

ROLAND-STORY 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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Independent Auditor's Report

To the Board of Education of
Roland-Story 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 Roland-Story Community School District, Story City, 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.

Except as explained in the following paragraph, 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.

The financial statements of Roland-Story Community School District Foundation have not been audited, and we were not engaged to audit the Foundation financial statements as part of our audit of the Roland-Story Community School District's basic financial statements. The Foundation's financial statements are included in the District's financial statements as a discretely presented component unit. Because we were not engaged to audit the Foundation's financial statements and because we did not apply any auditing procedures to the Foundation's financial statements, we do not express an opinion on the discretely presented component unit.

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 Roland-Story 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 December 5, 2010, on our consideration of Roland-Story Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 40 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roland-Story Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009, (which are not presented herein). We disclaimed opinions on the discretely presented component unit and we issued unqualified opinions on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

December 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Roland-Story Community School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2010. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

2010 FINANCIAL HIGHLIGHTS

- The General Fund ending fund balance slightly increased from \$246,861 in Fiscal Year 2009 to \$375,129. This increase of \$121,268 can be attributed to the district making a very direct effort towards conserving heat and electricity, along with a review of busing policy for athletic events. It should be noted that \$159,069 of this ending fund balance was reserved for categorical funding.
- The district for the fourth year in a row has determined that it was necessary to file for ISCAP (Iowa School Cash Anticipation Program). Based on the projected cash flow the district would possibly need to borrow funds in September or October 2010 to cover expenses until state aid was received. This is due to the declining enrollment over the past several years.
- This year was the first OPEB (Other Post-Employment Benefits) is reported in the audit. Iowa Code requires districts to allow their employees to remain on and purchase district health insurance benefits until the month they turn 65. Although the District does not pay for these benefits there is a reportable cost of these benefits.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Roland-Story Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to 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.

Other Supplementary Information provides detailed information about the non-major funds.

