

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

JUNE 30, 2010

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Perry Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
David Menz	President	2011
Kathryn Powell	Vice President	2009
Darek Van Kirk	Board Member	2009
Daniel Wilhelmi	Board Member	2011
Scott Seeley	Board Member	2011
Board of Education (After September 2009 Election)		
David Menz	President	2011
Kathryn Powell	Vice President	2013
Darek Van Kirk	Board Member	2013
Daniel Wilhelmi	Board Member	2011
Scott Seeley	Board Member	2011
School Officials		
Lynn Ubben	Superintendent	2010
Nancy Gee	Business Manager/ District Secretary (Resigned March 2010)	2010
Sarah Cronk	Business Manager/ District Secretary (Appointed April 2010)	2010
Dwayne Hochhalter	District Treasurer	2010
Gruhn Law Firm	Attorney	2010

Perry Community School District

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

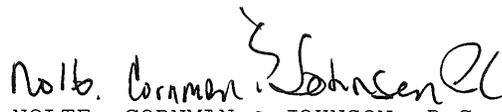
In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2011 on our consideration of Perry Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 18 and 50 through 52 are not required parts of the

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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 supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Perry 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 year ended June 30, 2009 (which are not presented herein) while another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein). Unqualified opinions were expressed on all of those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$17,770,599 in fiscal 2009 to \$17,405,563 in fiscal 2010, a decrease of \$365,036. General Fund expenditures decreased from \$17,505,691 in fiscal 2009 to \$16,864,863 in fiscal 2010, a decrease of \$640,828. The District's General Fund balance increased from \$882,613 at the end of fiscal 2009 to \$1,423,313 and the end of fiscal 2010, an increase of 61.26%
- The District's solvency ratio has remained positive for the past seven years, increasing to 4.78% at June 30, 2010. The solvency ratio is widely used as a comparative tool and is considered to be a good measure of a District's financial health. A graph showing fourteen years of solvency ratio history is included later in this section.
- The District's General Fund solvency ratio and fund balance continued to increase in spite of the cut in funding from the State. The District made adjustments to the working budget to avoid decreases in those areas.
- The District has utilized statewide sales, services and use tax revenues for existing debt reduction and new capital projects such as the Performing Arts Center. The District's share of the 2010 statewide sales, services and use tax revenues received from Boone, Dallas and Greene Counties totaled \$590,045. The District has committed a large portion of these revenues for debt service as a financial strategy to keep local property tax rates relatively stable.
- The District's PPEL Fund balance on June 30, 2010 was \$130,825 as compared to \$65,378 at June 30, 2009. Over the next two years the PPEL Fund will be making the lease payments on the new bus lease the District entered into during fiscal 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts:

1. Management's Discussion and Analysis (this section)
2. Basic Financial Statements
3. Notes to Financial Statements
4. Required Supplementary Information
5. Other Supplementary Information

The Basic Financial Statements include two kinds of statements that present different views of the District.

- The first, the Statement of Net Assets and the Statement of Activities, are *Government-wide Financial Statements* that provide information about the District as a whole and present an overall view of the District's finances.

- The second 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, as follows:
 - a) The *Governmental Fund Statements* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
 - b) The *Proprietary Fund Financial Statements* offer short and long term financial information about the activities the District operates *like a business*, such as food services, the golf driving range and the school bookstore.
 - c) The *Fiduciary Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of other, such as scholarship trusts.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Other Supplementary Information provides detailed information about the nonmajor Governmental Trust and Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

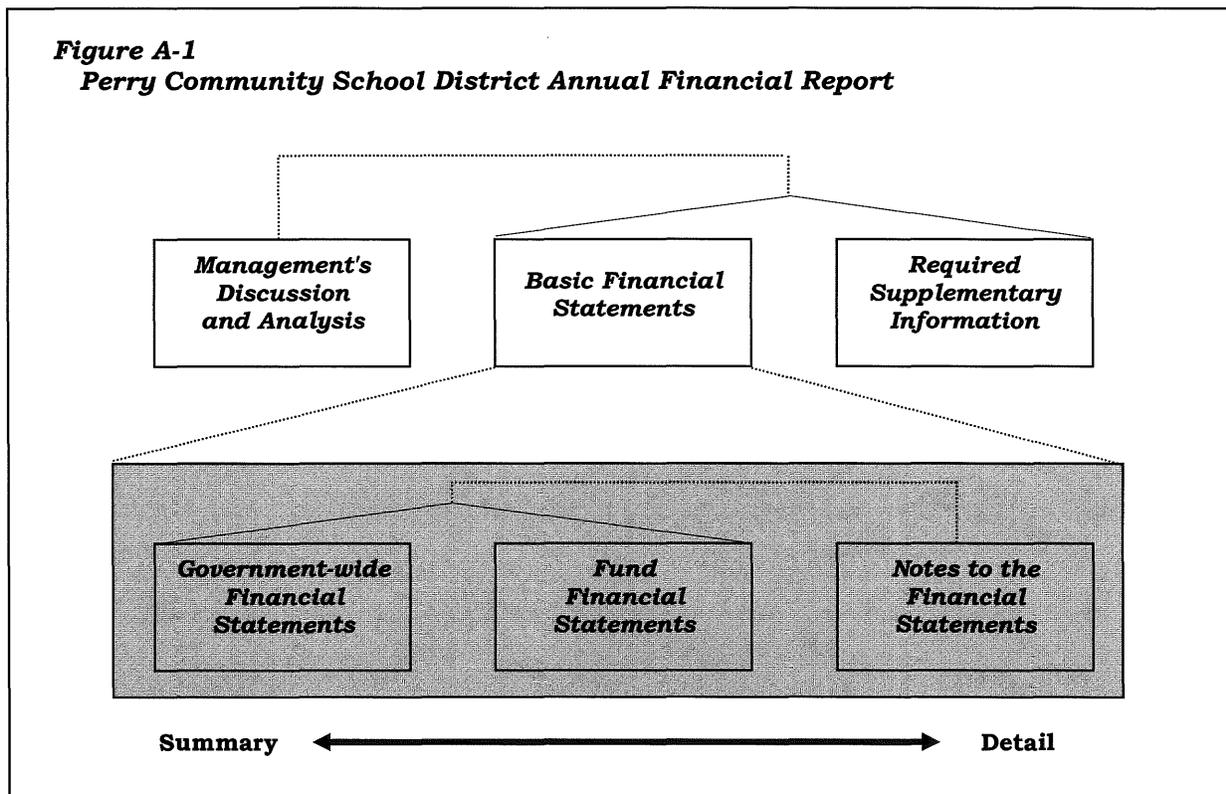


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents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

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

In the government-wide financial statements, the District's activities are divided into three 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 food services are included here, as reported in the School Nutrition Fund.
- *Component unit*: This includes the activities of the Perry Community School District Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

Fund Financial Statements

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

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

The District has three types 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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that

can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

- a) The District's governmental funds include the General Fund, Management Levy Fund, Student Activity Fund, Physical Plant and Equipment Levy Fund, Capital Projects Fund and the Debt Service Fund.
- b) The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements.
 - a) The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has three enterprise funds, the School Nutrition Fund, the Golf Driving Range Fund and the School Store Fund.
 - b) Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently uses an internal service fund to account for employee benefits.
 - c) The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.
- *Fiduciary funds:* The District serves as the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
 - a) Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - b) Agency Funds - These are funds for which the District administers and accounts for the City of Perry's share of local option sales and services tax, early retiree health and dental insurance and COBRA insurance payments.

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Figure A-3 Condensed Statement of Net Assets							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 18,803,874	20,704,473	484,944	412,185	19,288,818	21,116,658	-8.66%
Capital assets	17,779,372	16,791,253	295,926	301,177	18,075,298	17,092,430	5.75%
Total assets	36,583,246	37,495,726	780,870	713,362	37,364,116	38,209,088	-2.21%
Long-term obligations	19,593,943	19,776,684	8,934	4,773	19,602,877	19,781,457	-0.90%
Other liabilities	10,123,374	11,061,484	102,076	109,723	10,225,450	11,171,207	-8.47%
Total liabilities	29,717,317	30,838,168	111,010	114,496	29,828,327	30,952,664	-3.63%
Net assets:							
Invested in capital assets, net of related debt	3,167,878	2,939,932	295,926	301,177	3,463,804	3,241,109	6.87%
Restricted	3,518,734	3,225,601	0	0	3,518,734	3,225,601	9.09%
Unrestricted	179,317	492,025	373,934	297,689	553,251	789,714	-29.94%
Total net assets	\$ 6,865,929	6,657,558	669,860	598,866	7,535,789	7,256,424	3.85%

The District's combined net assets increased by 3.85%, or \$279,365, over the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net asset category increased 6.87%, or \$222,695 primarily due to continuing construction of the Performing Arts Building.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This amount increased 9.09%, or \$293,133. The increase in restricted net assets is primarily due to an increase in carryover balances of categorical funding from the State of Iowa.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints, decreased 29.94%, or \$236,463.

