPEB liability	1,553
Increase in deferred revenue	<u>703</u>
Net cash used by operating activities	<u>\$ (135,296)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2010, the District received \$20,881 of federal commodities.

See notes to financial statements.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

**(1) Summary of Significant Accounting Policies**

West Hancock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the cities of Britt and Kanawha, Iowa, and the predominately agricultural territory in a portion of Hancock and Wright 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, West Hancock 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 to 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. West Hancock Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

B. Basis of Presentation

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

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

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

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

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

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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 expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

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

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This 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.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

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

The proprietary fund of the District applies all applicable GASB pronouncements, as well as 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.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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 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.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair 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.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	300
Other furniture and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20
Furniture and equipment	5-15

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

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

Deferred revenue in 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, as well as unspent grant proceeds.

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 who have resigned or retired. The compensated absences liability has been computed on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

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

Fund Equity – 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.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures in the instruction and other expenditures functional areas exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

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

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

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$419,375 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) **Due From and Due to Other Funds**

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

Receivable Fund	Payable Fund	Amount
Debt Service	Capital Projects	\$100,000

The Capital Projects fund is paying the Debt Service Fund for the amount authorized in the budget, for its share of the long-term debt payment.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

**(4) Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$ 355,498</u>

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

**(5) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 13,500	---	---	13,500
Construction in progress	<u>140,302</u>	<u>573,922</u>	<u>(240,967)</u>	<u>473,257</u>
Total capital assets not being depreciated	<u>153,802</u>	<u>573,922</u>	<u>(240,967)</u>	<u>486,757</u>
Capital assets being depreciated:				
Buildings	10,343,100	281,668	---	10,624,768
Improvements other than buildings	424,793	2,781	---	427,574
Furniture and equipment	<u>1,669,184</u>	<u>74,642</u>	<u>(25,274)</u>	<u>1,718,552</u>
Total capital assets being depreciated	<u>12,437,077</u>	<u>359,091</u>	<u>(25,274)</u>	<u>12,770,894</u>
Less accumulated depreciation for:				
Buildings	3,102,050	201,042	---	3,303,092
Improvements other than buildings	202,619	15,748	---	218,367
Furniture and equipment	<u>1,248,818</u>	<u>111,382</u>	<u>(25,274)</u>	<u>1,334,926</u>
Total accumulated depreciation	<u>4,553,487</u>	<u>328,172</u>	<u>(25,274)</u>	<u>4,856,385</u>
Total capital assets being depreciated, net	<u>7,883,590</u>	<u>30,919</u>	---	<u>7,914,509</u>
Governmental activities capital assets, net	<u>\$ 8,037,392</u>	<u>604,841</u>	<u>(240,967)</u>	<u>8,401,266</u>

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 137,026	1,508	---	138,534
Less accumulated depreciation	<u>105,745</u>	<u>4,821</u>	---	<u>110,566</u>
Business type activities capital assets, net	<u>\$ 31,281</u>	<u>(3,313)</u>	<u>---</u>	<u>27,968</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 33,329
Special education	20,593

Support services:

Student support	6,215
Administration	8,722
Operation and maintenance of plant	6,981
Transportation	35,543

Unallocated	<u>216,789</u>
Total depreciation expense – governmental activities	<u>\$ 328,172</u>

Business type activities:

Food service operations	<u>\$ 4,821</u>
-------------------------	-----------------

**(6) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,760,000	-	275,000	4,485,000	290,000
Revenue bonds	-	2,705,000	-	2,705,000 (1)	100,000
Notes payable	354,291	-	71,355	282,936	74,236
Early retirement	6,373	-	6,373	-	-
Compensated absences	10,645	12,897	10,645	12,897	-
Net OPEB liability	<u>-</u>	<u>34,012</u>	<u>-</u>	<u>34,012</u>	<u>-</u>
Total	<u>\$ 5,131,309</u>	<u>2,751,909</u>	<u>363,373</u>	<u>7,519,845</u>	<u>464,236</u>

