

LAMONI COMMUNITY SCHOOL DISTRICT
LAMONI, IOWA

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

JUNE 30, 2010

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LAMONI COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2009 Election)		
Mike Quick	President	2009
Michelle Dickey-Kotz	Vice President	2011
Dale Killpack	Board Member	2009
Dennis McElroy	Board Member	2011
Larry Heltenberg	Board Member	2011
<u>Board of Education</u>		
(After September 2009 Election)		
Mike Quick	President	2013
Michelle Dickey-Kotz	Vice President	2011
Larry Heltenberg	Board Member	2011
Dennis McElroy	Board Member	2011
Chip Millslagle	Board Member	2013
<u>School Officials</u>		
Diane Fine	Superintendent	2011
Ev Trowbridge	District Secretary/Treasurer	2010
Ahlers & Cooney, P.C.	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Lamoni 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 Lamoni Community School District, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 50 through 52 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lamoni Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
November 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Lamoni Community School District's comprehensive annual financial report presents management's discussion and analysis of the District's financial performance for the year ending June 30, 2010. Please read it in conjunction with the district's financial statements.

Financial Highlights

- District-wide revenues increased from \$4,481,585 in fiscal 2009 to \$4,600,889 in fiscal 2010 (a 2.67% increase). Revenues included \$1,536,833 in local tax, charges for services of \$417,102, operating grants, contributions and restricted interest of \$1,038,305, unrestricted interest of \$11,283, and other general revenues of \$1,597,366.
- District-wide expenses increased from \$4,166,993 in fiscal 2009 to \$4,404,408 in fiscal 2010 (a 5.70% increase). Expenses included \$2,664,024 for instructional services, \$405,844 for administration services, and \$361,331 for operation and maintenance of plant services.
- The general fund balance at the beginning of the 2010 school year was \$721,969 as compared to a general fund balance at the end of the 2010 school year of \$729,903. This represents a net change of +\$7,934. This was good since we had a 10% across-the-board budget cut this year.
- The total governmental fund balance at the beginning of the 2010 school year was \$1,605,316 as compared to \$1,667,316 at the end of the 2010 school year. This represents a net change of +\$62,000.
- The district received \$195,300 from the Statewide Sales and Service Tax compared to \$194,592 Statewide Sales and Service Tax received the previous year. This is an increase of \$708.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

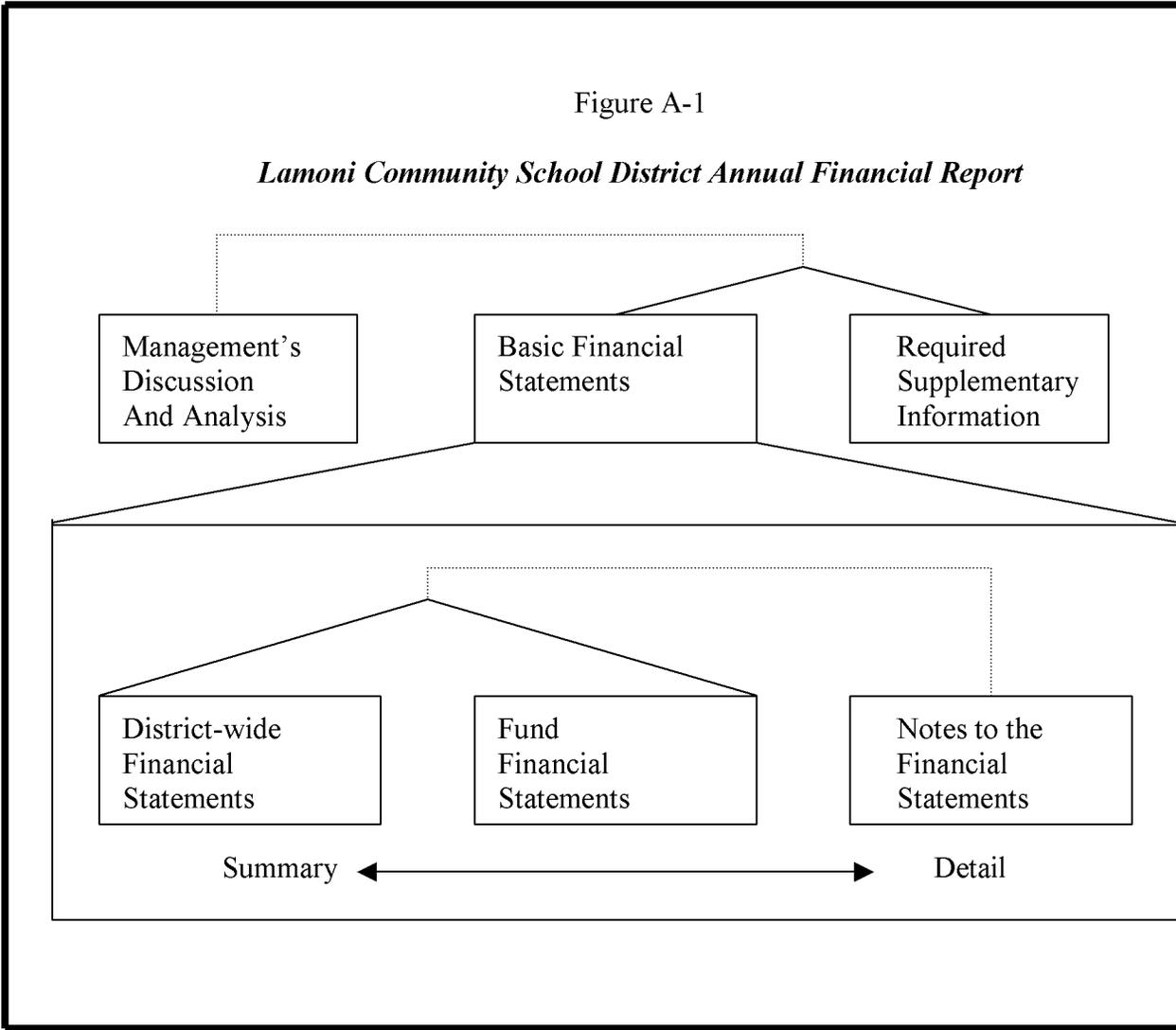


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis highlights the structure and contents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

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

	District-wide Statements	Fund Statements		
		Governmental funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of Activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash Flows	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

District-wide Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property 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 use 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 funds.