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

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues & Transfers:							
Program revenues:							
Charges for services	\$ 498,300	571,990	320,293	405,290	818,593	977,280	-16.24%
Operating grants and contributions and restricted interest	4,840,610	3,774,751	888,346	888,540	5,728,956	4,663,291	22.85%
Capital grants and contributions and restricted interest	2,000	2,000	25,345	0	27,345	2,000	1267.25%
General revenues:							
Property tax	5,758,503	5,537,837	0	0	5,758,503	5,537,837	3.98%
Income surtax	189,434	192,837	0	0	189,434	192,837	-1.76%
Statewide sales, services and use tax	590,045	817,784	0	0	590,045	817,784	-27.85%
Unrestricted state grants	7,539,187	8,767,082	0	0	7,539,187	8,767,082	-14.01%
Unrestricted investment earnings	110,591	193,366	895	2,751	111,486	196,117	-43.15%
Other	339,803	338,711	32,263	0	372,066	338,711	9.85%
Transfers	29	0	(29)	0	0	0	0.00%
Total revenues	19,868,502	20,196,358	1,267,113	1,296,581	21,135,615	21,492,939	-1.66%
Program expenses:							
Governmental activities:							
Instructional	12,175,584	12,496,989	0	0	12,175,584	12,496,989	-2.57%
Support services	4,694,972	5,110,438	30,227	26,335	4,725,199	5,136,773	-8.01%
Non-instructional programs	481,291	436,380	1,165,892	1,240,737	1,647,183	1,677,117	-1.78%
Other expenses	2,308,284	2,044,289	0	0	2,308,284	2,044,289	12.91%
Total expenses	19,660,131	20,088,096	1,196,119	1,267,072	20,856,250	21,355,168	-2.34%
Changes in net assets	208,371	108,262	70,994	29,509	279,365	137,771	102.77%
Beginning net assets	6,657,558	6,549,296	598,866	569,357	7,256,424	7,118,653	1.94%
Ending net assets	\$ 6,865,929	6,657,558	669,860	598,866	7,535,789	7,256,424	3.85%

Property tax revenues of \$5,758,503 and unrestricted state grants of \$7,539,187 account for 62.92% of the District's total revenues in all funds, totaling \$21,135,615 as shown above. The District's expenses are primarily in the instruction and support services functions, which total 81.03% of the total expenses of \$20,856,250 as shown above. Total District revenues for fiscal year 2010 were 1.66% lower than the prior year, and the corresponding expenses were 2.34% lower.

Governmental Activities

Revenues for governmental activities were \$19,868,502, a 1.62% decrease over the prior year. Expenses were \$19,660,131, a 2.13% decrease over the prior year. The District was able to balance the operating budget for FY 10 by reducing expenses to slightly below available resources. Operating grants, contributions and restricted interest increased by \$1,063,184, largely due to the District receiving new federal grant monies from the American Recovery and Reinvestment Act.

Capital grants, contributions and restricted interest increased \$25,345 due to the District receiving American Recovery and Reinvestment Act monies to purchase new equipment for the food service department. Property tax revenues increased \$220,666, or 3.98%, over the prior year due to an increase in taxable valuation from \$284,763,186 in FY09 to \$296,629,682 in FY10, an increase off 4.17%. The total levy rate increased from \$20.11 per \$1,000 of taxable valuation for FY 09 to \$20.34 per \$1,000 of taxable valuation for FY10.

The following table, Figure A-5, presents the cost of the four major District activities: instruction, support services, non-instructional programs and other expenses. The table shows each activity's net cost, which is the total expense less any fees generated by the activities and intergovernmental aid provided for specific programs. Therefore, the net cost indicates the financial burden placed on the District's taxpayers for each of these District functions.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 12,175,584	12,496,989	-2.57%	7,885,753	9,004,541	-12.42%
Support services	4,694,972	5,110,438	-8.13%	4,497,534	5,085,552	-11.56%
Non-instructional programs	481,291	436,380	10.29%	327,337	246,599	32.74%
Other expenses	2,308,284	2,044,289	12.91%	1,608,597	1,402,663	14.68%
Totals	\$ 19,660,131	20,088,096	-2.13%	14,319,221	15,739,355	-9.02%

The total cost of all governmental activities for FY 10 was \$19,660,131. Some of this cost, or \$498,300, was financed by users of the District's programs, such as from fees or admissions revenues. Another \$4,842,610 was subsidized by federal and state governments through restricted program grants and contributions. These revenues are categorized as program revenues because they are specifically related to a certain program and, therefore, must be expended within that program.

The net cost of services for all governmental activities was \$14,319,221, financed primarily with revenues from unrestricted state aid and local property tax. State aid and property tax are examples of general revenues since they are not specific to a program and are available to be expended for more universal purposes within a specific fund. The costs subsidized by grants and contributions or financed by users increased \$989,494 over the prior year.

Business type Activities

As previously discussed, the District's business type funds include the School Nutrition Fund, the Golf Driving Range and the School Store.

Revenues for the School Nutrition Fund were \$1,264,337, a decrease of \$28,706, or 2.22%, over the prior year. The decrease was primarily for charges for services which decreased due to fewer catering requests. School Nutrition Fund expenses decreased \$72,448, or 5.73%, over the prior year, totaling \$1,192,349.

The financial activity in the Golf Driving Range Fund was minimal, with revenues and expenses totaling \$2,803 and \$3,721 respectively.

The financial activity in the School Store Fund was also minimal, with revenues and expenses totaling \$2 and \$49 respectively. Due to the lack of interest for maintaining the school store, the fund was closed to the General Fund during the year ended June 30, 2010.

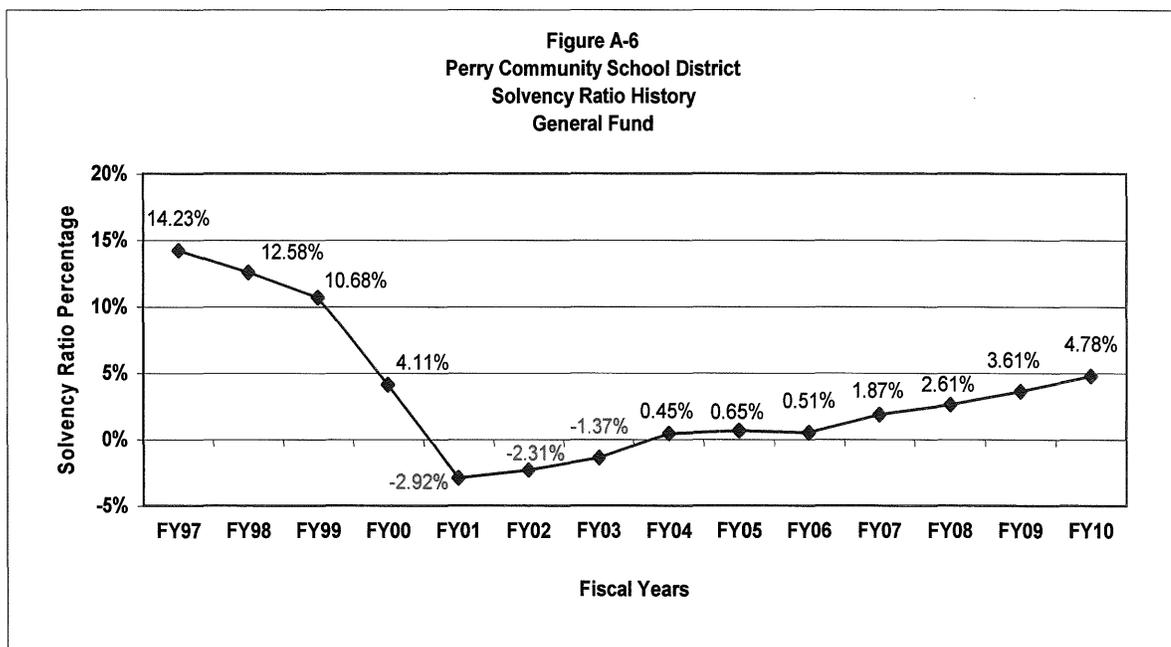
FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The Perry Community School District uses fund accounting to ensure and demonstrate compliance with finance-related statutory requirements. A summary financial analysis of individual District funds follows, categorized into governmental and business types:

Governmental Fund Highlights

The financial performance of the District as a whole is largely reflected in its governmental funds, particularly by analysis of the fund balances. Overall, the District's governmental funds had combined fund balances of \$8,691,182 at June 30, 2010, a decrease of \$740,131 from the prior year. The following is a closer look at each individual major fund:

- The **General Fund** reported an overall increase in its fund balance of \$540,700, from \$882,613 at June 30, 2009 to \$1,423,313 at June 30, 2010. During the year, the District experienced a 2.05% decrease in revenues and a 3.66% decrease in expenses. Revenues have exceeded expenditures in the past four years. The undesignated unreserved portion of this fund balance increased \$190,967, which is one factor by which the District's solvency ratio is calculated. Figure A-6 below shows a history of the District's financial solvency ratio for several years. The solvency ratio is considered a measure of financial health and is calculated by dividing the District's undesignated and unreserved General Fund balance by its actual General Fund revenues. According to the Iowa Association of School Boards, the ideal ratio is typically between 5% and 10%. As shown in the graph below, the District has had some positive financial recovery after several years of sharp decline.



- The **Debt Service Fund** balance decreased \$264,126 over the prior year. The Debt Service Fund is used to account for principal and interest payments on debt to the District's bond and lease holders. Local property tax and interest earnings accounted for approximately \$761,000 in revenues. The Capital Projects Fund transferred \$393,196 to the Debt Service Fund to help pay principal and interest on the District's revenue bond indebtedness.

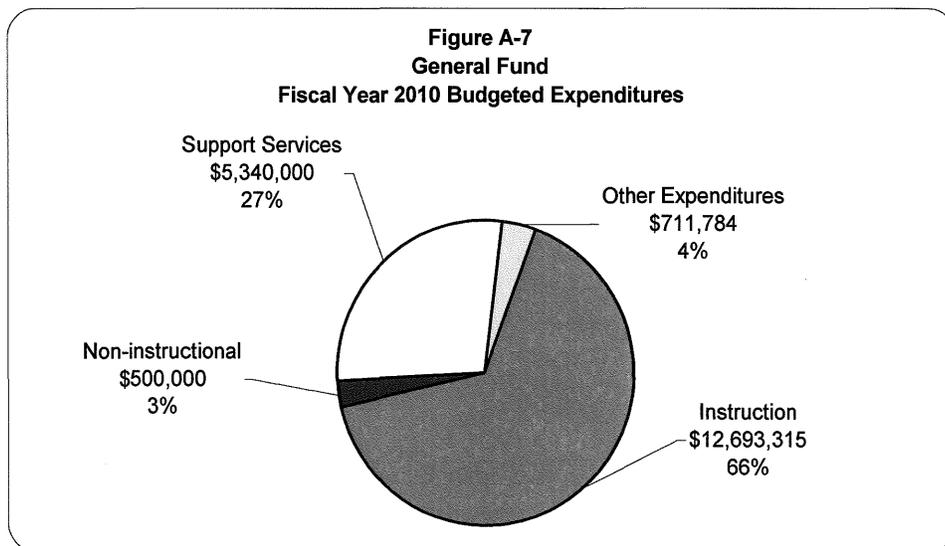
- The **Capital Projects Fund** balance decreased \$1,181,042 from the prior year. The decrease in fund balance for the Capital Projects Fund was primarily the result of the beginning of construction of the new auditorium, the purchase of a building for the buildings and grounds department and asbestos removal.

