

EXIRA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2010

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Exira Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Vicky Sorensen	President	2011
Denise Walker	Vice President	2011
Tom Christofferson	Board Member	2011
Tom Benton	Board Member	2009
Bart Peppers	Board Member	2009
Board of Education (After September 2009 Election)		
Tom Benton	President	2013
Bart Peppers	Vice President	2013
Tom Christofferson	Board Member	2011
Denise Walker	Board Member	2011
Vicky Sorensen	Board Member (resigned)	2011
Ryan Wilson	Board Member (appointed)	2011
School Officials		
Rod Montang	Superintendent	2010
Shirley Garnett	Business Manager (resigned)	2010
Barry Eldal	Business Manager (resigned)	2010
Cindy Paulsen	Business Manager (appointed)	2010
Rick Franck	Attorney	2010

Exira Community School District

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Exira 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 the Exira Community School District, Exira, 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.

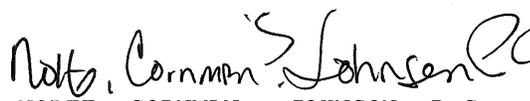
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Exira Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated May 17, 2011 on our consideration of Exira 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 these reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 44 through 46 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 Exira Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

May 17, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,807,913 at June 30, 2009 to \$2,950,062 at June 30, 2010, while General Fund expenditures decreased from \$3,095,514 at June 30, 2009 to \$2,890,754, at June 30, 2010. This resulted in an increase in the District's General Fund balance from a deficit balance of \$642,000 at June 30, 2009 to a deficit balance of \$582,692 at June 30, 2010, a 9.24% increase from the prior year.
- The increase in General Fund revenues was attributable primarily to the increase in local revenue and federal grant revenues in fiscal 2010. The decrease in expenditures was due to the decreases in negotiated salaries and benefits for District employees.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-1
Exira Community School District Annual Financial Report

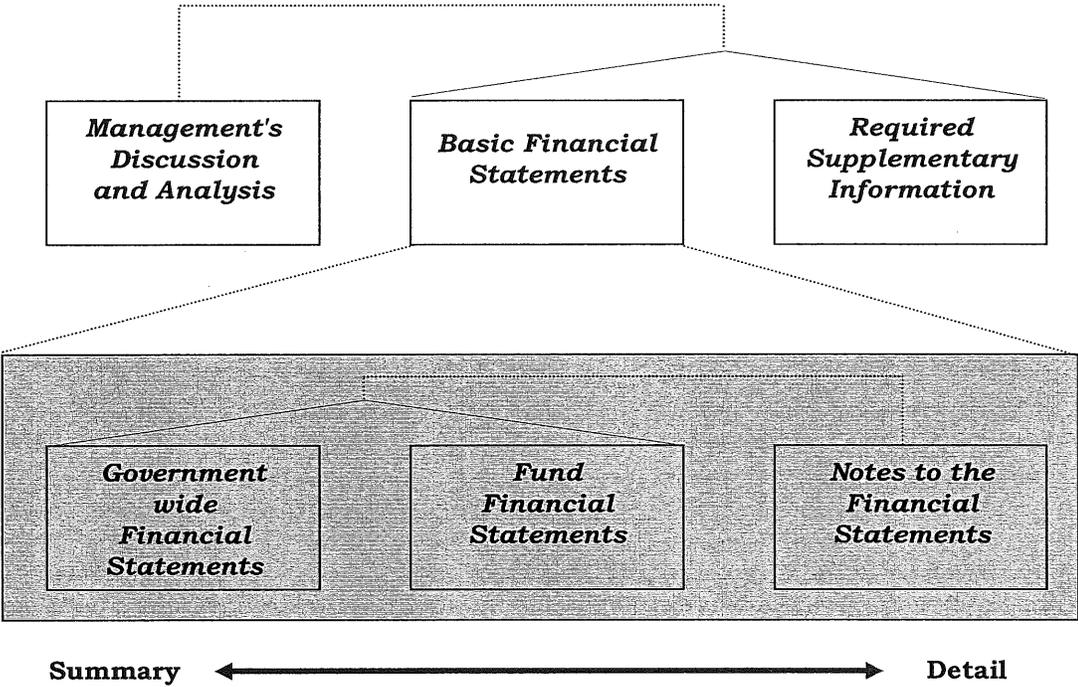


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 3,584,304	3,336,776	19,387	16,789	3,603,691	3,353,565	7.46%
Capital assets	762,944	646,688	13,582	15,845	776,526	662,533	17.21%
Total assets	4,347,248	3,983,464	32,969	32,634	4,380,217	4,016,098	9.07%
Long-term obligations	1,475,504	8,650	-	-	1,475,504	8,650	16957.85%
Other liabilities	2,015,721	3,213,083	759	1,010	2,016,480	3,214,093	-37.26%
Total liabilities	3,491,225	3,221,733	759	1,010	3,491,984	3,222,743	8.35%
Net assets:							
Invested in capital assets, net of related debt	517,826	646,688	13,582	15,845	531,408	662,533	-19.79%
Restricted	1,020,389	685,873	-	-	1,020,389	685,873	48.77%
Unrestricted	(682,192)	(570,830)	18,628	15,779	(663,564)	(555,051)	-19.55%
Total net assets	\$ 856,023	761,731	32,210	31,624	888,233	793,355	11.96%