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provided a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District school for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The School District as a Whole

Net assets. A comparison of the District's combined net assets for 2009 and 2010 follows:

Figure A-3
Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District	
	2009	2010	2009	2010	2009	2010
Assets:						
Current and other Assets	\$3,491,598	\$3,527,707	\$109,308	\$135,191	\$3,600,906	\$3,662,898
Capital assets	<u>6,897,996</u>	<u>6,758,085</u>	<u>19,379</u>	<u>20,119</u>	<u>6,917,375</u>	<u>6,778,204</u>
Total assets	10,389,594	10,285,792	128,687	\$155,310	10,518,281	10,441,102
Long-term obligations	3,445,000	3,209,000	0	0	3,445,000	3,209,000
Other obligations	<u>1,814,378</u>	<u>1,777,085</u>	<u>6,442</u>	<u>6,075</u>	<u>1,820,820</u>	<u>1,783,160</u>
Total liabilities	5,259,378	4,986,085	6,442	6,075	5,265,820	4,992,160
Net assets						
Invested in capital assets net of related debt	3,452,996	3,558,085	19,379	20,119	3,472,375	3,578,204
Restricted	870,372	974,660			870,372	974,660
Unrestricted	<u>806,848</u>	<u>766,962</u>	<u>102,866</u>	<u>129,116</u>	<u>909,714</u>	<u>896,078</u>
Total net assets	<u>\$5,130,216</u>	<u>\$5,299,707</u>	<u>\$122,245</u>	<u>\$149,235</u>	<u>\$5,252,461</u>	<u>\$ 5,448,942</u>

A large portion of the District's net assets reflects its investment in capital assets (land, buildings and building improvements, and equipment and machinery), less related debt (general obligation bonds and notes payable). The District uses these capital assets to provide services to students but these assets are unavailable for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in net assets – Figure A-4 shows a comparison of the changes in net assets for two years ending June 30, 2010.

Figure A-4

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total School District	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Charges for service & sales	\$ 246,532	\$ 343,897	\$ 108,284	\$ 73,205	\$ 354,816	\$ 417,102
Operating grants, contributions, and restricted interest	820,574	910,470	109,134	127,835	929,708	1,038,305
Capital grants, contributions and restricted interest	84,987	0	4,448	0	89,435	0
General revenues:						
Property tax	853,671	888,925	0	0	853,671	888,925
Debt Service	240,094	237,947	0	0	240,094	237,947
PPEL	88,381	91,654	0	0	88,381	91,654
Local Option/ State						
Sales tax	194,592	195,300	0	0	194,592	195,300
Income Surtax	110,752	123,007	0	0	110,752	123,007
Unrestricted state grants	1,565,100	1,561,152	0	0	1,565,100	1,561,152
Unrestricted interest earnings	19,566	10,177	1,084	1,106	20,650	11,283
Other	<u>34,386</u>	<u>36,214</u>	<u>0</u>	<u>0</u>	<u>34,386</u>	<u>36,214</u>
Total revenues	\$4,258,635	\$ 4,398,743	\$ 222,950	\$202,146	\$4,481,585	\$4,600,889
Program expenses:						
Governmental activities:						
Instruction	\$2,446,670	\$2,664,024	0	7,193	\$2,446,670	\$2,671,217
Support Services	1,028,674	1,023,475	0	0	1,028,674	1,023,475
Non-instructional programs	0	0	173,398	167,963	173,398	167,963
Other expenses	<u>518,251</u>	<u>541,753</u>	<u>0</u>	<u>0</u>	<u>518,251</u>	<u>541,753</u>
	\$3,993,595	\$4,229,252	\$ 173,398	\$175,156	\$4,166,993	\$4,404,408
Change in net assets	\$ 265,040	\$ 169,491	\$ 49,552	\$ 26,990	\$ 314,592	\$ 196,481

The major sources of 2010 revenues for the District were property tax and unrestricted state grants, accounting for 60.41% of the 2010 revenues. Other revenue sources were charges for sales and services, 9.07%; operating grants, contributions, and restricted interest 22.57%; and sales and services tax, income surtax, interest and other sources, 7.95%.

The District's expenses primarily relate to instruction and support services, which accounted for 83.89% of the total expenses this year.

Governmental Activities

Governmental activities revenues for 2010 were \$4,398,743 and expenses were \$4,229,252, resulting in a net asset increase of \$169,491.

Figure A-5 presents a comparison of the total and net cost of the District’s major governmental activities:

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2010	2009	2010
Instruction	\$2,446,670	\$2,664,024	\$1,543,775	\$1,694,585
Support Services	1,028,674	1,023,475	990,233	882,513
Non-instructional programs	0	0	0	0
Other expenses	<u>518,251</u>	<u>541,753</u>	<u>307,494</u>	<u>397,787</u>
Totals	\$3,993,595	\$4,229,252	\$2,841,502	\$2,974,885

The cost financed by users of the District’s programs was \$246,532 in 2009 compared to \$343,897 in 2010.

- Federal and state governments subsidized certain programs with operating grants and contributions totaling \$820,574 in 2009 compared to \$910,470 in 2010.
- The net cost of governmental activities was financed with \$1,218,526 in property tax, \$1,561,152 in unrestricted state funds, \$123,007 in income surtax, \$195,300 in statewide sales and services tax, \$10,177 interest income and \$36,214 in other general revenues.

Business-Type Activities

Revenues of the District’s business-type activities were \$202,146 and expenses were \$175,156. The District’s business-type activities include the School Nutrition Fund and the Heartland Bakery. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District’s Funds

As previously noted, the Lamoni Community School District used 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 the District ended 2010, its governmental funds reported combined fund balances of \$1,667,316 compared to \$1,605,316 for 2009. This is an increase of \$62,000.

Governmental Fund Highlights

The District's General Fund balance increased by \$7,934 to \$729,903. The Debt Service Fund increased by \$84,756 to \$130,631. The Capital Projects Fund decreased from \$540,927 to \$538,904.