BUDGETARY HIGHLIGHTS

Expenditures

Total expenditures/expenses for 2010 were \$3,604,917 less than the District's certified budget for expenditures/expenses, a variance of 14%. It is the District's practice to budget expenditures at the maximum authorized authority for the General Fund. For other funds, the District's policy is to set expenditures at the maximum available dollars. Spending for all funds is managed and controlled through the District's line-item budget.

Of all the governmental funds, the General Fund is by far the largest, comprising of 76% of all governmental fund budgeted expenditures for the fiscal year. Total General Fund budgeted expenditures for fiscal year 2010 were \$19,245,099. Figure A-7 indicates the percentage of expenditures budgeted within each functional area.



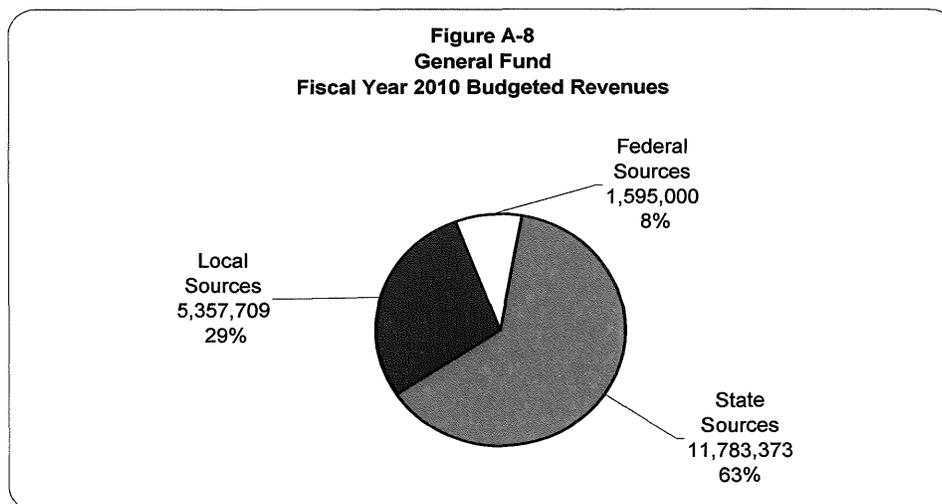
The General Fund budget is reviewed in detail in the business office and updated on an ongoing basis to reflect any anticipated changes in staffing or non-staffing costs. The Board of Directors receives a monthly summary of revenue and expense reports showing cash basis comparisons from prior years. Principals and departmental supervisors also review their specific budgets monthly and are responsible for the first-level approval of any non-salary expenditures for the department they supervise.

Revenues

General Fund budgeted revenues totaled \$18,736,082 for fiscal year 2010, \$1,330,519 less than actual revenues collected. This variance is primarily due to the District receiving less in state sources than expected because of the 10% across the board cut by the State.

Figure A-8 shows a comparison of the three main revenue streams, according to the source of the funding. The largest source of funding for the District is the State of Iowa, from which 63%, or nearly \$11.78 million, of its revenue is received. This includes unrestricted state aid and

restricted program or categorical funds. Local sources provide approximately \$5.36 million, or 29%, of the District's General Fund revenues. Most of the revenues contained in local sources are from property taxes levied. Other sources of local revenue are tuition, student fees and facility rental. Federal sources of revenue were 8%, or about \$1.60 million. Nearly all of the District's General Fund federal revenue is received in the form of restricted grants, such as the Title I reading program.



The District amended its certified budget once during the fiscal year 2010 to reflect an increase in expenditures of \$1,263,315 in the other expenditures function. The amendment was necessary to allow increased expenditures related to the construction of the new auditorium.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested approximately \$18.08 million, net of accumulated depreciation, in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices. As shown in Figure A-9, this amount represents a net increase of 5.75% from last year. More detailed information about capital assets is available in Note 5 to the financial statements.

**Figure A-9
Capital Assets, Net of Depreciation**

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 595,047	595,047	0	0	595,047	595,047	0.00%
Construction in progress	1,328,947	0	0	0	1,328,947	0	100.00%
Buildings	14,567,068	15,044,958	0	0	14,567,068	15,044,958	-3.18%
Land improvements	715,690	732,898	0	0	715,690	732,898	-2.35%
Machinery and equipment	572,620	418,350	295,926	301,177	868,546	719,527	20.71%
Total	\$ 17,779,372	16,791,253	295,926	301,177	18,075,298	17,092,430	5.75%

Construction in progress increased \$1,328,947 from the prior year, or 100%. This increase is due to construction costs associated with the new auditorium.

Long-Term Debt

At June 30, 2010, the District had a total of \$19,602,877 in general obligation bonds/notes and other long-term debt outstanding. This represents a decrease of 0.90% from the prior year, as shown in Figure A-10. During the year the District entered into one new lease agreement for three buses and a building contract for the purchase of facilities for the buildings and grounds crew.

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
General Obligation Bonds/Notes	\$ 8,470,000	9,225,000	0	0	8,470,000	9,225,000	-8.18%
Revenue Bonds	9,900,000	9,928,000	0	0	9,900,000	9,928,000	-0.28%
Capital Leases	173,130	13,904	0	0	173,130	13,904	1145.18%
Building Contract	55,000	0	0	0	55,000	0	100.00%
Early Retirement	529,615	346,162	0	0	529,615	346,162	53.00%
Compensated Absences	50,686	57,871	2,365	1,520	53,051	59,391	-10.68%
Net OPEB Liability	415,512	205,747	6,569	3,253	422,081	209,000	100.00%
Total	\$ 19,593,943	19,776,684	8,934	4,773	19,602,877	19,781,457	-0.90%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The construction of the new auditorium at the high school/middle school site is scheduled to be completed by February 2011.
- The District bonded against the statewide sales, service and use tax to complete various projects from July 2009 through July 2012.
- The District's enrollment decreased at the start of the 2010-11 year by 19.5 students.
- The District did not have funds in cash reserve to lessen the blow of the 10% across the board budget cut by the State. The District's Board of Directors approved \$1 million in cuts for the fiscal 2011 school year.

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 Lynn Ubben, Superintendent, Perry Community School District, 1102 Willis Avenue, Suite 200, Perry, Iowa, 50220.

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Govern- mental Activities	Business type Activities	Total	Perry Community School District Foundation
ASSETS				
Cash and pooled investments	\$ 11,176,029	440,641	11,616,670	70,013
Receivables:				
Property tax:				
Delinquent	103,648	0	103,648	0
Succeeding year	6,670,937	0	6,670,937	0
Income surtax	167,201	0	167,201	0
Accounts	42,086	3,339	45,425	0
Due from other governments	643,973	28,304	672,277	0
Inventories	0	12,660	12,660	0
Capital assets, net of accumulated depreciation	17,779,372	295,926	18,075,298	0
TOTAL ASSETS	36,583,246	780,870	37,364,116	70,013
LIABILITIES				
Accounts payable	791,841	6,176	798,017	0
Salaries and benefits payable	1,953,015	86,329	2,039,344	0
Anticipatory warrants payable	130,000	0	130,000	0
Interest payable	276,055	0	276,055	0
Deferred revenue:				
Succeeding year property tax	6,670,937	0	6,670,937	0
Other	287,512	0	287,512	0
Unearned revenue	14,014	9,571	23,585	0
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	715,000	0	715,000	0
Capital loan notes payable	50,000	0	50,000	0
Capital leases payable	84,674	0	84,674	0
Building contract payable	26,699	0	26,699	0
Early retirement payable	259,115	0	259,115	0
Compensated absences	50,686	2,365	53,051	0
Portion due after one year:				
General obligation bonds payable	7,310,000	0	7,310,000	0
Revenue bonds payable	9,900,000	0	9,900,000	0
Capital loan notes payable	395,000	0	395,000	0
Capital leases payable	88,456	0	88,456	0
Building contract payable	28,301	0	28,301	0
Early retirement payable	270,500	0	270,500	0
Net OPEB liability	415,512	6,569	422,081	0
TOTAL LIABILITIES	29,717,317	111,010	29,828,327	0
NET ASSETS				
Invested in capital assets, net of related debt	3,167,878	295,926	3,463,804	0
Restricted for:				
Debt service	2,446,044	0	2,446,044	0
Categorical funding	585,167	0	585,167	0
Physical plant and equipment levy	130,825	0	130,825	0
Capital projects	231,570	0	231,570	0
Other special revenue purposes	125,128	0	125,128	0
Unrestricted	179,317	373,934	553,251	70,013
TOTAL NET ASSETS	\$ 6,865,929	669,860	7,535,789	70,013