The District's combined net assets increased by 11.96%, or \$94,878, from the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets are liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by \$334,516, or 48.77% over the prior year. The increase in restricted net assets can be attributed to the increase in fund balance for the Debt Service Fund as well as an increase in carryover balances for state categorical funding.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$108,513, or 19.55%. The increase was primarily due to the increase in the General Fund balance.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 124,387	113,762	60,700	65,690	185,087	179,452	3.14%
Operating grants and contributions and restricted interest	599,826	475,398	56,193	58,004	656,019	533,402	22.99%
Capital grants and contributions and restricted interest	-	1,180	-	-	-	1,180	100.00%
General revenues:							
Property tax	1,436,821	1,183,298	-	-	1,436,821	1,183,298	21.43%
Income surtax	122,532	108,326	-	-	122,532	108,326	13.11%
Statewide sales, services and use tax	147,374	174,445	-	-	147,374	174,445	-15.52%
Unrestricted state grants	849,296	1,168,833	-	-	849,296	1,168,833	-27.34%
Unrestricted investment earnings	24,924	23,298	39	34	24,963	23,332	6.99%
Other	87,668	33,309	32	-	87,700	33,309	-163.29%
Total revenues	3,392,828	3,281,849	116,964	123,728	3,509,792	3,405,577	3.06%
Program expenses:							
Governmental activities:							
Instructional	1,970,284	2,193,492	-	-	1,970,284	2,193,492	-10.18%
Support services	1,037,650	864,513	-	-	1,037,650	864,513	20.03%
Non-instructional programs	-	-	116,378	124,284	116,378	124,284	-6.36%
Other expenses	290,602	335,357	-	-	290,602	335,357	-13.35%
Total expenses	3,298,536	3,393,362	116,378	124,284	3,414,914	3,517,646	-2.92%
Changes in net assets	94,292	(111,513)	586	(556)	94,878	(112,069)	184.66%
Beginning net assets	761,731	873,244	31,624	32,180	793,355	905,424	-12.38%
Ending net assets	\$ 856,023	761,731	32,210	31,624	888,233	793,355	11.96%

Property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 75.35% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.94% of the revenue from business type activities.

The District's total revenues were approximately \$3,509,792 of which \$3,392,828 was for governmental activities and \$116,964 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.06% increase in revenues and a 2.92% decrease in expenses. The increase in revenues was due to increased in local taxes and federal grant revenues, the District received during fiscal 2010. The decreases in expenses related to decreases in the negotiated salary and benefits.

Governmental Activities

Revenues for governmental activities were \$3,392,828 and expenses were \$3,298,536. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 1,970,284	2,193,492	-10.18%	1,353,591	1,714,924	-21.07%
Support services	1,037,650	864,513	20.03%	1,037,605	864,472	20.03%
Non-instructional	-	-	0.00%	-	(7,351)	-100.00%
Other expenses	290,602	335,357	-13.35%	183,127	230,977	-20.72%
Totals	\$ 3,298,536	3,393,362	-2.79%	2,574,323	2,803,022	-8.16%

For the year ended June 30, 2010:

- The cost financed by users of the District's programs was \$124,387.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$599,826.
- The net cost of governmental activities was financed with \$1,559,353 in local tax, \$147,374 in statewide sales, services and use tax, \$849,296 in unrestricted state grants, \$24,924 in interest income and \$87,668 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$116,964 and expenses were \$116,378. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Exira 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 \$1,518,881, above last year's ending fund balance of \$42,092. The primary reason for the increase in combined fund balance in fiscal 2010 is due to unspent proceeds from the District's September 30, 2009 revenue bond issuance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Local revenues increased by \$329,754 or 28.13% while state revenues decreased by \$345,713 or 23.01%. Federal revenues increased by \$157,408 or 117.92%. Instruction expenditures decreased by \$252,360 or 11.85% due to the decrease in negotiated salaries and benefits. Support services expenditures increased by \$43,325 or 5.03%. This result was an increase of \$59,308 in General Fund balance.
- The Special Revenue, Physical Plant and Equipment Levy Fund balance increased from \$13,013 at June 30, 2009 to \$46,810 at June 30, 2010. The increase was primarily due to a decrease in expenditures as compared to the previous year.

- The Capital Projects Fund increased from \$613,003 in 2009 to \$1,762,364 in 2010. The main factor in the increase in fund balance is due to the District issuing \$1.45 million in revenue bonds during the year. As of June 30, 2010, unspent bond proceeds of \$1,204,882 are included in the \$1,762,364 Capital Projects fund balance.