Proprietary Fund Highlights

The District did well in increasing the School Nutrition fund. The net assets increased \$31,733 for 2010, to \$140,392. This was due to an increase in meal prices and an increase in federal funding. The Heartland Bakery net assets decreased by \$4,743 and we are currently deciding its future.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust fund. Although the budget document presents functional area expenditures of expenses by fund, the legal level of control is at the aggregated functional level, at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total actual revenues were \$549,947 less than the total projected certified budget receipts, a variance of 11.98%. This decrease can be attributed to lower than anticipated revenues in local, intermediate, and state funding sources.

Total expenditures were less than budgeted. It is the practice of the District to budget expenditures at the maximum authorized spending authority for all funds. The district controls spending through the line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

The year end balance of the District's capital assets was \$6,778,204, net of accumulated depreciation of \$1,879,679, in a broad range of governmental capital assets, including land, buildings and building improvements, ground improvements, vehicles, and furniture. Governmental activities account for \$6,758,085 with the remainder of \$20,119 in the business-type activities, which are the same as the Proprietary, School Nutrition Fund. More detailed information is available in note 5 to the financial statements.

Figure A-6

	Capital Assets, net of Depreciation		
	Governmental Activities	Business-type Activities	Total School District
Land	\$ 44,500	\$ 0	\$ 44,500
Construction in progress	0	0	0
Buildings	6,622,009	0	6,622,009
Improvements, other than buildings	27,594	0	27,594
Furniture and equipment	<u>63,982</u>	<u>20,119</u>	<u>84,101</u>
Total	<u>\$6,758,085</u>	<u>\$20,119</u>	<u>\$6,778,204</u>

Long-Term Liabilities

At June 30, 2010, the District had long-term liabilities totaling \$3,209,000 of which \$2,700,000 is for general obligation bonds and \$330,000 for revenue bonds, \$170,000 for notes payable, and net OPEB liability of \$9,000. More detailed information is available in Note 6 to the financial statements.

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.

- The District did incur some added cost to our building project because of the delay of demolition of Herald Hall. The district was able to prepare the historical booklet as part of our agreement to be able to tear down Herald Hall. We were still completing the outside work in the area of sidewalks on the south side of the building.
- The District needs to be proud of the fact that we had an increase of \$7,934 in the general fund balance. Our declining enrollment will bring many challenges to the district and it is imperative that the ending fund balance is watched closely. It is even more imperative that this fund balance is watched when we have budget cuts of 10%. We also received stimulus money during this fiscal year. If we hadn't received stimulus funds, our financial picture would have been bleaker.

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 Mrs. Ev Trowbridge, District Secretary/Business Manager, Lamoni Community School District, 202 N. Walnut, Lamoni, Iowa 50140.

Basic Financial Statements

LAMONI COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 1,795,557	\$ 126,336	\$ 1,921,893
Receivables:			
Property tax:			
Current year	20,520	-	20,520
Succeeding year	1,417,858	-	1,417,858
Income surtax	110,473	-	110,473
Accounts	3,290	-	3,290
Due from other governments	180,009	2,810	182,819
Inventories	-	6,045	6,045
Capital assets, net of accumulated depreciation (note 5)	6,758,085	20,119	6,778,204
	<hr/>	<hr/>	<hr/>
Total assets	10,285,792	155,310	10,441,102
Liabilities			
Accounts payable	8,214	-	8,214
Salaries and benefits payable	292,628	4,412	297,040
Accrued interest payable	27,167	-	27,167
Deferred revenue:			
Succeeding year property tax	1,417,858	-	1,417,858
Other	31,218	1,663	32,881
Long-term liabilities (notes 6 and 7):			
Portion due within one year:			
Bonds payable	195,000	-	195,000
Notes payable	55,000	-	55,000
Portion due after one year:			
Bonds payable	2,835,000	-	2,835,000
Notes payable	115,000	-	115,000
Net OPEB liability	9,000	-	9,000
	<hr/>	<hr/>	<hr/>
Total liabilities	4,986,085	6,075	4,992,160

LAMONI COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 3,558,085	\$ 20,119	\$ 3,578,204
Restricted for:			
Categorical funding	46,002	-	46,002
Management levy	49,287	-	49,287
Physical plant and equipment levy	180,601	-	180,601
Other special revenue purposes	56,402	-	56,402
Debt service	103,464	-	103,464
Capital projects	538,904	-	538,904
Unrestricted	<u>766,962</u>	<u>129,116</u>	<u>896,078</u>
Total net assets	<u>\$ 5,299,707</u>	<u>\$ 149,235</u>	<u>\$ 5,448,942</u>

See notes to financial statements.

LAMONI COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	\$ 1,375,085	\$ 114,222	\$ 462,148
Special instruction	506,669	58,109	176,606
Other instruction	782,270	120,804	37,550
	<u>2,664,024</u>	<u>293,135</u>	<u>676,304</u>
Support services:			
Student services	66,997	13,269	63,799
Instructional staff services	19,962	-	26,401
Administration services	405,844	-	-
Operation and maintenance of plant services	361,331	-	-
Transportation services	169,341	37,493	-
	<u>1,023,475</u>	<u>50,762</u>	<u>90,200</u>
Other expenditures:			
Facilities acquisition	92,095	-	-
Long-term debt interest and fiscal charges	146,916	-	-
AEA flowthrough	143,966	-	143,966
Depreciation (unallocated) *	158,776	-	-
	<u>541,753</u>	<u>-</u>	<u>143,966</u>
Total governmental activities	<u>4,229,252</u>	<u>343,897</u>	<u>910,470</u>
Business-Type Activities:			
Instruction:			
Other enterprise operations	7,193	2,450	-
	<u>7,193</u>	<u>2,450</u>	<u>-</u>
Non-instructional programs:			
Food service operations	167,963	70,755	127,835
	<u>167,963</u>	<u>70,755</u>	<u>127,835</u>
Total business-type activities	<u>175,156</u>	<u>73,205</u>	<u>127,835</u>
Total	<u>\$ 4,404,408</u>	<u>\$ 417,102</u>	<u>\$ 1,038,305</u>