(1) Bonds were sold at a discount; unamortized discount at June 30, 2010 totaled \$16,553.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ -	1,553	-	1,553	-
Total	\$ -	1,553	-	1,553	-

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue Aug 1, 2002			
	Interest Rates	Principal	Interest	Total
2011	5.20%	\$ 290,000	203,428	493,428
2012	5.20	300,000	188,348	488,348
2013	4.05	315,000	172,747	487,747
2014	4.13	330,000	159,990	489,990
2015	4.20	345,000	146,378	491,378
2016-2020	4.30-4.60	1,980,000	492,925	2,472,925
2021-2022	4.65-4.70	925,000	65,575	990,575
Total		\$ 4,485,000	1,429,391	5,914,391

Energy Management Improvement Capital Loan Note

Details of the District's June 30, 2010 note payable is as follows:

Year Ending June 30,	Interest			
	Rates	Principal	Interest	Total
2011	4.00%	\$ 74,236	10,583	84,819
2012	4.00	77,236	7,583	84,819
2013	4.00	80,356	4,463	84,819
2014	4.00	51,108	1,022	52,130
Total		\$ 282,936	23,651	306,587

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

Revenue Bonds

Details of the District's June 30, 2010 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of Dec 1, 2009			
	Interest Rates	Principal	Interest	Total
2011	3.00%	\$ 100,000	129,759	229,759
2012	4.00	100,000	116,663	216,663
2013	4.00	100,000	113,163	213,163
2014	4.00	100,000	109,162	209,162
2015	4.00	100,000	105,162	205,162
2016-2020	4.00-4.50	560,000	459,263	1,019,263
2021-2025	4.05-4.75	720,000	316,675	1,036,675
2026-2030	4.75-5.00	925,000	120,419	1,045,419
Total		\$ 2,705,000	1,470,266	4,175,266

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,705,000 of bonds issued in December 2009. The bonds were issued for the purpose of financing a school infrastructure improvement project. 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 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$4,175,266. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues were \$359,219.

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

- a) \$218,163 of the proceeds from the issuance of the revenue bonds shall be deposited to a 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.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

- 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 fore 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.

**(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$219,094, \$207,951, and \$187,430, respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description – The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 75 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

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

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

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 which, 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	\$ 41,225
Interest on net OPEB obligation	---
Adjustment to annual required contribution	<u>---</u>
Annual OPEB cost	41,225
Contributions made	<u>(5,660)</u>
Increase in net OPEB obligation	35,565
Net OPEB obligation beginning of year	<u>---</u>
Net OPEB obligation end of year	<u>\$ 35,565</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the 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 \$5,660 to the medical plan. Plan members eligible for the benefits contributed \$34,728 or 86% 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:

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 41,225	13.7%	\$ 35,565

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 \$353,917, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$353,917. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,636,500 and the ratio of the UAAL to covered payroll was 13.4%. 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 include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, 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, 2008 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2008.

Projected claim costs of the medical plan are \$580 per month for retirees less than age 65 and \$580 per month for retirees who have attained age 65. The UAAL is being amortized as a level dollar funding over 30 years.

**(9) Risk Management**

West Hancock 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.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$253,004 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.

**(11) Construction Commitment**

The District has entered into a contract totaling \$2,063,700 for a phase 2 Geothermal Project. \$1,590,444 remaining at June 30, 2010 will be paid as work on the project progresses.

West Hancock Community School District  
Britt, Iowa

Notes to Financial Statements

June 30, 2010

**(13) Categorical Funding**

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

<u>Program</u>	<u>Amount</u>
Teacher salary supplement	\$ 25,788
Professional development – core curriculum	14,444
Professional development	34,776
Dropout prevention program	36,229
Limited English proficient	2,375
At-risk program	13,283
Beginning teacher mentoring	591
Teacher contract day	397
Market factor funds	<u>6,505</u>
Total	<u>\$ 134,388</u>

**(14) Subsequent Events**

Subsequent events have been evaluated through February 21, 2011, which is the date the financial statements were available to be issued.