Proprietary Fund Highlights

- The Proprietary Fund net assets increased from \$31,624 at June 30, 2009 to \$32,210 at June 30, 2010, representing an increase of 1.85%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$304,409 less than budgeted revenues, a variance of 8.00%. The most significant variance resulted from the District receiving less in state source revenues than originally anticipated.

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

During the year ended June 30, 2010, the District exceeded its General Fund unspent authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$776,526, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 17.21% from last year. Additional detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$88,579.

The original cost of the District's capital assets was \$2,371,823. Governmental funds account for \$2,323,925 with the remainder of \$47,898 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2009, compared to \$196,021, reported at June 30, 2010. This increase was due to renovation projects at the high school that had been started but not completed during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 19,493	19,493	-	-	19,493	19,493	0.00%
Construction in progress	196,021	-	-	-	196,021	-	100.00%
Buildings	395,385	428,771	-	-	395,385	428,771	-7.79%
Land improvements	7,754	8,453	-	-	7,754	8,453	-8.27%
Machinery and equipment	144,291	189,971	13,582	15,845	157,873	205,816	-23.29%
Total	\$ 762,944	646,688	13,582	15,845	776,526	662,533	17.21%

Long-Term Debt

At June 30, 2010, the District had \$1,475,504 in other long-term debt outstanding. This represents an increase of 16,957.85% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District also had outstanding Revenue Bonds payable from the Capital Projects Fund of \$1,450,000 at June 30, 2010.

The District had outstanding early retirement payable from the Special Revenue, Management Fund of \$5,504 at June 30, 2010.

The District had a net OPEB liability of \$20,000 as of June 30, 2010.

Figure A-7
Outstanding Long-Term Obligations

	Total District		Total Change
	June 30, 2010	June 30, 2009	June 30, 2009-10
Revenue bonds	\$ 1,450,000	-	100.00%
Early Retirement	5,504	8,650	-36.37%
Net OPEB liability	20,000	-	100.00%
Total	\$ 1,475,504	8,650	16957.85%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cindy Paulsen, District Business Manager/Board Secretary, Exira Community School District, P.O. Box 335, Exira, Iowa, 50076.

Exira Community School District

BASIC FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 1,699,405	16,016	1,715,421
Receivables:			
Property tax:			
Delinquent	16,423	-	16,423
Succeeding year	1,614,518	-	1,614,518
Income surtax	92,052	-	92,052
Accounts	7,522	845	8,367
Due from other governments	154,384	-	154,384
Inventories	-	2,526	2,526
Capital assets, net of depreciation	762,944	13,582	776,526
TOTAL ASSETS	4,347,248	32,969	4,380,217
LIABILITIES			
Accounts payable	152,017	-	152,017
Salaries and benefits payable	197,614	-	197,614
Interest payable	42,350	-	42,350
Unearned revenue	-	759	759
Deferred revenue:			
Succeeding year property tax	1,614,518	-	1,614,518
Other	9,222	-	9,222
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	50,000	-	50,000
Early retirement payable	3,145	-	3,145
Portion due after one year:			
Revenue bonds payable	1,400,000	-	1,400,000
Early retirement payable	2,359	-	2,359
Net OPEB liability	20,000	-	20,000
TOTAL LIABILITIES	3,491,225	759	3,491,984
NET ASSETS			
Invested in capital assets, net of related debt	517,826	13,582	531,408
Restricted for:			
Categorical funding	129,202	-	129,202
Capital projects	557,482	-	557,482
Management levy	42,844	-	42,844
Debt service	212,759	-	212,759
Physical plant and equipment levy	46,810	-	46,810
Other special revenue purposes	31,292	-	31,292
Unrestricted	(682,192)	18,628	(663,564)
TOTAL NET ASSETS	\$ 856,023	32,210	888,233