Net (Expense) Revenue
and Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Total</u>
\$	(798,715)	-	\$	(798,715)
	(271,954)	-		(271,954)
	(623,916)	-		(623,916)
	<u>(1,694,585)</u>	<u>-</u>		<u>(1,694,585)</u>
	10,071	-		10,071
	6,439	-		6,439
	(405,844)	-		(405,844)
	(361,331)	-		(361,331)
	(131,848)	-		(131,848)
	<u>(882,513)</u>	<u>-</u>		<u>(882,513)</u>
	(92,095)	-		(92,095)
	(146,916)	-		(146,916)
	-	-		-
	(158,776)	-		(158,776)
	<u>(397,787)</u>	<u>-</u>		<u>(397,787)</u>
	<u>(2,974,885)</u>	<u>-</u>		<u>(2,974,885)</u>
	-	(4,743)		(4,743)
	-	30,627		30,627
	-	25,884		25,884
	<u>(2,974,885)</u>	<u>25,884</u>		<u>(2,949,001)</u>

LAMONI COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Functions/Programs

General Revenues:

Property tax levied for:

 General purposes

 Debt service

 Capital outlay

Income surtax

Statewide sales and services tax

Unrestricted state grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Total</u>
\$	888,925	\$ -	-	\$ 888,925
	237,947	-	-	237,947
	91,654	-	-	91,654
	123,007	-	-	123,007
	195,300	-	-	195,300
	1,561,152	-	-	1,561,152
	10,177	1,106	-	11,283
	36,214	-	-	36,214
	<hr/> 3,144,376	1,106	-	<hr/> 3,145,482
	169,491	26,990	-	196,481
	<hr/> 5,130,216	122,245	-	<hr/> 5,252,461
\$	<u><u>5,299,707</u></u>	<u><u>\$ 149,235</u></u>	-	<u><u>\$ 5,448,942</u></u>

LAMONI COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 953,517	\$ 126,651	\$ 450,137	\$ 265,252	\$ 1,795,557
Receivables:					
Property tax:					
Current year	13,914	3,980	-	2,626	20,520
Succeeding year	996,660	237,633	-	183,565	1,417,858
Income surtax	92,061	-	-	18,412	110,473
Accounts	3,290	-	-	-	3,290
Due from other governments	91,242	-	88,767	-	180,009
Total assets	\$ 2,150,684	\$ 368,264	\$ 538,904	\$ 469,855	\$ 3,527,707
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 8,214	\$ -	\$ -	\$ -	\$ 8,214
Salaries and benefits payable	292,628	-	-	-	292,628
Deferred revenue:					
Succeeding year property tax	996,660	237,633	-	183,565	1,417,858
Other	123,279	-	-	18,412	141,691
Total liabilities	1,420,781	237,633	-	201,977	1,860,391
Fund balances:					
Reserved for:					
Categorical funding	46,002	-	-	-	46,002
Debt service	-	130,631	-	-	130,631
Unreserved, reported in:					
General fund	683,901	-	-	-	683,901
Special revenue funds	-	-	-	267,878	267,878
Capital projects fund	-	-	538,904	-	538,904
Total fund balances	729,903	130,631	538,904	267,878	1,667,316
Total liabilities and fund balances	\$ 2,150,684	\$ 368,264	\$ 538,904	\$ 469,855	\$ 3,527,707

See notes to financial statements.

LAMONI 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	\$ 1,667,316
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,758,085
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	110,473
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.	(27,167)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,209,000)</u>
Net assets of governmental activities	<u>\$ 5,299,707</u>

See notes to financial statements.

LAMONI COMMUNITY SCHOOL DISTRICT

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

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 919,052	\$ 237,811	\$ 195,300	\$ 175,353	\$ 1,527,516
Tuition	165,977	-	-	-	165,977
Other	91,159	535	2,555	127,948	222,197
State sources	1,959,245	136	-	89	1,959,470
Federal sources	514,965	-	-	-	514,965
Total revenues	<u>3,650,398</u>	<u>238,482</u>	<u>197,855</u>	<u>303,390</u>	<u>4,390,125</u>
Expenditures:					
Current:					
Instruction	2,531,937	-	-	116,895	2,648,832
Support services:					
Student services	66,997	-	-	-	66,997
Instructional staff services	19,962	-	-	-	19,962
Administration services	394,434	-	-	8,688	403,122
Operation and maintenance of plant services	321,967	-	-	37,830	359,797
Transportation services	163,201	-	-	35,453	198,654
	<u>966,561</u>	<u>-</u>	<u>-</u>	<u>81,971</u>	<u>1,048,532</u>
Other expenditures:					
Facilities acquisition	-	-	22,359	69,736	92,095
Long term debt:					
Principal	-	245,000	-	-	245,000
Interest and fiscal charges	-	149,700	-	-	149,700
AEA flowthrough	143,966	-	-	-	143,966
	<u>143,966</u>	<u>394,700</u>	<u>22,359</u>	<u>69,736</u>	<u>630,761</u>
Total expenditures	<u>3,642,464</u>	<u>394,700</u>	<u>22,359</u>	<u>268,602</u>	<u>4,328,125</u>
Excess (deficiency) of revenues over (under) expenditures	7,934	(156,218)	175,496	34,788	62,000

LAMONI COMMUNITY SCHOOL DISTRICT

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):					
Interfund transfers in (note 3)	\$ -	\$ 240,974	\$ -	\$ -	\$ 240,974
Interfund transfers out (note 3)	-	-	(177,519)	(63,455)	(240,974)
Total other financing sources (uses)	<u>-</u>	<u>240,974</u>	<u>(177,519)</u>	<u>(63,455)</u>	<u>-</u>
Net change in fund balances	7,934	84,756	(2,023)	(28,667)	62,000
Fund balances beginning of year	<u>721,969</u>	<u>45,875</u>	<u>540,927</u>	<u>296,545</u>	<u>1,605,316</u>
Fund balances end of year	<u>\$ 729,903</u>	<u>\$ 130,631</u>	<u>\$ 538,904</u>	<u>\$ 267,878</u>	<u>\$ 1,667,316</u>

See notes to financial statements.

LAMONI 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 \$ 62,000

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

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

Expenditures for capital assets	\$ 35,453	
Depreciation expense	<u>(175,364)</u>	(139,911)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 8,618

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 and does not affect the Statement of Activities.

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 245,000

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, however, interest expense is recognized as the interest accrues, regardless of when it is due. 2,784

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

Net OPEB liability	<u>(9,000)</u>
--------------------	----------------

Change in net assets of governmental activities \$ 169,491

See notes to financial statements.