## **Required Supplementary Information**

West Hancock Community School District

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2010

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 3,851,286	121,592
Intermediate sources	-	-
State sources	2,293,532	3,252
Federal sources	430,173	160,480
Total revenues	<u>6,574,991</u>	<u>285,324</u>
Expenditures/Expenses:		
Instruction	4,234,389	-
Support services	1,577,965	-
Non-instructional programs	-	283,850
Other expenditures	1,480,065	-
Total expenditures/expenses	<u>7,292,419</u>	<u>283,850</u>
Excess (deficiency) of revenues over (under) expenditures	(717,428)	1,474
Other financing sources, net	<u>2,689,809</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,972,381	1,474
Balances beginning of year	<u>3,064,061</u>	<u>142,692</u>
Balances end of year	<u>\$ 5,036,442</u>	<u>144,166</u>

See accompanying independent auditor's report.

<u>Total Actual</u>	<u>Budgeted Amounts Original &amp; Final</u>	<u>Final to Actual Variance</u>
3,972,878	4,127,441	(154,563)
-	1,000	(1,000)
2,296,784	2,878,774	(581,990)
<u>590,653</u>	<u>311,313</u>	<u>279,340</u>
<u>6,860,315</u>	<u>7,318,528</u>	<u>(458,213)</u>
4,234,389	4,204,644	(29,745)
1,577,965	1,819,958	241,993
283,850	377,000	93,150
<u>1,480,065</u>	<u>1,376,836</u>	<u>(103,229)</u>
<u>7,576,269</u>	<u>7,778,438</u>	<u>202,169</u>
(715,954)	(459,910)	(256,044)
<u>2,689,809</u>	<u>-</u>	<u>2,689,809</u>
1,973,855	(459,910)	2,433,765
<u>3,206,753</u>	<u>2,923,377</u>	<u>283,376</u>
<u>5,180,608</u>	<u>2,463,467</u>	<u>2,717,141</u>

West Hancock Community School District  
Britt, Iowa

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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except 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. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2010, expenditures in the instruction and other expenditures functions exceeded the amounts budgeted.

West Hancock Community School District  
Britt, Iowa

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
June 30, 2010	Jul 1, 2009	-	\$ 353,917	353,917	0.0%	\$2,636,500	13.4%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## **Other Supplementary Information**

West Hancock Community School District  
Britt, Iowa

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2010

	Special Revenue		
	Student	Physical Plant and Equipment	Playground Equipment Recreation
	<u>Activity</u>	<u>Levy</u>	<u>Levy</u>
<b>Assets</b>			
Cash and pooled investments	\$ 90,029	152,862	61,993
Receivables:			
Property tax:			
Delinquent	-	756	309
Succeeding year	-	74,490	30,473
Accounts	1,116	-	-
Accrued interest	-	-	-
Due from other governments	-	11,909	-
	-	11,909	-
<b>Total assets</b>	<b>\$ 91,145</b>	<b>240,017</b>	<b>92,775</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 906	150	18,463
Deferred revenue:			
Succeeding year property tax	-	74,490	30,473
Total liabilities	906	74,640	48,936
Fund balances:			
Unreserved fund balances	90,239	165,377	43,840
Total fund balances	90,239	165,377	43,840
<b>Total liabilities and fund balances</b>	<b>\$ 91,145</b>	<b>240,017</b>	<b>92,776</b>

See accompanying independent auditor's report.

<hr/>		
Riebsamen		
<u>Memorial</u>	<u>Management</u>	<u>Total</u>
143	559,748	864,775
-	2,176	3,241
-	180,000	284,963
-	-	1,116
-	-	-
-	-	11,909
<hr/>	<hr/>	<hr/>
<u>143</u>	<u>741,924</u>	<u>1,166,004</u>
-	418	19,937
<hr/>	<hr/>	<hr/>
-	180,000	284,963
<hr/>	<hr/>	<hr/>
-	180,418	304,900
<hr/>	<hr/>	<hr/>
<u>143</u>	<u>561,505</u>	<u>861,104</u>
<hr/>	<hr/>	<hr/>
<u>143</u>	<u>561,505</u>	<u>861,104</u>
<hr/>	<hr/>	<hr/>
<u>143</u>	<u>741,923</u>	<u>1,166,004</u>