SEE NOTES TO FINANCIAL STATEMENTS

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

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 1,392,875	49,772	374,989	(968,114)	-	(968,114)
Special	234,716	-	50,953	(183,763)	-	(183,763)
Other	342,693	74,570	66,409	(201,714)	-	(201,714)
	<u>1,970,284</u>	<u>124,342</u>	<u>492,351</u>	<u>(1,353,591)</u>	<u>-</u>	<u>(1,353,591)</u>
Support services:						
Student	66,309	-	-	(66,309)	-	(66,309)
Instructional staff	110,848	-	-	(110,848)	-	(110,848)
Administration	444,552	-	-	(444,552)	-	(444,552)
Operation and maintenance of plant	267,536	-	-	(267,536)	-	(267,536)
Transportation	148,405	45	-	(148,360)	-	(148,360)
	<u>1,037,650</u>	<u>45</u>	<u>-</u>	<u>(1,037,605)</u>	<u>-</u>	<u>(1,037,605)</u>
Other expenditures:						
Facilities and acquisitions	106,692	-	-	(106,692)	-	(106,692)
Long-term debt interest	42,350	-	-	(42,350)	-	(42,350)
AEA flowthrough	107,475	-	107,475	-	-	-
Depreciation(unallocated)*	34,085	-	-	(34,085)	-	(34,085)
	<u>290,602</u>	<u>-</u>	<u>107,475</u>	<u>(183,127)</u>	<u>-</u>	<u>(183,127)</u>
Total governmental activities	3,298,536	124,387	599,826	(2,574,323)	-	(2,574,323)
Business Type activities:						
Non-instructional programs:						
Nutrition services	116,378	60,700	56,193	-	515	515
Total business type activities	<u>116,378</u>	<u>60,700</u>	<u>56,193</u>	<u>-</u>	<u>515</u>	<u>515</u>
Total	<u>\$ 3,414,914</u>	<u>185,087</u>	<u>656,019</u>	<u>(2,574,323)</u>	<u>515</u>	<u>(2,573,808)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,304,538	-	1,304,538
Capital outlay				132,283	-	132,283
Income surtax				122,532	-	122,532
Statewide sales, services and use tax				147,374	-	147,374
Unrestricted state grants				849,296	-	849,296
Unrestricted investment earnings				24,924	39	24,963
Other				87,668	32	87,700
Total general revenues				<u>2,668,615</u>	<u>71</u>	<u>2,668,686</u>
Changes in net assets				94,292	586	94,878
Net assets beginning of year				761,731	31,624	793,355
Net assets end of year				<u>\$ 856,023</u>	<u>32,210</u>	<u>888,233</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 47,245	56,915	1,779,341	294,327	2,177,828
Receivables:					
Property tax:					
Delinquent	14,120	1,511	-	792	16,423
Succeeding year	1,387,411	152,107	-	75,000	1,614,518
Income surtax	92,052	-	-	-	92,052
Accounts	7,041	-	-	481	7,522
Interfund	-	366,462	-	-	366,462
Due from other governments	104,890	-	49,494	-	154,384
TOTAL ASSETS	\$ 1,652,759	576,995	1,828,835	370,600	4,429,189
LIABILITIES AND FUND BALANCES					
Liabilities:					
Excess of warrants issued over bank balance	\$ 111,961	366,462	-	-	478,423
Interfund payable	366,462	-	-	-	366,462
Accounts payable	70,729	11,616	66,471	3,201	152,017
Salaries and benefits payable	197,614	-	-	-	197,614
Deferred revenue:					
Succeeding year property tax	1,387,411	152,107	-	75,000	1,614,518
Income surtax	92,052	-	-	-	92,052
Other	9,222	-	-	-	9,222
Total liabilities	2,235,451	530,185	66,471	78,201	2,910,308
Fund balances:					
Reserved for:					
Construction	-	-	1,204,882	-	1,204,882
Categorical funding	129,202	-	-	-	129,202
Debt service	-	-	-	212,759	212,759
Unreserved	(711,894)	46,810	557,482	79,640	(27,962)
Total fund balances	(582,692)	46,810	1,762,364	292,399	1,518,881
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,652,759	576,995	1,828,835	370,600	4,429,189

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances of governmental funds (page 20)	\$ 1,518,881
 <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.	762,944
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	92,052
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.	(42,350)
Long-term liabilities, including revenue bonds payable, early retirement payable and other post employment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(1,475,504)</u>
Net assets of governmental activities (page 18)	<u><u>\$ 856,023</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 1,348,119	132,283	147,374	68,500	1,696,276
Tuition	28,835	-	-	-	28,835
Other	125,137	964	7,324	75,870	209,295
State sources	1,156,372	-	-	-	1,156,372
Federal sources	290,899	-	-	-	290,899
Total revenues	2,949,362	133,247	154,698	144,370	3,381,677
EXPENDITURES:					
Current:					
Instruction:					
Regular	1,378,272	-	-	-	1,378,272
Special	232,407	-	-	-	232,407
Other	266,965	-	-	67,373	334,338
	1,877,644	-	-	67,373	1,945,017
Support services:					
Student	65,024	-	-	-	65,024
Instructional staff	109,928	-	-	-	109,928
Administration	401,831	54	-	500	402,385
Operation and maintenance of plant	217,372	-	-	54,103	271,475
Transportation	111,480	-	-	-	111,480
	905,635	54	-	54,603	960,292
Other expenditures:					
Facilities acquisitions	-	99,396	203,317	-	302,713
AEA Flowthrough	107,475	-	-	-	107,475
	107,475	99,396	203,317	-	410,188
Total expenditures	2,890,754	99,450	203,317	121,976	3,315,497
Excess(deficiency) of revenues over(under) expenditures	58,608	33,797	(48,619)	22,394	66,180
Other financing sources(uses):					
Proceeds of bond issuance	-	-	1,450,000	-	1,450,000
Premium on bond issuance	-	-	1,835	-	1,835
Discount on bond issuance	-	-	(19,814)	-	(19,814)
Bond issuance costs	-	-	(22,112)	-	(22,112)
Sale of equipment	700	-	-	-	700
Transfer in	-	-	-	211,959	211,959
Transfer out	-	-	(211,959)	-	(211,959)
Total other financing sources(uses)	700	-	1,197,950	211,959	1,410,609
Net change in fund balances	59,308	33,797	1,149,331	234,353	1,476,789
Fund balance beginning of year	(642,000)	13,013	613,033	58,046	42,092
Fund balance end of year	\$ (582,692)	46,810	1,762,364	292,399	1,518,881

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (page 22) \$ 1,476,789

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

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

Capital outlays	\$ 202,572	
Depreciation expense	(86,316)	116,256

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.