LAMONI COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	<u>School Nutrition</u>	<u>Nonmajor - Enterprise</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 125,793	\$ 543	\$ 126,336
Due from other governments	2,810	-	2,810
Inventories	6,045	-	6,045
Capital assets, net of accumulated depreciation (note 5)	11,819	8,300	20,119
Total assets	<u>146,467</u>	<u>8,843</u>	<u>155,310</u>
Liabilities			
Salaries and benefits payable	4,412	-	4,412
Deferred revenue	1,663	-	1,663
Total liabilities	<u>6,075</u>	<u>-</u>	<u>6,075</u>
Net Assets			
Invested in capital assets	11,819	8,300	20,119
Unrestricted	128,573	543	129,116
Total net assets	<u>\$ 140,392</u>	<u>\$ 8,843</u>	<u>\$ 149,235</u>

See notes to financial statements.

LAMONI COMMUNITY SCHOOL DISTRICT

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

	<u>School Nutrition</u>	<u>Nonmajor - Enterprise</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 70,755	\$ 2,450	\$ 73,205
Operating expenses:			
Instruction:			
Other enterprise operations:			
Supplies	-	4,426	4,426
Depreciation	-	2,767	2,767
	<u>-</u>	<u>7,193</u>	<u>7,193</u>
Non-instructional programs:			
Food service operations:			
Salaries	53,765	-	53,765
Benefits	25,653	-	25,653
Purchased services	4,065	-	4,065
Supplies	81,708	-	81,708
Depreciation	2,328	-	2,328
Other	444	-	444
	<u>167,963</u>	<u>-</u>	<u>167,963</u>
Total expenses	<u>167,963</u>	<u>7,193</u>	<u>175,156</u>
Operating loss	(97,208)	(4,743)	(101,951)
Non-operating revenues:			
Interest on investments	1,106	-	1,106
State sources	1,912	-	1,912
Federal sources	125,923	-	125,923
Total non-operating revenues	<u>128,941</u>	<u>-</u>	<u>128,941</u>
Change in net assets	31,733	(4,743)	26,990
Net assets beginning of year	<u>108,659</u>	<u>13,586</u>	<u>122,245</u>
Net assets end of year	<u>\$ 140,392</u>	<u>\$ 8,843</u>	<u>\$ 149,235</u>

See notes to financial statements.

LAMONI COMMUNITY SCHOOL DISTRICT

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

	School Nutrition	Nonmajor - Enterprise	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 69,659	\$ -	\$ 69,659
Cash received from miscellaneous operating activities	754	2,450	3,204
Cash payments to employees for services	(79,442)	-	(79,442)
Cash payments to suppliers for goods or services	(74,571)	(4,426)	(78,997)
Net cash used by operating activities	<u>(83,600)</u>	<u>(1,976)</u>	<u>(85,576)</u>
Cash flows from non-capital financing activities:			
State grants received	1,912	-	1,912
Federal grants received	113,998	-	113,998
Net cash provided by non-capital financing activities	<u>115,910</u>	<u>-</u>	<u>115,910</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(5,835)</u>	<u>-</u>	<u>(5,835)</u>
Cash flows from investing activities:			
Interest on investments	<u>1,106</u>	<u>-</u>	<u>1,106</u>
Net increase (decrease) in cash and cash equivalents	27,581	(1,976)	25,605
Cash and cash equivalents beginning of year	<u>98,212</u>	<u>2,519</u>	<u>100,731</u>
Cash and cash equivalents end of year	<u>\$ 125,793</u>	<u>\$ 543</u>	<u>\$ 126,336</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (97,208)	\$ (4,743)	\$ (101,951)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	2,328	2,767	5,095
Commodities used	13,653	-	13,653
(Increase) in inventories	(2,006)	-	(2,006)
(Decrease) in accounts payable	(1)	-	(1)
(Decrease) in salaries and benefits payable	(24)	-	(24)
(Decrease) in deferred revenue	(342)	-	(342)
Net cash used by operating activities	<u>\$ (83,600)</u>	<u>\$ (1,976)</u>	<u>\$ (85,576)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$13,653 of federal commodities.

See notes to financial statements.

LAMONI COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2010

	Private Purpose Trust
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>10,504</u>
Liabilities:	
None	<u>-</u>
Net assets:	
Reserved for scholarships	\$ <u><u>10,504</u></u>

See notes to financial statements.

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

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ <u>14</u>
Deductions:	
Support services:	
Scholarships awarded	<u>400</u>
Change in net assets	(386)
Net assets beginning of year	<u>10,890</u>
Net assets end of year	\$ <u><u>10,504</u></u>

See notes to financial statements.

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies

Lamoni 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 Lamoni, Iowa, and agricultural territory in Decatur and Ringgold 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, Lamoni 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. Lamoni Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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

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

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

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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.

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	30,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-15 years

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

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

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unearned federal grant and meal sales revenues.

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is to not reimburse employees for sick leave or vacation. Vacation can be used only in the year it is earned. The District has no compensated absence liability at June 30, 2010.

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

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

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net assets restricted through enabling legislation as of June 30, 2010 consists of \$974,660.

E. Budgets and Budgetary Control

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

Note 2. Cash and Pooled Investments

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

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

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 2. Cash and Pooled Investments (continued)

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

	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u>541</u>

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

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

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 177,519
	Special Revenue:	
	Physical Plant and Equipment Levy	<u>63,455</u>
Total		<u>\$ 240,974</u>

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

Note 4. Iowa Schools 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. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. N.A. 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 daily based upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate of 4.50%. The District had no ISCAP activity for the year ended June 30, 2010.

During the year ended June 30, 2010, the District paid \$6,141 of interest on the ISCAP warrants.