West Hancock Community School District  
Britt, Iowa

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2010

	Special Revenue		
	Student Activity	Physical Plant and Equipment Levy	Playground Equipment/ Recreation Levy
Revenues:			
Local sources:			
Local tax	\$ -	69,388	28,386
Other	207,474	1,158	208
State sources	-	42	17
Federal sources	-	11,533	-
Total revenues	207,474	82,121	28,611
Expenditures:			
Current:			
Instruction:			
Regular			
Other	203,234	-	-
Support services:			
Administration	-	-	18,463
Transportation services	-	-	-
Operation and maintenance of plant	-	499	-
Other expenditures:			
Facilities acquisition	-	20,793	-
Total expenditures	203,234	21,292	18,463
Excess of revenues over expenditures	4,240	60,829	10,148
Fund balances beginning of year	85,999	104,548	33,692
Fund balances end of year	\$ 90,239	165,377	43,840

See accompanying independent auditor's report.

<hr/>		
Riebsamen		
<u>Memorial</u>	<u>Management</u>	<u>Total</u>
-	199,703	297,477
-	16,023	224,863
-	121	180
-	-	11,533
-	<u>215,847</u>	<u>534,053</u>
	41,445	41,445
-	-	203,234
-	-	18,463
-	5,000	5,000
-	119,407	119,906
-	-	20,793
-	<u>165,852</u>	<u>408,841</u>
-	<u>49,995</u>	<u>125,212</u>
<u>143</u>	<u>511,510</u>	<u>735,892</u>
<u>143</u>	<u>561,505</u>	<u>861,104</u>

West Hancock Community School District  
Britt, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Athletics	\$ 5,361	55,900	56,820	4,441
Class of 2007	600	-	-	600
Class of 2008	1,620	-	1,620	-
Class of 2009	1,428	545	1,973	-
Class of 2010	7,527	408	4,157	3,778
Class of 2011	-	33,560	23,266	10,294
FFA	7,357	11,022	11,897	6,482
FCCLA	189	184	127	246
SES	213	-	-	213
Student Council	6,646	4,650	4,571	6,725
Vocal Music	-	368	60	308
Cheerleaders	1,067	9,082	7,413	2,736
Band	-	404	391	13
Band Trip	255	-	-	255
Drama	1,166	1,870	901	2,135
Pep Club	475	100	168	407
Uniforms	9,268	13,906	14,557	8,617
Yearbook	4,352	6,346	10,058	640
Girls Basketball	60	1,425	2,171	(686)
Mat Maids	100	-	-	100
Wrestling	650	-	40	610
Weight Lifting	541	5,798	4,204	2,135
Weight Room	-	1,697	135	1,562
Boys Basketball	641	5,160	5,106	695
Baseball	-	5,315	3,548	1,767
Interest	6,046	683	146	6,583
Student Fees	283	-	162	121
Spanish Club	1,072	-	-	1,072
Speech	972	9,701	8,587	2,086
Volleyball	4,166	1,208	2,000	3,374

West Hancock Community School District  
Britt, Iowa

Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Junior High Student Council	1,112	1,491	1,362	1,241
Business Club	204	-	-	204
Softball	1,725	3,785	3,045	2,465
Junior High Athletics	-	3,853	3,853	-
Junior High Cheerleaders	626	-	49	577
Junior High Interest	1,201	74	-	1,275
Renaissance	2,326	-	-	2,326
Golf Co-Ed	20	-	-	20
Junior High Student Projects	7,953	14,315	16,223	6,045
Junior High Music	-	1,142	1,142	-
Junior High Accelerated Reading	-	1,100	1,100	-
Elementary Accelerated Reading	3,977	8,020	8,008	3,989
High School Student Projects	-	3,726	3,726	-
Book & Tech Donation	4,882	276	36	5,122
Sunshine Fund	(82)	360	613	(335)
Total	<u>\$ 85,999</u>	<u>207,474</u>	<u>203,235</u>	<u>90,238</u>

See accompanying independent auditor's report.