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government		Total	Component Unit Perry Community School District Foundation
					Governmental Activities	Business Type Activities		
Functions/Programs:								
Governmental activities:								
Instruction:								
Regular	\$ 6,832,603	212,669	1,805,066	0	(4,814,868)	0	(4,814,868)	0
Special	2,261,047	58,996	673,711	0	(1,528,340)	0	(1,528,340)	0
Other	3,081,934	62,919	1,476,470	0	(1,542,545)	0	(1,542,545)	0
	<u>12,175,584</u>	<u>334,584</u>	<u>3,955,247</u>	<u>0</u>	<u>(7,885,753)</u>	<u>0</u>	<u>(7,885,753)</u>	<u>0</u>
Support services:								
Student	430,709	0	44,002	0	(386,707)	0	(386,707)	0
Instructional staff	739,105	0	124,632	0	(614,473)	0	(614,473)	0
Administration	1,691,997	0	0	0	(1,691,997)	0	(1,691,997)	0
Operation and maintenance of plant	1,296,863	0	0	0	(1,296,863)	0	(1,296,863)	0
Transportation	536,298	9,762	19,042	0	(507,494)	0	(507,494)	0
	<u>4,694,972</u>	<u>9,762</u>	<u>187,676</u>	<u>0</u>	<u>(4,497,534)</u>	<u>0</u>	<u>(4,497,534)</u>	<u>0</u>
Non-instructional programs	481,291	153,954	0	0	(327,337)	0	(327,337)	0
Other expenditures:								
Facilities acquisitions	43,203	0	0	2,000	(41,203)	0	(41,203)	0
Long-term debt interest and fiscal charges	929,870	0	0	0	(929,870)	0	(929,870)	0
AEA flowthrough	697,687	0	697,687	0	0	0	0	0
Depreciation(unallocated)*	637,524	0	0	0	(637,524)	0	(637,524)	0
	<u>2,308,284</u>	<u>0</u>	<u>697,687</u>	<u>2,000</u>	<u>(1,608,597)</u>	<u>0</u>	<u>(1,608,597)</u>	<u>0</u>
Total governmental activities	<u>19,660,131</u>	<u>498,300</u>	<u>4,840,610</u>	<u>2,000</u>	<u>(14,319,221)</u>	<u>0</u>	<u>(14,319,221)</u>	<u>0</u>
Business Type activities:								
Support services:								
Administration	37	0	0	0	0	(37)	(37)	0
Operation and maintenance of plant	30,190	0	0	0	0	(30,190)	(30,190)	0
Transportation	0	0	0	0	0	0	0	0
Total support services	<u>30,227</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(30,227)</u>	<u>(30,227)</u>	<u>0</u>
Non-instructional programs:								
School Nutrition	1,162,122	317,490	888,346	25,345	0	69,059	69,059	0
Golf Driving Range	3,721	2,803	0	0	0	(918)	(918)	0
School Store	49	0	0	0	0	(49)	(49)	0
Total non-instructional programs:	<u>1,165,892</u>	<u>320,293</u>	<u>888,346</u>	<u>25,345</u>	<u>0</u>	<u>68,092</u>	<u>68,092</u>	<u>0</u>
Total business type activities	<u>1,196,119</u>	<u>320,293</u>	<u>888,346</u>	<u>25,345</u>	<u>0</u>	<u>37,865</u>	<u>37,865</u>	<u>0</u>
Total primary government	<u>\$ 20,856,250</u>	<u>818,593</u>	<u>5,728,956</u>	<u>27,345</u>	<u>(14,319,221)</u>	<u>37,865</u>	<u>(14,281,356)</u>	<u>0</u>
Total component unit	<u>\$ 9,052</u>	<u>0</u>	<u>9,815</u>	<u>0</u>				<u>763</u>
General Revenues & Transfers:								
Property tax levied for:								
General purposes					\$ 4,800,973	0	4,800,973	0
Debt service					754,808	0	754,808	0
Capital outlay					202,722	0	202,722	0
Income surtax					189,434	0	189,434	0
Statewide sales, services and use tax					590,045	0	590,045	0
Unrestricted state grants					7,539,187	0	7,539,187	0
Unrestricted investment earnings					110,591	895	111,486	1,324
Other					339,803	32,263	372,066	2,034
Transfers					29	(29)	0	0
Total general revenues & transfers					<u>14,527,592</u>	<u>33,129</u>	<u>14,560,721</u>	<u>3,358</u>
Changes in net assets					208,371	70,994	279,365	4,121
Net assets beginning of year					<u>6,657,558</u>	<u>598,866</u>	<u>7,256,424</u>	<u>65,892</u>
Net assets end of year					<u>\$ 6,865,929</u>	<u>669,860</u>	<u>7,535,789</u>	<u>70,013</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
Assets					
Cash and pooled investments	\$ 3,334,913	4,577,008	2,562,288	603,648	11,077,857
Receivables:					
Property tax:					
Delinquent	79,162	0	13,719	10,767	103,648
Succeeding year	5,274,956	0	688,631	707,350	6,670,937
Income surtax	0	0	0	167,201	167,201
Accounts	40,865	0	0	1,221	42,086
Due from other governments	550,551	93,354	37	31	643,973
Total Assets	\$ 9,280,447	4,670,362	3,264,675	1,490,218	18,705,702
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 327,972	452,156	0	11,713	791,841
Salaries and benefits payable	1,952,680	0	0	335	1,953,015
Anticipatory warrants payable	0	0	130,000	0	130,000
Deferred revenue:					
Succeeding year property tax	5,274,956	0	688,631	707,350	6,670,937
Income surtax	0	0	0	167,201	167,201
Other	287,512	0	0	0	287,512
Unearned revenue	14,014	0	0	0	14,014
Total liabilities	7,857,134	452,156	818,631	886,599	10,014,520
Fund balances:					
Reserved for:					
Debt service	0	0	2,446,044	0	2,446,044
Construction	0	3,986,636	0	0	3,986,636
Categorical funding	585,167	0	0	0	585,167
Unreserved:					
Designated for track resurfacing	5,995	0	0	0	5,995
Designated for land purchase	0	60,000	0	0	60,000
Undesignated	832,151	171,570	0	603,619	1,607,340
Total fund balances	1,423,313	4,218,206	2,446,044	603,619	8,691,182
Total Liabilities and Fund Balances	\$ 9,280,447	4,670,362	3,264,675	1,490,218	18,705,702

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 22)		\$ 8,691,182
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		17,779,372
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		98,172
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		167,201
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.		(276,055)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, capital loan notes payable, leases payable, building contract payable, early retirement payable, compensated absences payable and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(19,593,943)
		<hr style="width: 100%;"/>
Net assets of governmental activities (page 20)		\$ 6,865,929
		<hr style="width: 100%;"/>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 4,406,726	590,045	754,808	786,403	6,537,982
Tuition	245,430	0	0	315,255	560,685
Other	438,493	9,333	6,252	0	454,078
State sources	9,881,416	0	471	372	9,882,259
Federal sources	2,432,942	0	0	0	2,432,942
Total revenues	<u>17,405,007</u>	<u>599,378</u>	<u>761,531</u>	<u>1,102,030</u>	<u>19,867,946</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,335,270	0	0	189,358	6,524,628
Special	2,205,262	0	0	30,352	2,235,614
Other	2,766,302	0	0	308,022	3,074,324
	<u>11,306,834</u>	<u>0</u>	<u>0</u>	<u>527,732</u>	<u>11,834,566</u>
Support services:					
Student	417,396	0	0	5,718	423,114
Instructional staff	688,016	0	0	5,185	693,201
Administration	1,626,207	4,500	0	29,094	1,659,801
Operation and maintenance of plant	1,199,583	0	0	129,976	1,329,559
Transportation services	448,998	0	0	278,837	727,835
	<u>4,380,200</u>	<u>4,500</u>	<u>0</u>	<u>448,810</u>	<u>4,833,510</u>
Non-instructional programs:					
Food service operations	0	0	0	5,460	5,460
Community service operations	473,137	0	0	3,344	476,481
	<u>473,137</u>	<u>0</u>	<u>0</u>	<u>8,804</u>	<u>481,941</u>
Other expenditures:					
Facilities acquisitions	0	1,437,724	0	52,447	1,490,171
Long-term debt:					
Principal	0	0	881,105	0	881,105
Interest and fiscal charges	0	0	701,984	0	701,984
AEA flowthrough	697,687	0	0	0	697,687
	<u>697,687</u>	<u>1,437,724</u>	<u>1,583,089</u>	<u>52,447</u>	<u>3,770,947</u>
Total expenditures	<u>16,857,858</u>	<u>1,442,224</u>	<u>1,583,089</u>	<u>1,037,793</u>	<u>20,920,964</u>
Excess (Deficiency) of revenues over (under) expenditures	547,149	(842,846)	(821,558)	64,237	(1,053,018)
Other financing sources (uses):					
Transfer in	29	0	557,432	7,005	564,466
Transfer out	(7,005)	(393,196)	0	(164,236)	(564,437)
Proceeds from building contract	0	55,000	0	0	55,000
Proceeds from bus lease	0	0	0	257,331	257,331
Sale of equipment	527	0	0	0	527
Total other financing sources (uses)	<u>(6,449)</u>	<u>(338,196)</u>	<u>557,432</u>	<u>100,100</u>	<u>312,887</u>
Net change in fund balances	540,700	(1,181,042)	(264,126)	164,337	(740,131)
Fund balance beginning of year	882,613	5,399,248	2,710,170	439,282	9,431,313
Fund balance end of year	<u>\$ 1,423,313</u>	<u>4,218,206</u>	<u>2,446,044</u>	<u>603,619</u>	<u>8,691,182</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 24) \$ (740,131)

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

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

Expenditures for capital assets	\$ 1,819,257	
Depreciation expense	<u>(831,138)</u>	988,119

Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis. 5,528

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year bond issues and repayments are as follows:

Issued	(312,331)	
Repaid	<u>881,105</u>	568,774

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (227,886)

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

Early retirement	(183,453)	
Compensated absences	7,185	
Other postemployment benefits	<u>(209,765)</u>	<u>(386,033)</u>

Changes in net assets of governmental activities (page 21) \$ 208,371

SEE NOTES TO FINANCIAL STATEMENTS.