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 44,500	\$ -	\$ -	\$ 44,500
Total capital assets not being depreciated	<u>44,500</u>	<u>-</u>	<u>-</u>	<u>44,500</u>
Capital assets being depreciated:				
Buildings	7,974,462	-	-	7,974,462
Improvements other than buildings	181,658	-	-	181,658
Furniture and equipment	391,614	35,453	40,293	386,774
Total capital assets being depreciated	<u>8,547,734</u>	<u>35,453</u>	<u>40,293</u>	<u>8,542,894</u>
Less accumulated depreciation for:				
Buildings	1,193,031	159,422	-	1,352,453
Improvements other than buildings	152,531	1,533	-	154,064
Furniture and equipment	348,676	14,409	40,293	322,792
Total accumulated depreciation	<u>1,694,238</u>	<u>175,364</u>	<u>40,293</u>	<u>1,829,309</u>
Total capital assets being depreciated, net	<u>6,853,496</u>	<u>(139,911)</u>	<u>-</u>	<u>6,713,585</u>
Governmental activities capital assets, net	<u>\$ 6,897,996</u>	<u>\$ (139,911)</u>	<u>\$ -</u>	<u>\$ 6,758,085</u>
Business-type activities:				
Furniture and equipment	\$ 64,654	\$ 5,835	\$ -	\$ 70,489
Less accumulated depreciation	<u>45,275</u>	<u>5,095</u>	<u>-</u>	<u>50,370</u>
Business-type activities capital assets, net	<u>\$ 19,379</u>	<u>\$ 740</u>	<u>\$ -</u>	<u>\$ 20,119</u>

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 5. Capital Assets (continued)

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

Governmental activities:

Instruction	\$ 7,381
Support services:	
Administration	1,533
Operation and maintenance of plant services	1,534
Transportation	<u>6,140</u>
	16,588
Unallocated depreciation	<u>158,776</u>
Total governmental activities depreciation expense	<u>\$ 175,364</u>

Business-type activities:

Food service operations	<u>\$ 5,095</u>
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Note 6. Long-Term Liabilities

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 2,815,000	\$ -	\$ 115,000	\$ 2,700,000	\$ 120,000
Revenue bonds	405,000	-	75,000	330,000	75,000
Notes payable	225,000	-	55,000	170,000	55,000
Net OPEB liability	-	9,000	-	9,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,445,000</u>	<u>\$ 9,000</u>	<u>\$ 245,000</u>	<u>\$ 3,209,000</u>	<u>\$ 250,000</u>

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities (continued)

Bonds Payable

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

Year Ending June 30,	Bond Issue dated January 1, 2006			Bond Issue dated May 1, 2006			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2011	4.550 %	\$ 90,000	\$ 74,210	5.50 %	\$ 30,000	\$ 42,622	\$ 120,000	\$ 116,832
2012	4.550	90,000	70,115	5.50	35,000	40,972	125,000	111,087
2013	4.550	95,000	66,020	5.25	35,000	39,048	130,000	105,068
2014	4.500	100,000	61,698	5.25	40,000	37,210	140,000	98,908
2015	4.500	105,000	57,197	5.00	40,000	35,110	145,000	92,307
2016	3.850	110,000	52,473	4.20	40,000	33,110	150,000	85,583
2017	3.875	110,000	48,238	4.25	45,000	31,430	155,000	79,668
2018	3.900	120,000	43,975	4.30	45,000	29,518	165,000	73,493
2019	3.950	120,000	39,295	4.35	50,000	27,582	170,000	66,877
2020	4.000	125,000	34,555	4.40	50,000	25,408	175,000	59,963
2021	4.000	130,000	29,555	4.45	55,000	23,208	185,000	52,763
2022	4.050	135,000	24,355	4.50	55,000	20,760	190,000	45,115
2023	4.100	145,000	18,887	4.55	55,000	18,286	200,000	37,173
2024	4.150	155,000	12,943	4.60	55,000	15,782	210,000	28,725
2025	4.200	155,000	6,510	4.65	60,000	13,252	215,000	19,762
2026		-	-	4.65	225,000	10,462	225,000	10,462
		<u>\$ 1,785,000</u>	<u>\$ 640,026</u>		<u>\$ 915,000</u>	<u>\$ 443,760</u>	<u>\$ 2,700,000</u>	<u>\$ 1,083,786</u>

School Infrastructure Local Option Sales and Services Tax Revenue Bonds

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

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	4.35 %	\$ 75,000	\$ 14,355	\$ 89,355
2012	4.35	80,000	11,093	91,093
2013	4.35	85,000	7,613	92,613
2014	4.35	90,000	3,915	93,915
		<u>\$ 330,000</u>	<u>\$ 36,976</u>	<u>\$ 366,976</u>

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 6. Long-Term Liabilities (continued)

School Infrastructure Local Option Sales and Services Tax Revenue Bonds (continued)

The resolutions providing for the issuance of the local option sales and services tax revenue bonds included the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the local option sales and services tax revenues received by the District, and the bond holders hold a lien on the future revenues received.
- (b) Sufficient monthly deposits shall be made to the debt service sinking account for the purpose of making the bond principal and interest payments when due.

The District pledged future local option sales and services tax revenues to repay the \$475,000 of bonds issued in 2007. The bonds were issued for the purpose of financing a portion of the costs of a new school and gym. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2014. 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 approximately 46 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$366,976. For the current year, principal and interest paid on the bonds was \$92,616 and total local option sales and services tax revenues were \$195,300.

Capital Loan Notes Payable

Details of the District's June 30, 2010 capital loan note indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	3.50 %	\$ 55,000	\$ 6,212	\$ 61,212
2012	3.65	55,000	4,288	59,288
2013	3.80	60,000	2,280	62,280
		<u>\$ 170,000</u>	<u>\$ 12,780</u>	<u>\$ 182,780</u>

Note 7. Other Postemployment Benefits (OPEB)

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

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 54 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Iowa School Employees Benefits Association. 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.

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

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

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

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

Annual required contribution	\$ 47,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>47,000</u>
Contributions made	<u>38,000</u>
Increase in net OPEB obligation	9,000
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>\$ 9,000</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.

Plan members eligible for benefits contributed \$28,216, or 100% 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:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 47,000	81%	\$ 9,000

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 \$303,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$303,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,240,000, and the ratio of the UAAL to covered payroll was 13.5%. As of June 30, 2010, there were no trust fund assets.

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

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

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

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

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

As of the July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis.

Annual retirement and termination probabilities were developed from the retirement probabilities in Table 1 of GASB 45, paragraph 35(b).

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Operating Lease

The District has an operating lease for two 53 passenger buses and one 71 passenger bus. The lease was renewed and extended in June 2009 until July 31, 2010. The extended lease also allowed the District and the Lessor to extend the contract for one additional one-year period. In July, 2010 the District extended the contract for an additional one-year period.

During the year ended June 30, 2010, the District made nine monthly payments averaging \$7,019 for a total of \$63,171.