West Hancock Community School District  
Britt, Iowa

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Six Years

	Modified Accrual Basis			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:				
Local sources:				
Local tax	\$ 3,282,467	3,188,365	3,247,797	3,498,064
Tuition	202,630	297,986	244,737	342,215
Other	366,189	488,352	442,352	264,035
Intermediate sources	-	1,748	-	-
State sources	2,293,532	2,881,183	2,697,853	2,702,514
Federal sources	430,173	194,666	153,903	205,533
Total	<u>\$ 6,574,991</u>	<u>7,052,300</u>	<u>6,786,642</u>	<u>7,012,361</u>
Expenditures:				
Instruction:				
Regular	\$ 2,419,690	2,249,274	2,128,263	2,220,720
Special	759,839	752,191	795,804	920,024
Other	1,054,860	1,067,698	992,975	594,807
Support services:				
Student	50,028	46,998	42,210	71,626
Instructional staff	136,107	134,296	103,088	102,827
Administration	520,011	523,030	541,014	522,641
Operation and maintenance of plant	602,443	679,686	673,542	645,838
Transportation	269,376	363,139	269,509	244,828
Other support	-	-	-	-
Non-instructional programs	-	12,650	-	-
Other expenditures:				
Community services	-	-	17,028	861
Facilities acquisition	649,370	229,686	124,880	365,207
Long-term debt:				
Principal	346,354	341,002	320,847	307,800
Interest and other charges	231,337	243,862	256,109	266,931
AEA flowthrough	253,004	221,704	208,064	203,795
Total	<u>\$ 7,292,419</u>	<u>6,865,216</u>	<u>6,473,333</u>	<u>6,467,905</u>

See accompanying independent auditor's report.

## Schedule 4

<u>2006</u>	<u>2005</u>
3,171,524	3,124,363
247,043	150,372
423,495	355,892
-	-
2,819,160	2,811,629
141,044	195,169
<u>6,802,266</u>	<u>6,637,425</u>
2,137,232	2,073,955
686,697	1,053,412
651,426	342,178
87,727	113,202
135,273	100,670
526,669	622,136
682,518	698,966
273,447	301,623
-	156,634
139	50,296
-	-
386,909	364,656
291,200	273,535
275,020	284,673
197,990	193,975
<u>6,332,247</u>	<u>6,629,911</u>

West Hancock Community School District  
Britt, Iowa

Schedule 5

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	\$ 28,231
National School Lunch Program	10.555	FY10	<u>132,250</u> *
			<u>160,481</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Education Agencies	84.010	FY10	76,395
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY10	<u>42,290</u>
			<u>118,685</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	<u>119,204</u>
Improving Teacher Quality State Grants	84.367	FY10	<u>63,933</u>
English Language Acquisition Grants	84.365	FY10	<u>1,353</u>
Education Technology State Grants	84.318	FY10	<u>200</u>
Career and Technical Education - Basic Grants to State	84.048	FY10	<u>5,761</u>
Grants for State Assessment	84.369	FY10	<u>4,141</u>
Eisenhower Professional Development State Grants	84.281	FY10	<u>237</u>
Fund for the Improvement of Education	84.215	FY10	<u>11,533</u>

(continued)

West Hancock Community School District  
Britt, Iowa

Schedule 5

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Area Education Agency 267:			
Special Education - Grants to States	84.027	FY10	32,981 **
ARRA - Special Education Grants to States, Recovery Act	84.391	FY10	72,144 **
			\$ 590,653

\* - Includes \$20,881 of non-cash awards.

\*\* - Total for Special Education Cluster (IDEA) is \$105,125.

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

See accompanying independent auditor's report.

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

To the Board of Education of  
West Hancock 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 West Hancock 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 February 21, 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 West Hancock 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 West Hancock Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Hancock 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 consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. 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 material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-10 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Hancock 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.