PERRY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business Type Activities:			Governmental
	Nonmajor			Activities:
	Enterprise Funds			Internal
	School	Golf	Total	Service
	Nutrition	Driving Range		Fund
ASSETS				
Current assets:				
Cash and pooled investments	\$ 437,428	3,213	440,641	98,172
Accounts receivable	3,339	0	3,339	0
Due from other governments	28,304	0	28,304	0
Inventories	12,660	0	12,660	0
Total current assets	481,731	3,213	484,944	98,172
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	288,594	7,332	295,926	0
Total non-current assets	288,594	7,332	295,926	0
TOTAL ASSETS	770,325	10,545	780,870	98,172
LIABILITIES				
Current liabilities:				
Accounts payable	6,176	0	6,176	0
Salaries and benefits payable	86,329	0	86,329	0
Unearned revenue	9,571	0	9,571	0
Total current liabilities	102,076	0	102,076	0
Long-term liabilities:				
Compensated absences	2,365	0	2,365	0
Net OPEB liability	6,569	0	6,569	0
Total long-term liabilities	8,934	0	8,934	0
TOTAL LIABILITIES	111,010	0	111,010	0
NET ASSETS				
Invested in capital assets	288,594	7,332	295,926	0
Unrestricted	370,721	3,213	373,934	98,172
TOTAL NET ASSETS	\$ 659,315	10,545	669,860	98,172

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities:				Governmental Activities: Internal Service Fund
	Nonmajor Enterprise Funds			Total	
	School Nutrition	Golf Driving Range	School Store		
OPERATING REVENUE:					
Local sources:					
Charges for services	\$ 317,490	2,803	0	320,293	0
Miscellaneous	32,261	0	2	32,263	1,463,866
TOTAL OPERATING REVENUES	349,751	2,803	2	352,556	1,463,866
OPERATING EXPENSES:					
Support services:					
Administration:					
Services	37	0	0	37	1,458,338
Operation and maintenance of plant:					
Salaries	8,835	0	0	8,835	0
Benefits	1,263	0	0	1,263	0
Services	17,625	0	0	17,625	0
Supplies	2,467	0	0	2,467	0
	30,190	0	0	30,190	0
Total support services	30,227	0	0	30,227	1,458,338
Non-instructional programs:					
Food service operations:					
Salaries	426,995	0	0	426,995	0
Benefits	77,834	0	0	77,834	0
Services	17,543	0	0	17,543	0
Supplies	589,299	0	0	589,299	0
Depreciation	48,541	0	0	48,541	0
	1,160,212	0	0	1,160,212	0
Other enterprise operations:					
Services	0	2,973	0	2,973	0
Supplies	0	81	49	130	0
Depreciation	0	667	0	667	0
	0	3,721	49	3,770	0
Total non-instructional programs	1,160,212	3,721	49	1,163,982	0
TOTAL OPERATING EXPENSES	1,190,439	3,721	49	1,194,209	0
OPERATING INCOME (LOSS)	(840,688)	(918)	(47)	(841,653)	5,528
NON-OPERATING REVENUES (EXPENSE):					
State sources	9,728	0	0	9,728	0
Federal sources	903,963	0	0	903,963	0
Interest income	895	0	0	895	0
Loss on asset disposal	(1,910)	0	0	(1,910)	0
TOTAL NON-OPERATING REVENUES (EXPENSE)	912,676	0	0	912,676	0
Change in net assets before other financing uses	71,988	(918)	(47)	71,023	5,528
Other financing uses:					
Transfer out	0	0	(29)	(29)	0
Changes in net assets	71,988	(918)	(76)	70,994	5,528
Net assets beginning of year	587,327	11,463	76	598,866	92,644
Net assets end of year	\$ 659,315	10,545	0	669,860	98,172

SEE NOTES TO FINANCIAL STATEMENTS.

PERRY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business type Activities				Governmental
	Nonmajor			Total	Activities:
	Enterprise Funds				Internal
	School Nutrition	Golf Driving Range	School Store		Service Fund
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 320,402	0	0	320,402	0
Cash received from miscellaneous operating activities	32,261	2,853	2	35,116	1,463,866
Cash payments to employees for services	(513,104)	0	0	(513,104)	0
Cash payments to suppliers for goods or services	(567,488)	(3,054)	15	(570,527)	(1,458,338)
Net cash provided by(used in) operating activities	(727,929)	(201)	17	(728,113)	5,528
Cash flows from non-capital financing activities:					
Transfer to General Fund	0	0	(29)	(29)	0
State grants received	9,728	0	0	9,728	0
Federal grants received	848,809	0	0	848,809	0
Net cash provided by non-capital financing activities	858,537	0	(29)	858,508	0
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(45,867)	0	0	(45,867)	0
Cash flows from investing activities:					
Interest on investments	895	0	0	895	0
Net increase(decrease) in cash and cash equivalents	85,636	(201)	(12)	85,423	5,528
Cash and cash equivalents at beginning of year	351,792	3,414	12	355,218	92,644
Cash and cash equivalents at end of year	\$ 437,428	3,213	0	440,641	98,172
Reconciliation of operating loss to net cash provided by(used in) operating activities:					
Operating loss	\$ (840,688)	(918)	(47)	(841,653)	5,528
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:					
Commodities consumed	65,516	0	0	65,516	0
Depreciation	48,541	667	0	49,208	0
Decrease in inventories	79	0	64	143	0
Decrease in accounts receivable	2,109	50	0	2,159	0
Decrease in accounts payable	(2,796)	0	0	(2,796)	0
Decrease in salaries and benefits payable	(5,654)	0	0	(5,654)	0
Increase in unearned revenue	803	0	0	803	0
Increase in other postemployment benefits	3,316	0	0	3,316	0
Increase in compensated absences	845	0	0	845	0
Net cash provided by(used in) operating activities	\$ (727,929)	(201)	17	(728,113)	5,528

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$65,516.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust	Agency
	Scholarship	
ASSETS		
Cash and pooled investments	\$ 1,173,794	78,758
Due from other governments	0	41,570
TOTAL ASSETS	1,173,794	120,328
LIABILITIES		
Accounts payable	0	0
Due to other groups	0	120,328
TOTAL LIABILITIES	0	120,328
NET ASSETS		
Reserved for scholarships	1,022,265	0
Unreserved	151,529	0
TOTAL NET ASSETS	\$ 1,173,794	0

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Contributions	10,330
Interest	\$ 21,835
Total additions	32,165
Deductions:	
Regular instruction:	
Scholarships awarded	35,016
Change in net assets	(2,851)
Net assets beginning of year	1,176,645
Net assets end of year	\$ 1,173,794

SEE NOTES TO FINANCIAL STATEMENTS.

PERRY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(1) Summary of Significant Accounting Policies

The Perry 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. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Perry, Iowa, and the predominate agricultural territory of Dallas, Greene and Boone 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, Perry 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.

These financial statements present the Perry Community School District (the primary government) and the Perry Community School District Foundation (component unit). The Perry Community School District Foundation is discussed below and is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit

The Perry Community School District Foundation is a legally separate entity, organized as a charitable organization under Chapter 501(c)(3) of the Internal Revenue Code. The Foundation's primary purpose is to collect funds and provide financial support for activities of the Perry Community School District. The Foundation is governed by a twelve member Board of Directors appointed by the Foundation's Board of Directors. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

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

In addition, pursuant to Chapter 28E of the Code of Iowa, the City of Perry, the Perry Community School District and the Dallas County Hospital (Members), created the Perry Area Child Development Corporation to provide a full service child daycare center for the community served by the members. The unincorporated association's board consists of a representative from each of the members plus two at-large representatives from the community. No fees or capital contributions are required unless the amounts are agreed upon by unanimous vote of all members.

B. Basis of Presentation

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

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. The value of any unused bond proceeds have been added to the invested in capital assets, net of related debt.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or

privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities and the collection and use of the statewide sales and services tax.

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

The District also reports four non-major proprietary funds:

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

The Golf Driving Range Fund is used to account for the operations of the District operated driving range that is open to students of Perry Community Schools as well as citizens of Perry.

The School Store Fund is used to account for the purchase and resale of school supply items to students at the middle school.

The Internal Service Fund is used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

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 which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations. The District's Agency Fund accounts for the City of Perry's share of the statewide sales and services tax revenue shared pursuant to a 28E agreement between the District and the City, early retiree health and dental insurance and COBRA insurance.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

The District maintains its financial records during the fiscal year on a cash basis. At the end of the fiscal year, for reporting purposes, the District prepares the financial statements on an accrual basis by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

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

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

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Land improvements	10,000
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Land improvements	5-20 years
Intangibles	5-10 years
Machinery and equipment	2-20 years

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

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

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

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the business type activities.

Unearned revenues in the General Fund are monies that have been collected for student registrations. The revenue will be considered earned when services are provided. The student registrations are reflected on the Statement of Net Assets in the governmental activities.

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

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

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

Designated Fund Balances - In the governmental fund financial statements, designated funds are not available for appropriation, but are set aside for a specific purpose. The designated fund balance in the General Fund is for collections received for track resurfacing. The designated fund balance in the Capital Projects Fund is for the purchase of land for use by the District's transportation department.

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

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

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

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$4,242,692 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

At June 30, 2010, the District also had the following investment:

Type	Fair Value	Maturity
United States Treasury Bond	\$ <u>14,088</u>	May 2018

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the District.

(3) **Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing

of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the 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%. A summary of the District's ISCAP activity for the year ended June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2009-10A	6/25/2009	6/23/2010	0	2,000,000	2,000,000	0
2009-10B	2/1/2010	1/21/2011	0	500,000	500,000	0
Total			\$ 0	2,500,000	2,500,000	0

During the year ended June 30, 2010, the District paid \$59,828 of interest on the ISCAP warrants.

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Activity	\$ 6,610
Debt Service	Physical Plant and Equipment Levy	157,626
General	School Store	29
Activity	General	7,005
Debt Service	Capital Projects	393,196
Total		<u>\$ 564,466</u>

The transfer from the Activity Fund to the Debt Service Fund was for principal and interest due on the District's rake lease.