Future minimum lease payments under the new lease agreement are as follows:

Year Ending June 30,	Minimum Lease Payments
2011	\$ <u>65,066</u>

LAMONI COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note 9. Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the year ended June 30, 2010. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$146,613, \$134,199, and \$132,192, respectively, equal to the required contributions for each year.

Note 10. Risk Management

Lamoni 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.

Note 11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$143,966 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 12. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Salary improvement program	\$ 19,769
State decategorization	11,999
Professional development for model core curriculum	9,362
Gifted and talented	<u>4,872</u>
Total	<u><u>\$ 46,002</u></u>

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Required Supplementary Information

LAMONI COMMUNITY SCHOOL DISTRICT

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

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	\$ 1,915,690	\$ 74,311	\$ 1,990,001	\$ 2,192,249	\$ (202,248)
Intermediate sources	-	-	-	7,300	(7,300)
State sources	1,959,470	1,912	1,961,382	2,502,952	(541,570)
Federal sources	514,965	125,923	640,888	439,717	201,171
Total revenues	4,390,125	202,146	4,592,271	5,142,218	(549,947)
EXPENDITURES/EXPENSES:					
Instruction	2,648,832	7,193	2,656,025	3,508,242	852,217
Support services	1,048,532	-	1,048,532	2,028,500	979,968
Non-instructional programs	-	167,963	167,963	279,167	111,204
Other expenditures	630,761	-	630,761	1,720,079	1,089,318
Total expenditures/expenses	4,328,125	175,156	4,503,281	7,535,988	3,032,707
Excess (deficiency) of revenues over (under) expenditures/ expenses	62,000	26,990	88,990	(2,393,770)	2,482,760
Other financing sources, net	-	-	-	1,000	(1,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	62,000	26,990	88,990	(2,392,770)	2,481,760
Balance beginning of year	1,605,316	122,245	1,727,561	1,838,146	(110,585)
Balance end of year	\$ 1,667,316	\$ 149,235	\$ 1,816,551	\$ (554,624)	\$ 2,371,175

See accompanying independent auditor's report.

LAMONI COMMUNITY SCHOOL DISTRICT

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

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

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

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

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

LAMONI COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2010

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2010	July 1, 2008	\$ -	\$ 303	\$ 303	0.0%	\$ 2,240	13.5%

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

Other Supplementary Information

LAMONI COMMUNITY SCHOOL DISTRICT

 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2010

	<u>Special Revenue</u>			<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	
Assets				
Cash and pooled investments	\$ 48,194	\$ 56,402	\$ 160,656	\$ 265,252
Receivables:				
Property tax:				
Current year	1,093	-	1,533	2,626
Succeeding year	75,000	-	108,565	183,565
Income surtax	-	-	18,412	18,412
Total assets	\$ 124,287	\$ 56,402	\$ 289,166	\$ 469,855
Liabilities and Fund Balances				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	75,000	-	108,565	183,565
Other	-	-	18,412	18,412
Total liabilities	75,000	-	126,977	201,977
Fund balances:				
Unreserved:				
Undesignated	49,287	56,402	162,189	267,878
Total liabilities and fund balances	\$ 124,287	\$ 56,402	\$ 289,166	\$ 469,855

See accompanying independent auditor's report.

LAMONI COMMUNITY SCHOOL DISTRICT

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

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 64,694	\$ -	\$ 110,659	\$ 175,353
Other	7,742	119,699	507	127,948
State sources	37	-	52	89
Total revenues	72,473	119,699	111,218	303,390
Expenditures:				
Current:				
Instruction	-	116,895	-	116,895
Support services:				
Administration services	8,688	-	-	8,688
Operation and maintenance of plant services	37,830	-	-	37,830
Transportation services	-	-	35,453	35,453
Other expenditures:				
Facilities acquisition	-	-	69,736	69,736
Total expenditures	46,518	116,895	105,189	268,602
Excess of revenues over expenditures	25,955	2,804	6,029	34,788
Other financing sources (uses):				
Interfund transfers out	-	-	(63,455)	(63,455)
Net change in fund balances	25,955	2,804	(57,426)	(28,667)
Fund balances beginning of year	23,332	53,598	219,615	296,545
Fund balances end of year	\$ 49,287	\$ 56,402	\$ 162,189	\$ 267,878

See accompanying independent auditor's report.

LAMONI COMMUNITY SCHOOL DISTRICT

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

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Drama	\$ 66	\$ 131	\$ 26	\$ 171
Elementary Computer Club	65	-	65	-
Playground	256	24,461	708	24,009
Interest Fund	5,700	71	-	5,771
Academic Team	131	251	-	382
Yearbook	(1,875)	4,133	5,850	(3,592)
Elementary Yearbook	850	-	850	-
Music Booster Uniforms	792	-	-	792
Future Farmers of America	2,254	11,991	12,213	2,032
National Honor Society	(194)	-	106	(300)
Spanish Club	137	-	-	137
Band	1,191	2,174	2,727	638
Orchestra	1,851	1,623	1,041	2,433
Demon Success	691	-	691	-
Seniors	(202)	8,843	7,829	812
Juniors	300	3,016	3,218	98
Middle School	1,629	2,295	1,884	2,040
Helping Hands	169	-	169	-
Student Council	1,601	3,239	2,687	2,153
Vocal	2,686	1,005	998	2,693
Athletics	32,838	54,563	74,727	12,674
Music Festival	114	-	-	114
Milk Machine	2,540	2,689	1,892	3,337
Unreserved Fund Balance	8	-	-	8
Intrafund Transfers	-	(786)	(786)	-
Total	\$ 53,598	\$ 119,699	\$ 116,895	\$ 56,402

See accompanying independent auditor's report.