West Hancock 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 West Hancock 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 West Hancock Community School District and other parties to whom West Hancock 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 West Hancock 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.

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

February 21, 2011

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

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  
West Hancock Community School District:

Compliance

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

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit included examining, on a test basis, evidence about West Hancock 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 West Hancock Community School District's compliance with those requirements.

In our opinion, West Hancock Community School District compiled, 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 West Hancock 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 West Hancock 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 West Hancock 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 we consider to be a material weakness.

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.

West Hancock 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 West Hancock 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 West Hancock Community School District and other parties to whom West Hancock 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.

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

February 21, 2011

West Hancock Community School District  
Britt, Iowa

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) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget A-133, Section .510(a)
- (g) Major programs were as follows:
  - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act.
  - Clustered programs:
    - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
    - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
    - CFDA Number 84.027 – Special Education, Grants to States
    - CFDA Number 84.391 – ARRA – Special Education Grants to States, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

West Hancock Community School District  
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

(i) West Hancock Community School District did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts listing, bank deposits and the posting of cash receipts to the cash receipts journal are all done by the same person.

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

Response – We are doing everything we can with the limited number of staff we have.

Conclusion – Response acknowledged.

II-B-10 Preparation of Financial Statements – The District does not have an internal control system designed to provide for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an entity similar in size to West Hancock Community School District. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, it is the responsibility of the District's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

West Hancock Community School District  
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Response – Management feels that committing the resources to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue to evaluate the risks to be accepted in preparation of the financial statements.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

West Hancock Community School District  
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

**CFDA Number 84.010: Title I Grants to Local Educational Agencies**  
**CFDA Number 84.389: ARRA – Title I Grants to Local Educational Agencies, Recovery Act**  
**Federal Award Year: 2010**  
**U.S. Department of Education**  
**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: 2010**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

**CFDA Number 84.027: Special Education – Grants to States**  
**CFDA Number 84.391: ARRA – Special Education Grants to States, Recovery Act**  
**Federal Award Year: 2010**  
**U.S. Department of Education**  
**Passed through the Area Education Agency 267**

West Hancock Community School District  
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

III-A-10 Segregation of Duties - The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District has taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

Response - We are continuing to review our procedures and implement additional controls where possible.

Conclusion - Response acknowledged. The District should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

West Hancock Community School District  
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

**Part IV Other Findings Related to Statutory Reporting:**

IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010 exceeded the certified budget amounts in the instruction and other expenditures functions.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget. The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the unspent authorized budget over expenditure.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. We will contact the Iowa Department of Education and the School Budget Review Committee to resolve the issue regarding the unspent authorized budget.

Conclusion – Response accepted.

IV-B-10 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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 or employees 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 is reviewed annually to insure that the coverage is adequate for current operations.

IV-F-10 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

West Hancock Community School District  
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-G-10 Certified Enrollment – One variance in the basic enrollment data certified to the Department of Education was noted. The District counted one student as dual open enrolled for home schooling but had no expenses.

Recommendation – The District should develop procedures to ensure accurate attendance counts are taken throughout the year and accurate enrollment data is certified to the Iowa Department of Education.

Response – This was an oversight this year as we received no billing from the other district for home schooling expenses.

Conclusion – Response accepted.

IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-10 Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-10 Deficit Balances – A few student activity accounts had deficit balances at June 30, 2010.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives.

Conclusion – Response accepted.

West Hancock Community School District  
Britt, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

IV-L-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-M-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 revenue. For the year ended June 30, 2010, the District’s financial activity and other required information for the statewide sales, services, and use tax revenue are as follows:

Beginning balance	\$	---
Statewide sales, services and use tax		359,219
Expenditures/transfers out:		
School infrastructure:		
Buildings and building improvements	\$	59,151
Equipment		44,571
Debt service for school infrastructure:		
General obligation debt		84,819
Revenue debt		<u>170,678</u>
		<u>359,219</u>
Ending balance	\$	<u>---</u>