The transfer from the Physical Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest payments on the District's tractor and bus leases as well as repayment of the District's principal and interest on the capital loan note indebtedness.

The transfer from the School Store Fund to the General Fund was to close out the remaining fund balance.

The transfer from the General Fund to the Activity Fund was for repayment of Activity Fund expenses that were paid by the General Fund but should have been paid by the Activity Fund.

The transfer from the Capital Projects Fund to the Debt Service Fund was principal and interest payments on the District's revenue bond debt during the year.

(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	\$ 595,047	0	0	595,047
Construction in progress	0	1,328,947	0	1,328,947
Total capital assets not being depreciated	<u>595,047</u>	<u>1,328,947</u>	<u>0</u>	<u>1,923,994</u>
Capital assets being depreciated:				
Buildings	21,205,335	85,000	0	21,290,335
Land improvements	1,335,218	57,426	0	1,392,644
Machinery and equipment	2,408,861	347,884	51,803	2,704,942
Total capital assets being depreciated	<u>24,949,414</u>	<u>490,310</u>	<u>51,803</u>	<u>25,387,921</u>
Less accumulated depreciation for:				
Buildings	6,160,377	562,890	0	6,723,267
Land improvements	602,320	74,634	0	676,954
Machinery and equipment	1,990,511	193,614	51,803	2,132,322
Total accumulated depreciation	<u>8,753,208</u>	<u>831,138</u>	<u>51,803</u>	<u>9,532,543</u>
Total capital assets being depreciated, net	<u>16,196,206</u>	<u>(340,828)</u>	<u>0</u>	<u>15,855,378</u>
Governmental activities capital assets, net	<u>\$ 16,791,253</u>	<u>988,119</u>	<u>0</u>	<u>17,779,372</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 631,055	45,867	2,855	674,067
Less accumulated depreciation	329,878	49,208	945	378,141
Business type activities capital assets, net	<u>\$ 301,177</u>	<u>(3,341)</u>	<u>1,910</u>	<u>295,926</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 25,516
Special		1,136
Other		6,241
Support services:		
Instructional staff		40,133
Administration		16,520
Operation and maintenance		12,001
Transportation		92,067
		<u>193,614</u>
Unallocated depreciation		<u>635,824</u>
Total governmental activities depreciation expense		<u>\$ 829,438</u>
Business type activities:		
Food services		\$ 48,541
Golf driving range		667
Total business type activities depreciation expense		<u>\$ 49,208</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds/Notes	\$ 9,225,000	0	755,000	8,470,000	765,000
Revenue Bonds	9,928,000	0	28,000	9,900,000	0
Capital Leases	13,904	257,331	98,105	173,130	84,674
Building Contract	0	55,000	0	55,000	26,699
Early Retirement	346,162	340,432	156,979	529,615	259,115
Compensated Absences	57,871	50,686	57,871	50,686	50,686
Net OPEB Liability	205,747	209,765	0	415,512	0
Total	\$ 19,776,684	913,214	1,095,955	19,593,943	1,186,174
Business Type Activities:					
Compensated Absences	\$ 1,520	2,365	1,520	2,365	2,365
Net OPEB Liability	3,253	3,316	0	6,569	0
Total	\$ 4,773	5,681	1,520	8,934	2,365

General Obligation Bonds/Notes

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

Year	Bond Issue of May 1, 2002			Note Issue of September 1, 2007			Bond Issue of March 1, 2009			Total		
Ending	Interest		Interest	Interest		Interest	Interest		Principal	Interest	Total	
June 30,	Rates	Principal	Interest	Rates	Principal	Interest	Rates	Principal	Interest	Principal	Interest	Total
2011	4.35-4.45 %	\$ 410,000	362,538	3.85 %	\$ 50,000	18,130	3.38 %	\$ 305,000	10,294	\$ 765,000	390,962	1,155,962
2012	4.45-4.50	775,000	340,387	3.90	50,000	16,205	-	-	-	825,000	356,592	1,181,592
2013	4.50-4.60	810,000	305,158	4.00	50,000	14,255	-	-	-	860,000	319,413	1,179,413
2014	4.60-4.70	845,000	267,638	4.05	55,000	12,255	-	-	-	900,000	279,893	1,179,893
2015	4.70-4.75	885,000	227,780	4.10	55,000	10,028	-	-	-	940,000	237,808	1,177,808
2016-2019	4.75-5.00	3,995,000	457,770	4.15-4.25	185,000	15,817	-	-	-	4,180,000	473,587	4,653,587
Total		\$ 7,720,000	1,961,271		\$ 445,000	86,690		\$ 305,000	10,294	\$ 8,470,000	2,058,255	10,528,255

Revenue Bonds

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

Year	Bond Issue of June 1, 2009 Series A			Bond Issue of June 1, 2009 Series B			Total		
Ending	Interest		Interest	Interest		Interest	Principal	Interest	Total
June 30,	Rates	Principal	Interest	Rates	Principal	Interest	Principal	Interest	Total
2011	4.50 %	\$ -	450,320	5.00 %	\$ -	16,500	\$ 0	466,820	466,820
2012	4.50	-	450,320	5.00	-	16,500	0	466,820	466,820
2013	4.50	-	450,320	5.00	-	16,500	0	466,820	466,820
2014	4.50	-	450,320	5.00	-	16,500	0	466,820	466,820
2015	4.50	-	450,320	5.00	-	16,500	0	466,820	466,820
2016-2020	4.50	900,000	2,191,450	5.00	330,000	24,750	1,230,000	2,216,200	3,446,200
2021-2025	4.10-4.50	3,600,000	1,677,903	-	-	-	3,600,000	1,677,903	5,277,903
2026-2030	4.60-5.00	5,070,000	731,212	-	-	-	5,070,000	731,212	5,801,212
Total		\$ 9,570,000	6,852,165		\$ 330,000	107,250	\$ 9,900,000	6,959,415	16,859,415

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued June 1, 2009. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 79 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$16,859,415. For the current year \$272,312 in principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$590,045.

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

- a) \$990,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) \$1,672,772 of the proceeds from the issuance of the revenue bonds shall be deposited to the Sinking Account to be used solely for the purpose of paying the interest requirements through fiscal year 2013. Beginning in fiscal year 2014, monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Leases

In March 2008, the District entered into a capital lease agreement for the purchase of a utility tractor. Details of the remaining principal and interest payments made from the Physical Plant and Equipment Levy Fund are as follows:

Year Ending June 30,	Tractor Lease of March 2008			
	Interest Rates	Principal	Interest	Total
2011	5.21	% \$ 2,595	284	2,879
2012	5.21	2,733	146	2,879
Total		\$ 5,328	430	5,758

During the year ended June 30, 2010, the District entered into a capital lease agreement for the purchase of buses. Details of the remaining principal and interest payments made from the Physical Plant and Equipment Levy Fund are as follows:

Year Ending June 30,	Bus Lease of July 2009			
	Interest Rates	Principal	Interest	Total
2010	5.61	% \$ 82,079	7,450	89,529
2011	5.61	85,723	3,806	89,529
Total		\$ 167,802	11,256	179,058

Land Contract

During the year ended June 30, 2010, the District entered into an agreement to purchase a building for use by the buildings and grounds department of the District. Details of the remaining principal and interest payments made from the Capital Projects Fund are as follows:

Year Ending June 30,	Land Contract of December 2009			
	Interest Rates	Principal	Interest	Total
2010	6.00	% \$ 26,699	3,301	30,000
2011	6.00	28,301	1,699	30,000
Total		\$ 55,000	5,000	60,000

Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of full-time service to the District. The employee must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement benefits commence. The application is subject to approval by the Board of Education. Early retirement benefits are equal to 60% of the employee's regular contractual salary in effect during the employee's last year of employment, with maximum retirement benefit of \$30,000.

Early retirement benefits paid during the year ended June 30, 2010, totaled \$156,979. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(7) Anticipatory Warrant

On April 30, 2010, the District entered into an agreement with Raccoon Valley Bank of Perry, Iowa to provide for the issuance of a \$130,000 warrant in anticipation of school infrastructure statewide sales, services and use tax receipts. A summary of the District's anticipatory warrant activity for the year ended June 30, 2010 is as follows:

Warrant Date	Final Warrant Maturity	Interest Rates	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
5/1/2009	4/30/2010	1.75%	0	357,000	357,000	0
5/1/2010	4/30/2011	1.00%	0	130,000	0	130,000
Total			\$ 0	487,000	357,000	130,000

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$739,717, \$694,834 and \$652,386 respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 287 active and 21 retired members in the plan.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit and explicit subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit.

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 of the District (ARC), 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 June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 215,000
Interest on net OPEB obligation	10,450
Adjustment to annual required contribution	(8,369)
Annual OPEB cost	<u>217,081</u>
Contributions made	(4,000)
Increase in net OPEB obligation	213,081
Net OPEB obligation - beginning of year	<u>209,000</u>
Net OPEB obligation - end of year	<u>\$ 422,081</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$4,000 to the medical plan. Plan members eligible for benefits contributed \$149,000 or 97% 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:

Fiscal Year Ended	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 217,081	1.84%	\$ 422,081

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1.798 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.798 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.197 million, and the ratio of the UAAL to the covered payroll was 21.9%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare 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 the 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 that are 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 July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2006 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2006.

Projected claim costs of the medical plan are \$715 per month for retirees developed from a combination of age adjusted fully insured premiums and manual claims costs. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The District is exposed to various risks to 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$697,687 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(12) Construction Commitments

The District has entered into various contracts for the construction of a new fine arts auditorium. As of June 30, 2010, costs of \$1,328,947 had been incurred against the contracts. The balance remaining at June 30, 2010 will be paid as work on the projects progresses.