Issued (1,450,000)

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.

(42,350)

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

10,451

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.

Early retirement	3,146	
Other postemployment benefits	(20,000)	(16,854)

Changes in net assets of governmental activities (page 19) \$ 94,292

SEE NOTES TO FINANCIAL STATEMENTS

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

	<u>School</u> <u>Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 16,016
Accounts receivable	845
Inventories	2,526
Capital assets, net of depreciation	<u>13,582</u>
TOTAL ASSETS	<u>32,969</u>
LIABILITIES	
Unearned revenue	<u>759</u>
NET ASSETS	
Invested in capital assets	13,582
Unrestricted	18,628
TOTAL NET ASSETS	<u><u>\$ 32,210</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 60,700
Miscellaneous	32
TOTAL OPERATING REVENUES	60,732
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	51,064
Benefits	7,225
Supplies	55,826
Depreciation	2,263
TOTAL OPERATING EXPENSES	116,378
OPERATING LOSS	(55,646)
NON-OPERATING REVENUES:	
State sources	1,191
Federal sources	55,002
Interest on investments	39
TOTAL NON-OPERATING REVENUES	56,232
Change in net assets	586
Net assets beginning of year	31,624
Net assets end of year	\$ 32,210

SEE NOTES TO FINANCIAL STATEMENTS

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

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 60,850
Cash received from miscellaneous	32
Cash payments to employees for services	(58,289)
Cash payments to suppliers for goods or services	(43,284)
Net cash used in operating activities	(40,691)
Cash flows from non-capital financing activities:	
State grants received	1,191
Federal grants received	42,751
Net cash provided by non-capital financing activities	43,942
Cash flows from investing activities:	
Interest on investments	39
Net increase in cash and cash equivalents	3,290
Cash and cash equivalents at beginning of year	12,726
Cash and cash equivalents at end of year	\$ 16,016
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (55,646)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	12,251
Depreciation	2,263
Decrease in inventories	291
Decrease in accounts receivable	401
Decrease in unearned revenue	(251)
Net cash used in operating activities	\$ (40,691)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$12,251.

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Assets	
Cash and pooled investments	<u>\$ 487,909</u>
Liabilities	<u> -</u>
Net assets	<u><u>\$ 487,909</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest income	\$ 4,226
Deductions:	
Instruction:	
Scholarships awarded	47,805
Change in net assets	(43,579)
Net assets beginning of year	531,488
Net assets end of year	\$ 487,909

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

The Exira Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Exira, Iowa, and the predominate agricultural territory in Guthrie, Audubon and Cass 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, Exira Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Exira Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation plus unspent bond proceeds 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 assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

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

The District reports the following major governmental funds:

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

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

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

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

The District also reports a fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary fund is the Private Purpose Trust Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more
Machinery and equipment	5-12 years

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

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

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

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition 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 Balance - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, the District exceeded its General Fund unspent authorized budget.

(2) **Cash and Pooled Investments**

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase

agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$308,105 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Iowa School Cash Anticipation Program (ISCAP)

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

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated on a daily basis upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate 4.50%. A summary of the District's ISCAP activity for the year ended June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance			Balance	
			Beginning of Year	Advances Received	Advances Repaid	End of Year	Interest Payable
2009-10A	6/25/2009	6/23/2010	\$ -	666,000	666,000	-	-
2009-10B	2/1/2010	1/21/2011	-	360,788	360,788	-	-
Total			\$ -	1,026,788	1,026,788	-	-

During the year ended June 30, 2010, the District paid \$11,435 in interest on the ISCAP warrants.

(4) Capital Assets

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

	Balance			Balance
	Beginning of Year	Increases	Decreases	End of Year
Business type activities:				
Machinery and equipment	\$ 47,898	-	-	47,898
Less accumulated depreciation	32,053	2,263	-	34,316
Business type activities capital assets, net	\$ 15,845	(2,263)	-	13,582

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,493	-	-	19,493
Construction in progress	-	196,021	-	196,021
Total capital assets not being depreciated	19,493	196,021	-	215,514
Capital assets being depreciated:				
Buildings	1,304,415	-	-	1,304,415
Land improvements	13,991	-	-	13,991
Machinery and equipment	783,454	6,551	-	790,005
Total capital assets being depreciated	2,101,860	6,551	-	2,108,411
Less accumulated depreciation for:				
Buildings	875,644	33,386	-	909,030
Land improvements	5,538	699	-	6,237
Machinery and equipment	593,483	52,231	-	645,714
Total accumulated depreciation	1,474,665	86,316	-	1,560,981
Total capital assets being depreciated, net	627,195	(79,765)	-	547,430
Governmental activities capital assets, net	\$ 646,688	116,256	-	762,944