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LAMONI COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2010	2009	2008	2007
Revenues:				
Local sources:				
Local tax	\$ 1,527,516	\$ 1,486,853	\$ 1,400,831	\$ 1,343,711
Tuition	165,977	109,062	182,636	166,688
Other	222,197	228,891	405,402	814,671
Intermediate sources	-	-	-	81,143
State sources	1,959,470	2,110,251	2,187,738	1,936,737
Federal sources	514,965	297,232	293,236	691,708
Total revenues	<u>\$ 4,390,125</u>	<u>\$ 4,232,289</u>	<u>\$ 4,469,843</u>	<u>\$ 5,034,658</u>
Expenditures:				
Instruction	\$ 2,648,832	\$ 2,432,176	\$ 2,553,230	\$ 2,322,347
Support services:				
Student services	66,997	111,482	111,751	91,795
Instructional staff services	19,962	12,619	6,986	113,810
Administration services	403,122	383,228	407,009	367,800
Operation and maintenance of plant services	359,797	346,131	337,996	304,003
Transportation services	198,654	174,151	184,310	191,282
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	92,095	125,547	1,892,192	3,166,820
Long-term debt:				
Principal	245,000	230,000	155,000	120,000
Interest and fiscal charges	149,700	160,015	155,703	180,601
AEA flowthrough	143,966	125,770	121,610	114,388
Total expenditures	<u>\$ 4,328,125</u>	<u>\$ 4,101,119</u>	<u>\$ 5,925,787</u>	<u>\$ 6,972,846</u>

See accompanying independent auditor's report.

	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	1,094,509	\$ 1,216,070	\$ 1,067,949
	163,176	196,308	249,622
	341,020	178,995	150,433
	35,072	44,442	30,029
	1,801,625	1,767,497	1,627,839
	189,640	383,859	343,952
	<u>\$ 3,625,042</u>	<u>\$ 3,787,171</u>	<u>\$ 3,469,824</u>
\$	2,158,080	\$ 2,089,909	\$ 2,030,075
	198,909	161,457	147,948
	36,026	57,960	70,901
	376,468	366,236	356,251
	322,263	364,932	380,067
	165,740	166,140	155,489
	5,517	4,233	5,584
	331,254	117,116	660,454
	50,000	150,000	130,000
	13,680	20,373	23,335
	105,631	104,363	103,478
	<u>\$ 3,763,568</u>	<u>\$ 3,602,719</u>	<u>\$ 4,063,582</u>

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

Grantor / Program	CFDA Number	Grant Number	Expenditures
Direct:			
U. S. Department of Education: Rural Education	84.358	FY 10	\$ <u>26,316</u>
Indirect:			
U. S. Department of Agriculture: Iowa Department of Education: Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 10	27,181
National School Lunch Program	10.555	FY 10	77,928
National School Lunch Program (non-cash)	10.555	FY 10	13,653
Summer Food Service Program for Children	10.559	FY 10	<u>7,161</u>
			<u>125,923</u>
U. S. Department of Education: Iowa Department of Education: Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	3465-G-09	672
Title I Grants to Local Educational Agencies	84.010	3465-G-10	72,526
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	RIB1273465	<u>30,249</u>
			<u>103,447</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 10	<u>1,444</u>
Early Reading First	84.359	FY 10	<u>47,687</u>
Improving Teacher Quality State Grants	84.367	FY 10	<u>21,888</u>
Grants for State Assessments and Related Activities	84.369	FY 10	<u>2,119</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 10	<u>159,635</u>
U. S. Department of Education: Green Hills Area Education Agency: Special Education Cluster:			
Special Education - Grants to States	84.027	FY 10	18,726
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	<u>40,963</u>
			<u>59,689</u>

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

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect (continued):			
U. S. Department of Education (continued):			
Green Hills Area Education Agency (continued):			
Education Technology State Grants	84.318	FY 10	\$ <u>1,359</u>
Bedford Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY 10	<u>5,585</u>
U. S. Department of Human Services:			
Decatur County Department of Human Services:			
Temporary Assistance for Needy Families	93.558	FY 10	<u>29,136</u>
Corporation for National and Community Service:			
Iowa Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	FY 10	<u>9,800</u>
Total			\$ <u><u>594,028</u></u>

Basis of Presentation –

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

See accompanying independent auditor's report.

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

To the Board of Education of
Lamoni 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 Lamoni 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 November 15, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Lamoni Community School District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

Oskaloosa, Iowa
November 15, 2010

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

To the Board of Education of
Lamoni Community School District:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Lamoni Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Lamoni 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 Lamoni Community School District and other parties to whom Lamoni Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
November 15, 2010

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

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.559 – Summer Food Service Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Lamoni Community School District did not qualify as a low-risk auditee.

LAMONI COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

II-A-10 Financial Reporting – During the audit, we identified material amounts of receivables and Enterprise Fund adjustments not recorded in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables and Enterprise Fund adjustments are identified and included in the District’s financial statements.

Response – We will double check these in the future to avoid missing any necessary receivable and Enterprise Fund adjustments.

Conclusion – Response accepted.

II-B-10 Fundraiser Activity – We noted in our testing of fundraisers recorded in the Special Revenue, Activity Fund, that two fundraiser sponsors did not complete a fundraiser reconciliation. In our testing of related receipts and disbursements, we noted no material differences or irregularities for either fundraiser.

Recommendation – The District should require all sponsors to complete a fundraiser reconciliation of receipts to deposits, expenses paid, and net profit margin.

Response – We will require all sponsors to complete fundraiser reconciliations in the future.

Conclusion – Response accepted. The District should consider banning future fundraisers for clubs that do not complete a fundraiser reconciliation.

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

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiency:

No matters were reported.

LAMONI COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-10 Certified Budget – Expenditures for the year ended June 30, 2010, did not exceed the amounts budgeted.
- IV-B-10 Questionable Expenditures – We noted one expenditure that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979. The District paid one student \$100 for participation in the Enterprise Fund, Heartland Bakery. On further inquiry, we noted payments to five students for the same purpose totaling \$500.
- Recommendation – The District should determine and document the public purpose satisfied by any such disbursement in the future.
- Response – We will look into these payments more deeply and determine the proper action to be taken.
- Conclusion – Response accepted.
- IV-C-10 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-10 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-10 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-10 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-10 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-10 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-J-10 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-10 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

LAMONI COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

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

IV-L-10 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance	\$	194,592
Statewide sales and services tax revenue		195,300
Expenditures/transfers out:		
None		-
Ending balance	\$	389,892

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

	Per \$1,000 of Taxable Valuation		Property Tax Dollars
Debt service levy	\$ 2.99655	\$	195,300

IV-M-10 Deficit Balances – Several student activity accounts within the Special Revenue, Student Activity Fund had deficit balances at June 30, 2010.

Recommendation – The District should continue to investigate alternatives to eliminate the deficits in the Activity Fund.

Response – The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.