(13) Categorical Funding

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

<u>Project</u>	<u>Amount</u>
Limited english proficiency	\$ 10,048
Weighted at-risk programs	67,493
Talented and gifted	87,470
Modified allowable growth for returning dropouts and prevention	42,915
Four-year-old preschool	162,679
Beginning teacher mentoring	3,978
Salary improvement program	90,254
Phase II	1,798
Textbook aid nonpublic students	1,298
Model core curriculum	44,282
Professional development	72,952
Total	<u>\$ 585,167</u>

Perry Community School District

REQUIRED SUPPLEMENTARY INFORMATION

PERRY COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2010

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 7,552,745	353,451	7,906,196	8,752,189	8,752,189	(845,993)
State sources	9,882,259	9,728	9,891,987	11,795,681	11,795,681	(1,903,694)
Federal sources	2,432,942	903,963	3,336,905	2,455,000	2,455,000	881,905
Total revenues	<u>19,867,946</u>	<u>1,267,142</u>	<u>21,135,088</u>	<u>23,002,870</u>	<u>23,002,870</u>	<u>(1,867,782)</u>
Expenditures/Expenses:						
Instruction	11,834,566	0	11,834,566	13,510,000	13,510,000	1,675,434
Support services	4,833,510	30,227	4,863,737	6,077,000	6,077,000	1,213,263
Non-instructional programs	481,941	1,165,892	1,647,833	2,235,000	2,235,000	587,167
Other expenditures	3,770,947	0	3,770,947	2,636,685	3,900,000	129,053
Total expenditures/expenses	<u>20,920,964</u>	<u>1,196,119</u>	<u>22,117,083</u>	<u>24,458,685</u>	<u>25,722,000</u>	<u>3,604,917</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(1,053,018)	71,023	(981,995)	(1,455,815)	(2,719,130)	1,737,135
Other financing sources, net	312,887	(29)	312,858	0	0	312,858
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(740,131)	70,994	(669,137)	(1,455,815)	(2,719,130)	2,049,993
Balance beginning of year	9,431,313	598,866	10,030,179	2,320,426	2,320,426	7,709,753
Balance end of year	<u>\$ 8,691,182</u>	<u>669,860</u>	<u>9,361,042</u>	<u>864,611</u>	<u>(398,704)</u>	<u>9,759,746</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2010, the District adopted one budget amendment increasing total expenditures by \$1,263,315.

PERRY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2009	July 1, 2008	\$ -	\$ 1,798	\$ 1,798	0.0%	\$ 10,398	17.3%
2010	July 1, 2008	\$ -	\$ 1,798	\$ 1,798	0.0%	\$ 8,197	21.9%

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

OTHER SUPPLEMENTARY INFORMATION

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

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 344,676	131,841	127,131	603,648
Receivables:				
Property tax				
Delinquent	7,083	0	3,684	10,767
Succeeding year	470,000	0	237,350	707,350
Income surtax	0	0	167,201	167,201
Accounts	0	1,221	0	1,221
Due from other governments	21	0	10	31
TOTAL ASSETS	\$ 821,780	133,062	535,376	1,490,218
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,114	7,599	0	11,713
Salaries and benefits payable	0	335	0	335
Deferred revenue:				
Succeeding year property tax	470,000	0	237,350	707,350
Income surtax	0	0	167,201	167,201
Total liabilities	474,114	7,934	404,551	886,599
Unreserved fund balances	347,666	125,128	130,825	603,619
TOTAL LIABILITIES AND FUND BALANCES	\$ 821,780	133,062	535,376	1,490,218

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Nonmajor Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 394,247	0	392,156	786,403
Other	27,035	286,050	2,170	315,255
State sources	246	0	126	372
TOTAL REVENUES	421,528	286,050	394,452	1,102,030
EXPENDITURES:				
Current:				
Instruction:				
Regular	189,358	0	0	189,358
Special	30,352	0	0	30,352
Other	22,630	285,392	0	308,022
Support services:				
Student	5,718	0	0	5,718
Instructional staff	5,185	0	0	5,185
Administration	29,004	0	90	29,094
Operation and maintenance of plant	9,407	1,727	118,842	129,976
Transportation	19,349	2,157	257,331	278,837
Non-instructional programs:				
Food service operations	5,460	0	0	5,460
Community service operations	3,344	0	0	3,344
Other expenditures:				
Facilities acquisition	0	0	52,447	52,447
TOTAL EXPENDITURES	319,807	289,276	428,710	1,037,793
Excess(Deficiency) of revenues over(under) expenditures	101,721	(3,226)	(34,258)	64,237
Other financing sources(uses):				
Transfer in	0	7,005	0	7,005
Transfers out	0	(6,610)	(157,626)	(164,236)
Proceeds from bus lease	0	0	257,331	257,331
Total other financing sources(uses)	0	395	99,705	100,100
Net change in fund balances	101,721	(2,831)	65,447	164,337
Fund balance beginning of year	245,945	127,959	65,378	439,282
Fund balance end of year	\$ 347,666	125,128	130,825	603,619

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Interfund & Intrafund Transfers	Balance End of Year
<u>High School:</u>					
Student Activity	\$ 155	941	8,049	6,953	0
Drama	2,031	2,752	2,229	0	2,554
Speech	0	1,005	1,332	327	0
Vocal Music	5,756	2,825	774	0	7,807
Vocal Music Trips	6,800	0	0	0	6,800
Vocal Music Robes	8	0	0	0	8
Band	0	166	454	288	0
Band Trips	8,929	24,887	32,841	0	975
Band Olympics	9,749	11,969	11,025	(288)	10,405
Academic Decathlon	0	941	1,036	95	0
Mock Trial	0	0	183	183	0
Athletics	16,192	12,175	164	0	28,203
Cross Country	142	1,577	3,927	2,208	0
Cheerleaders	2,234	3,242	2,476	0	3,000
Dance Team	1,943	5,653	5,281	0	2,315
Boys Basketball	1,750	1,754	2,734	0	770
Football	0	10,408	12,041	1,633	0
Boys Soccer	0	875	2,087	1,212	0
Baseball	114	798	6,947	6,035	0
Boys Track	0	4,987	6,774	1,787	0
Boys Golf	0	658	1,396	738	0
Wrestling	0	19,065	19,709	644	0
Girls Basketball	195	2,722	3,622	705	0
Volleyball	270	3,016	3,958	672	0
Girls Soccer	0	906	2,032	1,126	0
Softball	66	340	6,312	5,906	0
Girls Track	7	1,160	3,652	2,485	0
Girls Golf	0	108	1,257	1,149	0
Girls Swimming	401	9,301	9,693	78	87
Bowling	78	0	0	(78)	0
National Honor Society	0	106	304	325	127
DECA	189	6,731	6,363	0	557
VICA/TSA	4,223	4,535	17,669	14,000	5,089
FCCLA	773	2,129	1,939	0	963
Journalism	1,452	7,617	9,356	338	51
Photo Club	338	0	0	(338)	0
Student Council	1,388	3,936	4,561	0	763
Art Club	205	258	80	0	383
French Club	740	0	0	0	740
Spanish Club	3,727	0	0	0	3,727
BEAC Club	867	214	199	0	882
Interact Club	265	0	0	0	265
Fitness Club	408	237	0	0	645
Concessions	4,609	23,629	10,158	(14,000)	4,080
PHS TV	745	0	0	0	745
SADD	950	0	0	0	950
	<u>77,699</u>	<u>173,623</u>	<u>202,614</u>	<u>34,183</u>	<u>82,891</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 3

Account	Balance Beginning of Year	Revenues	Expendi- tures	Interfund & Intrafund Transfers	Balance End of Year
<u>Middle School:</u>					
Student Activity	16,919	31,302	28,460	555	20,316
Vocal Music	1,274	244	298	0	1,220
Band	6,236	20,048	18,291	0	7,993
Athletics	35	0	608	573	0
Cross Country	0	0	75	75	0
Cheerleaders	571	2,281	3,141	289	0
Boys Basketball	0	0	350	350	0
Football	0	0	2,297	2,297	0
Boys Track	72	660	556	0	176
Girls Basketball	0	30	313	283	0
Girls Track	0	335	622	287	0
Industrial Tech	708	0	708	0	0
Journalism/Yearbook	0	900	8	0	892
Student Council	2,107	0	323	0	1,784
Pencil Fund	615	287	1	0	901
	<u>28,537</u>	<u>56,087</u>	<u>56,051</u>	<u>4,709</u>	<u>33,282</u>
<u>Elementary:</u>					
Pencil Fund	227	422	1,128	889	410
Rainforest	4,457	0	422	0	4,035
Homework Club	890	0	890	0	0
TAG	1,422	11	0	0	1,433
	<u>6,996</u>	<u>433</u>	<u>2,440</u>	<u>889</u>	<u>5,878</u>
<u>Miscellaneous:</u>					
Activity Admissions	12,785	55,772	28,172	(37,443)	2,942
Interest	1,942	135	(1)	(1,943)	135
	<u>14,727</u>	<u>55,907</u>	<u>28,171</u>	<u>(39,386)</u>	<u>3,077</u>
Total	<u>\$ 127,959</u>	<u>286,050</u>	<u>289,276</u>	<u>395</u>	<u>125,128</u>

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

	Calhoun Scholarship	White Scholarship	Wykoff Scholarship	Van Wifvat Scholarship	Boyer Scholarship	Mills Scholarship	O'Brien Scholarship	Kaufman Scholarship	Garber Scholarship
ASSETS									
Cash and pooled investments	\$ 34,725	11,283	274	49,504	215,006	722,032	122,905	1,622	550
LIABILITIES									
	0	0	0	0	0	0	0	0	0
NET ASSETS									
Reserved for scholarships	0	10,000	125	30,000	205,436	662,672	113,732	0	0
Unreserved	34,725	1,283	149	19,504	9,570	59,360	9,173	1,622	550
TOTAL NET ASSETS	\$ 34,725	11,283	274	49,504	215,006	722,032	122,905	1,622	550