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 6,129
Other		6,878
Support services:		
Student		732
Operation and maintenance of plant		1,671
Transportation		36,821
		52,231
Unallocated depreciation		34,085
Total governmental activities depreciation expense		\$ 86,316
Business type activities:		
Food services		\$ 2,263

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue bonds	\$ -	1,450,000		1,450,000	50,000
Early retirement	8,650	-	3,146	5,504	3,145
Net OPEB liability	-	20,000	-	20,000	-
Total	\$ 8,650	1,470,000	3,146	1,475,504	53,145

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 September 30, 2009				
	Interest Rates		Principal	Interest	Total
2011	3.250	% \$	50,000	69,667	119,667
2012	3.250		50,000	53,821	103,821
2013	3.250		60,000	52,034	112,034
2014	3.250		60,000	50,084	110,084
2015	3.250		70,000	47,971	117,971
2016-2020	3.250-3.625		350,000	205,206	555,206
2021-2025	4.000-4.300		360,000	139,156	499,156
2026-2030	4.300-4.625		450,000	58,127	508,127
Total			\$ 1,450,000	676,066	2,126,066

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,450,000 of bonds dated September 30, 2009. The bonds were issued for the purpose of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 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 82 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,126,066. For the current year, no principal or interest was paid on the bonds and total statewide sales, services and use tax revenues were \$147,374.

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

- a) \$119,109 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.
- 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 requirement of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Early Retirement

The District offers a voluntary early retirement plan to its licensed employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application

which is subject to approval by the Board of Education. The school District will pay the cost of the single premium at the level it was when the employee retired. A liability has been recorded in the Statement of Net Assets for government-wide activities for these early retirement benefits. Early retirement expenditures for the year ended June 30, 2010 totaled \$3,146.

(6) 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 contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$108,422, \$109,855, and \$102,601, respectively, equal to the required contributions for each year.

(7) Risk Management

The Exira Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health, dental, vision, prescription drugs, life and long-term disability.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2010 was \$14,602.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Exira 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.

(8) 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 \$107,475 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.

(9) Other Postemployment Benefits (OPEB)

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

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 40 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

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

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

Annual required contribution	\$ 27,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>27,000</u>
Contributions made	<u>(7,000)</u>
Increase in net OPEB obligation	20,000
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u><u>\$ 20,000</u></u>

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

For the year ended June 30, 2010, the District contributed \$7,000 to the medical plan. Plan members eligible for benefits contributed \$10,000, or 58.8% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 27,000	25.93%	\$ 20,000

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1,532,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$196,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,677,432, and the ratio of the UAAL to covered payroll was 11.7%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.0%. The ultimate medical trend rate is 5%.

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

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years. The following table shows the projected claim costs of the medical plan according to the two options offered.

<u>ISEBA 1</u>	<u>ISEBA 2</u>
\$806	\$706

(10) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2010, the District exceeded its General Fund unspent authorized budget.

(11) Deficit Fund Balances

The General Fund had a deficit unreserved fund balance of \$711,894 at June 30, 2010. The Governmental Activities had a deficit unrestricted net assets of \$682,192 at June 30, 2010.

(12) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

<u>Project</u>	<u>Amount</u>
Homeschool assistance program	\$ 26,926
At-risk supplemental weighting	1,876
Dropout and dropout prevention	46,226
Teacher salary supplement	44,696
Professional development	4,648
Model core curriculum	4,830
Total	<u>\$ 129,202</u>

Exira Community School District

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 1,934,406	60,771	1,995,177	2,059,577	2,059,577	(64,400)
State sources	1,156,372	1,191	1,157,563	1,513,473	1,513,473	(355,910)
Federal sources	290,899	55,002	345,901	230,000	230,000	115,901
Total revenues	<u>3,381,677</u>	<u>116,964</u>	<u>3,498,641</u>	<u>3,803,050</u>	<u>3,803,050</u>	<u>(304,409)</u>
Expenditures/expenses:						
Instruction	1,945,017	-	1,945,017	2,026,745	2,026,745	81,728
Support services	960,292	-	960,292	1,127,025	1,127,025	166,733
Non-instructional programs	-	116,378	116,378	181,770	181,770	65,392
Other expenditures	410,188	-	410,188	737,953	737,953	327,765
Total expenditures/expenses	<u>3,315,497</u>	<u>116,378</u>	<u>3,431,875</u>	<u>4,073,493</u>	<u>4,073,493</u>	<u>641,618</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	66,180	586	66,766	(270,443)	(270,443)	337,209
Other financing sources, net	<u>1,410,609</u>	<u>-</u>	<u>1,410,609</u>	<u>-</u>	<u>-</u>	<u>1,410,609</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	1,476,789	586	1,477,375	(270,443)	(270,443)	1,747,818
Balance beginning of year	<u>42,092</u>	<u>31,624</u>	<u>73,716</u>	<u>348,620</u>	<u>348,620</u>	<u>(274,904)</u>
Balance end of year	<u>\$ 1,518,881</u>	<u>32,210</u>	<u>1,551,091</u>	<u>78,177</u>	<u>78,177</u>	<u>1,472,914</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison 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 functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2010, the District exceeded its General Fund unspent authorized budget.