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 4

Natalie Scholarship	Kirkman Scholarship	Whiton Scholarship	Mid-Iowa Therapy	Latino Empowerment	Patton Scholarship	Fox Scholarship	Clark Scholarship	Withers-Mertz Scholarship	Total
1,188	329	376	300	11,500	1,000	500	500	200	1,173,794
0	0	0	0	0	0	0	0	0	0
0	300	0	0	0	0	0	0	0	1,022,265
1,188	29	376	300	11,500	1,000	500	500	200	151,529
1,188	329	376	300	11,500	1,000	500	500	200	1,173,794

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

	Calhoun Scholarship	White Scholarship	Wykoff Scholarship	Van Wifvat Scholarship	Boyer Scholarship	Mills Scholarship	O'Brien Scholarship	Kaufman Scholarship	Garber Scholarship
ADDITIONS:									
Local sources:									
Contributions	\$ 0	0	0	0	0	0	0	1,680	400
Interest	30	147	0	2,007	3,491	14,697	1,463	0	0
TOTAL ADDITIONS	30	147	0	2,007	3,491	14,697	1,463	1,680	400
DEDUCTIONS:									
Regular instruction:									
Scholarships awarded	0	200	0	3,750	4,100	15,400	0	816	300
Changes in net assets	30	(53)	0	(1,743)	(609)	(703)	1,463	864	100
Net assets beginning of year	34,695	11,336	274	51,247	215,615	722,735	121,442	758	450
Net assets end of year	\$ 34,725	11,283	274	49,504	215,006	722,032	122,905	1,622	550

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 5

Natalie Scholarship	Kirkman Scholarship	Whiton Scholarship	Mid-Iowa Scholarship	Latino Empowerment	Patton Scholarship	Fox Scholarship	Clark Scholarship	Withers-Mertz Scholarship	Triumph Scholarship	Total
0	0	0	0	6,000	1,000	500	0	0	750	10,330
0	0	0	0	0	0	0	0	0	0	21,835
0	0	0	0	6,000	1,000	500	0	0	750	32,165
0	0	0	0	6,000	1,000	500	0	2,200	750	35,016
0	0	0	0	0	0	0	0	(2,200)	0	(2,851)
1,188	329	376	300	11,500	1,000	500	500	2,400	0	1,176,645
1,188	329	376	300	11,500	1,000	500	500	200	0	1,173,794

PERRY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 74,641	863,876	859,759	78,758
Accounts receivable	855	0	855	0
Due from other governments	0	41,570	0	41,570
TOTAL ASSETS	\$ 75,496	905,446	860,614	120,328
LIABILITIES				
Due to other groups	75,496	905,446	860,614	120,328
TOTAL LIABILITIES	\$ 75,496	905,446	860,614	120,328

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SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis					
	Years Ended June 30,					
	2010	2009	2008	2007	2006	2005
Revenues:						
Local sources:						
Local tax	\$ 6,537,982	6,548,257	6,460,059	5,598,758	6,060,053	5,870,232
Tuition	560,685	256,425	266,737	256,481	198,073	234,106
Other	454,078	896,257	987,429	985,240	822,194	695,731
Intermediate sources	0	0	73	0	0	0
State sources	9,882,259	11,033,801	11,024,703	10,283,042	8,864,846	8,380,911
Federal sources	2,432,942	1,458,417	1,147,830	1,020,069	925,508	730,804
Total	\$ 19,867,946	20,193,157	19,886,831	18,143,590	16,870,674	15,911,784
Expenditures:						
Instruction:						
Regular	\$ 6,524,628	6,501,999	6,695,325	5,915,536	5,687,952	5,420,543
Special	2,235,614	2,427,811	2,254,241	2,323,771	2,334,594	3,170,905
Other	3,074,324	3,207,920	2,669,280	2,423,344	2,198,242	957,600
Support services:						
Student	423,114	545,868	555,749	514,308	523,379	802,090
Instructional staff	693,201	750,129	814,776	670,719	700,090	661,600
Administration	1,659,801	1,758,121	1,693,995	1,617,173	1,515,496	1,276,678
Operation and maintenance of plant	1,329,559	1,388,020	1,412,552	1,392,818	1,348,351	1,284,512
Transportation	727,835	543,158	510,868	693,709	468,672	331,553
Non-instructional programs	481,941	433,490	409,770	329,654	357,716	3,463
Other expenditures:						
Facilities acquisitions	1,490,171	148,713	1,317,070	216,289	502,048	373,042
Long-term debt:						
Principal	881,105	984,970	1,202,593	708,990	580,000	560,000
Interest and other charges	701,984	585,547	609,675	578,687	577,961	591,812
AEA flow-through	697,687	639,626	619,381	590,781	530,384	499,406
Total	\$ 20,920,964	19,915,372	20,765,275	17,975,779	17,324,885	15,933,204

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	\$ 179,098
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	592,733 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 10	<u>51,707</u>
			<u>823,538</u>
CHILD AND ADULT FOOD CARE PROGRAM	10.558	FY 10	<u>2,175</u>
CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY (SCHOOL LUNCH EQUIPMENT GRANTS STABILIZATION, RECOVERY ACT)	10.579	FY 10	<u>25,345</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 10	<u>55,080</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS			
TITLE I (SINA - SCHOOLS IN NEED OF ASSISTANCE)	84.010	FY 09	19,807
TITLE I (SINA - SCHOOLS IN NEED OF ASSISTANCE)	84.010	FY 10	43,100
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 09	6,063
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	354,145
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	<u>151,525</u>
			<u>574,640</u>
MIGRANT EDUCATION - STATE GRANT PROGRAM	84.011	5184-M	<u>128,000</u>
REHABILITATION SERVICES - VOCATIONAL REHABILITATION GRANTS TO STATES	84.126	FY 10	<u>28,483</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 09	500
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	<u>8,546</u>
			<u>9,046</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	<u>20,858</u>
21st CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 10	<u>128,351</u>
ADVANCED PLACEMENT PROGRAM	84.330	FY 10	<u>224</u>
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR-UP)	84.334	FY 10	<u>22,314</u>

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

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
READING FIRST STATE GRANTS	84.357	FY 09	13,017
READING FIRST STATE GRANTS	84.357	FY 10	51,500
			<u>64,517</u>
ENGLISH LANGUAGE ACQUISITION GRANTS	84.365	FY 10	<u>2,846</u> **
IMPROVING TEACHER QUALITY (TITLE IIA)	84.367	FY 09	10,418
IMPROVING TEACHER QUALITY (TITLE IIA)	84.367	FY 10	75,934
			<u>86,352</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI)	84.369	FY 10	<u>11,388</u>
STATE FISCAL STABILIZATION FUND (SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	<u>865,924</u>
HEARTLAND AREA EDUCATION AGENCY 11: IOWA DEPARTMENT OF EDUCATION: SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	111,845
SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 10	177,087
			<u>288,932</u>
SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	84.323	FY 10	<u>600</u>
ENGLISH LANGUAGE ACQUISITION GRANTS	84.365	FY 10	<u>1,340</u> **
TOTAL			<u>\$ 3,139,953</u>

* - Includes \$65,516 of non-cash awards.

** - Total for CFDA Number 84.365 is \$4,186.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

To the Board of Education of the
Perry 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 Perry Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 14, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 14, 2011

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Perry Community School District:

Compliance

We have audited the compliance of Perry 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. Perry 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 Perry Community School District's management. Our responsibility is to express an opinion on Perry 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 Perry 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 Perry Community School District's compliance with those requirements.

In our opinion, Perry 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 Perry Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Perry Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Perry Community School District's internal control over compliance.

A deficiency in 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Perry Community School District and other parties to whom Perry 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.



NOLTE, CORNMAN & JOHNSON, P.C.

March 14, 2011

PERRY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results

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

PERRY 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 noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - Non-certified staff coaches will complete weekly time cards to determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Conclusion - Response accepted.

OTHER MATTERS:

II-B-10 Student Activity Fund - We noted during our audit that Lifetouch picture commissions are received into the Student Activity Fund.

Recommendation - The General Fund is the only allowable fund for commission revenue recognition. Lifetouch picture commissions should be received to the General Fund.

Response - Lifetouch picture commissions will be received to the General Fund.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

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

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

IV-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-10 Business Transactions - Business transactions between the District and District officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
J.P. Hulgan, Coach Owns Hulgan Plumbing and Heating	Services	\$166

In accordance with the Attorney General's opinion dated July 2, 1990, the above transaction with the coach does not appear to represent a conflict of interest.

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

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

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

IV-H-10 Supplementary Weighting - No variances in the supplementary weighting data certified to the Iowa Department of Education were noted. However, we noted during our audit that the number of students reported on Line 1 of the English Language Learner summary on Project Easier was understated by 130.0 students.

Recommendation - The Iowa Department of Education and the Department of Management should be contacted to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted.

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

II-J-10 Certified Annual Report - The Certified Annual Report was not filed with the Department of Education timely. However, we noted no significant deficiencies in the amounts reported.

Recommendation - The District should submit the Certified Annual Report in a timely manner in the future.

Response - The District will submit the Certified Annual Report in a timely manner.

Conclusion - Response accepted.

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

IV-L-10 Statewide Sales, Services and Use 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, services and use tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning Balance		\$	0
Statewide sales, services and use tax revenue			590,045
Expenditures/Transfers out:			
School infrastructure:			
Buildings	\$	82,097	
Other improvements		4,500	
Debt service for school infrastructure:			
Land contract		30,000	
Revenue debt		393,196	509,793
			<u>509,793</u>
Ending balance		\$	<u>80,252</u>

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

	<u>Per \$1,000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Physical Plant and Equipment Levy	\$ 0.98640	\$ 292,596

IV-M-10 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District.

Response - The Department of Education attorney suggest that each school year the Board adopts a formal resolution approving the master form of the game/official contracts and then authorizes the Activities Director to utilize the electronic signature of the Board President to enter into such contracts as necessary and appropriate. The resolution was passed by the Board on the October 11, 2010 meeting.

Conclusion - Response accepted.