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

For Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2009	\$ -	\$ 196,000	\$ 196,000	0.0%	\$ 1,677,432	11.7%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

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

	Special Revenue Funds				Total
	Student Activity	Manage- ment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS					
Cash and pooled investments	\$ 34,012	47,556	81,568	212,759	294,327
Receivables:					
Property tax:					
Delinquent	-	792	792	-	792
Succeeding year	-	75,000	75,000	-	75,000
Accounts	481	-	481	-	481
TOTAL ASSETS	\$ 34,493	123,348	157,841	212,759	370,600
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,201	-	3,201	-	3,201
Deferred revenue:					
Succeeding year property tax	-	75,000	75,000	-	75,000
TOTAL LIABILITIES	3,201	75,000	78,201	-	78,201
Fund balances:					
Reserved for:					
Debt service	-	-	-	212,759	212,759
Unreserved	31,292	48,348	79,640	-	79,640
Total fund balances	31,292	48,348	79,640	212,759	292,399
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,493	123,348	157,841	212,759	370,600

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Special Revenue Funds				Total
	Student Activity	Manage- ment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:					
Local sources:					
Local tax	\$ -	68,500	68,500	-	68,500
Other	74,570	-	74,570	1,300	75,870
TOTAL REVENUES	74,570	68,500	143,070	1,300	144,370
EXPENDITURES:					
Current:					
Instruction:					
Other	67,373	-	67,373	-	67,373
Support services:					
Administration	-	-	-	500	500
Operation and maintenance of plant	-	54,103	54,103	-	54,103
TOTAL EXPENDITURES	67,373	54,103	121,476	500	121,976
Excess of revenues over expenditures	7,197	14,397	21,594	800	22,394
Other financing sources:					
Transfer in	-	-	-	211,959	211,959
Net change in fund balances	7,197	14,397	21,594	212,759	234,353
Fund balances beginning of year	24,095	33,951	58,046	-	58,046
Fund balances end of year	\$ 31,292	48,348	79,640	212,759	292,399

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Art	\$ 140	-	-	140
Athletics	19,764	67,247	59,868	27,143
Cheerleading	-	425	302	123
Drill Team	487	-	-	487
Leadership Club	219	1,082	245	1,056
Student Council	-	424	648	(224)
FFA	248	-	-	248
Pals	159	-	-	159
Spanish	79	-	-	79
National Honor Society	-	90	-	90
Faces	399	-	-	399
Band	-	75	695	(620)
Class of 2009	79	-	-	79
Class of 2010	1,772	20	1,044	748
Class of 2011	222	5,062	4,386	898
Class of 2012	240	-	-	240
Class of 2013	269	5	-	274
Class of 2014	-	135	-	135
Class of 2015	-	5	-	5
Interest	18	-	185	(167)
Total	\$ 24,095	74,570	67,373	31,292

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund			
	Hansen Scholarship	Soresen Scholarship	Kommes Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 258,148	226,427	3,334	487,909
LIABILITIES				
	-	-	-	-
NET ASSETS				
Reserved for scholarships	\$ 258,148	226,427	3,334	487,909

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund			
	Hansen Scholarship	Soresen Scholarship	Kommes Scholarship	Total
Additions:				
Local sources:				
Interest income	\$ 2,584	1,568	74	4,226
Deductions:				
Instruction:				
Regular:				
Scholarships awarded	2,805	44,500	500	47,805
Changes in net assets	(221)	(42,932)	(426)	(43,579)
Net assets beginning of year	258,369	269,359	3,760	531,488
Net assets end of year	\$ 258,148	226,427	3,334	487,909

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 1,696,276	1,406,221	1,285,459	1,340,675	1,226,960	1,213,463	1,019,143
Tuition	28,835	40,531	57,519	82,465	82,801	50,198	228,444
Other	209,295	139,673	200,339	166,746	136,159	187,492	259,823
Intermediate sources	-	-	-	-	-	-	8,501
State sources	1,156,372	1,545,708	1,621,046	1,375,450	1,383,015	1,381,716	1,243,062
Federal sources	290,899	133,491	116,129	141,076	156,475	104,680	226,247
Total	<u>\$ 3,381,677</u>	<u>3,265,624</u>	<u>3,280,492</u>	<u>3,106,412</u>	<u>2,985,410</u>	<u>2,937,549</u>	<u>2,985,220</u>
Expenditures:							
Current:							
Instruction:							
Regular	\$ 1,378,272	1,484,015	1,481,617	1,311,369	1,377,586	1,364,905	1,332,693
Special	232,407	386,566	332,071	316,938	260,313	274,345	360,844
Other	334,338	323,855	319,683	309,460	294,968	139,941	358,266
Support services:							
Student	65,024	92,401	85,598	79,930	76,484	67,789	41,595
Instructional staff	109,928	106,717	101,009	116,746	103,906	96,062	59,972
Administration	402,385	341,719	372,074	334,110	311,712	295,432	281,365
Operation and maintenance of plant	271,475	262,427	308,008	308,785	283,948	247,495	214,094
Transportation	111,480	119,285	138,609	93,507	88,585	88,432	108,074
Central	-	-	-	-	-	-	954
Non-instructional programs	-	-	-	-	-	122	3,425
Other expenditures:							
Facilities acquisitions	302,713	189,278	188,677	91,734	87,299	151,776	63,857
Long-term debt:							
Principal	-	-	145,000	60,000	60,000	30,000	-
Interest	-	-	943	6,725	8,480	9,630	-
AEA flow-through	107,475	103,200	101,287	97,203	95,304	93,982	90,188
Total	<u>\$ 3,315,497</u>	<u>3,409,463</u>	<u>3,574,576</u>	<u>3,126,507</u>	<u>3,048,585</u>	<u>2,859,911</u>	<u>2,915,327</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Exira 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 Exira 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 May 17, 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 Exira 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 Exira Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Exira 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, 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 I of the accompanying Schedule of Findings as item I-A-10 to be material weakness.

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

Compliance and Other Matters

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

May 17, 2011

EXIRA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2010

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

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

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

Response - The District will review their control procedures and obtain the maximum internal control possible with our limited number of employees.

Conclusion - Response accepted.

I-B-10 Activity Fund Invoices- We noted during our audit of the cash disbursements in the Activity Fund that 38% of our sample disbursements did not have documentation to support the purchase.

Recommendation - The District should review its procedures to ensure all invoices are properly filed and maintained for future review.

Response - The District will review its procedures on filing and maintaining invoices to ensure that they are maintained properly in the future.

Conclusion - Response accepted.

I-C-10 Purchase Orders - We noted during our audit of the Activity Fund 38% of purchase orders were completed after the invoice date.

Recommendation - Better internal control is achieved when pre-numbered purchase orders are used and the sequence is monitored. The District should review the purchase order system in place. While not required, purchase orders provide approval to order, therefore, pre-numbered purchase orders should be approved by the administrator before the ordering of supplies takes place.

Response - The district will review its internal control procedures with our personnel to ensure that all purchase orders are approved prior to purchases being made in the future.

Conclusion - Response accepted.

OTHER MATTERS:

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

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

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

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-10 Certified Budget - District disbursements for the year ended June 30, 2010, did not exceed the amount budgeted; however, the District exceeded its General Fund unspent authorized budget.

Recommendation - The District should contact the Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.

Response - The district has contacted the School Budget Review Committee and has provided a workout plan and are intending on returning in FY12 to request modified allowable growth as directed by the School Budget Review Committee.

Conclusion - Response accepted.

II-B-10 Questionable Disbursements - We noted during our audit that the District gave cash to a student as an incentive prize for being the top seller in the magazine fundraiser. Cash incentive prizes appear to not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should refrain from giving cash prizes as incentives.

Response - The district will no longer give cash prizes as incentives and follow all gift laws in the future.

Conclusion - Response accepted.

II-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.

II-D-10 Business Transactions - No business transactions between the District and District officials were noted.

II-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

- II-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-10 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-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.
- II-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-10 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance	\$	174,244
Statewide sales, services and use tax revenue		147,374
Expenditures/transfers out:		
School infrastructures:		
Other improvements		74,682
Ending Balance	\$	<u>246,936</u>

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

	Per \$1000 of Taxable Valuation	Property Tax Dollars
Physical plant and equipment levy	\$ 0.34000	\$ 27,196

- II-M-10 Financial Condition - The General Fund had a deficit unreserved fund balance of \$711,894 at June 30, 2010. The Governmental Activities had deficit unrestricted net assets of \$682,192 at June 30, 2010. The Activity Fund also had three deficit accounts totaling \$1,011.

Recommendation - The District should monitor these funds and investigate alternatives to eliminate the deficits.

Response - The district will monitor these funds and try to determine alternatives to eliminate the deficits.

Conclusion - Response accepted.

II-N-10 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required for the PPEL and Capital Projects funds.

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

Response - The district will contact the bank agent to obtain and retain an image of both the front and back of each cancelled check as required for record retention.

Conclusion - Response accepted.

II-O-10 PPEL Expenditures - During our audit we noted that the District paid for transmission repairs and washing machine repairs from the Physical Plant and Equipment Levy Fund totaling \$4,127.73. Expenditures for preventative or routine maintenance do not appear to be in compliance with Chapters 423 and 298 of the Code of Iowa. Expenditures for these purposes would be more appropriate from the General Fund.

Recommendation - The District should review procedures to ensure that expenditures from PPEL are in compliance with Chapter 423 and 298 of the Code of Iowa. The District should make a corrective transfer of \$4,127.73 from the General Fund to the PPEL Fund.

Response - The district will make the corrective transfer.

Conclusion - Response accepted.