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

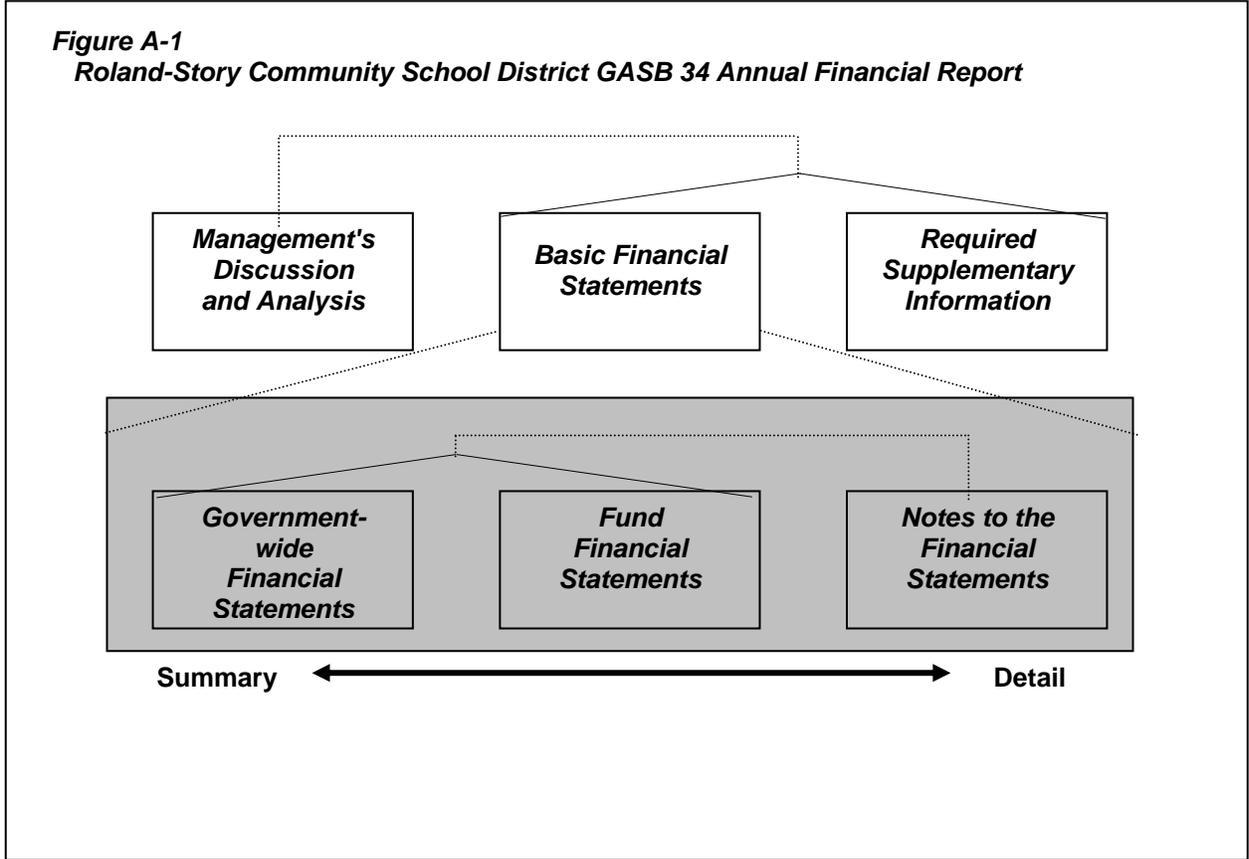


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets (in thousands of dollars)						Percentage Change 2009-2010
	Governmental Activities		Business-type Activities		Total School District		
	2010	2009	2010	2009	2010	2009	
	\$	\$	\$	\$	\$	\$	
Current and other assets	7,286	7,459	24	14	7,310	7,473	(2.18)%
Capital assets	11,784	11,856	8	10	11,792	11,866	(.62)%
Total assets	19,070	19,315	32	24	19,102	19,339	(1.23)%
Long-term liabilities	2,821	3,482	8	-	2,829	3,482	(18.75)%
Other liabilities	3,910	4,457	7	9	3,917	4,466	(12.29)%
Total liabilities	6,731	7,939	15	9	6,746	7,948	(15.12)%
Net Assets:							
Invested in capital assets, net of related debt	9,069	8,521	8	10	9,077	8,531	6.4%
Restricted	2,747	2,450	-	-	2,747	2,450	12.12%
Unrestricted	523	405	8	5	531	410	29.51%
TOTAL NET ASSETS	12,339	11,376	16	15	12,355	11,391	8.46%

The slight decrease in district assets of 1.23% can be contributed to the sale of the house at 926 8th Street in Story City and the replacement of a new bus damaged in an accident with a bus that was older. This lowered the amount of capital assets on the books.

Total other liabilities decreased by 12.29%, due to the fact the district has paid off all of its General Obligation bonds, therefore did not have to levy for payment of these bonds. This lowered the property tax asking and the amount of deferred revenue for succeeding year property tax.

Overall total net assets increased again this year by 8.46% or approximately \$963,786, over the prior year. The district was able to do this mainly because this is the first year did not have any general obligation bonds due. The fund balance remaining in debt service was transferred by board action to PPEL (Physical Plant and Equipment Levy) fund. The board is working through a long-range plan on building and site improvements, vehicles, and technology equipment with PPEL funds and Capital Projects funds.

Figure A-4 shows the change in net assets for the years ended June 30, 2010 and 2009.

Figure A-4

	Change in Net Assets						Percentage Change 2009-2010
	Governmental Activities		Business-type Activities		Total School District		
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$	
Revenues							
Program Revenues:							
Charges for services	984,555	1,000,295	293,741	314,770	1,278,296	1,315,065	(2.79)%
Operating grants, contributions and restricted interest	1,820,409	1,315,079	142,897	126,625	1,963,306	1,441,704	36.18%
Capital grants, contributions and restricted interest	25,500	32,851	-	-	25,500	32,851	(22.38)%
General Revenues:							
Property taxes	3,320,014	3,158,349	-	-	3,320,014	3,158,349	5.12%
Income Surtax	440,863	304,010	-	-	440,863	304,010	45.02%
Local option sales tax	961,019	993,776	-	-	961,019	993,776	(3.30)%
Unrestricted state grants	3,227,166	3,876,650	-	-	3,227,166	3,876,650	(16.75)%
Unrestricted investment earnings	19,479	38,667	28	298	19,507	38,965	(49.94)%
Other revenue	20,391	15,830	-	-	20,391	15,830	28.81%
Total Revenues	10,819,396	10,735,507	436,666	441,693	11,256,062	11,177,200	.71%
Expenses:							
Instruction	6,599,383	6,807,944	-	-	6,599,383	6,807,944	(3.06)%
Support services	2,377,821	2,391,951	-	-	2,377,821	2,391,951	(.59)%
Non-instructional programs	0	38	435,239	444,902	435,239	444,940	(2.18)%
Other expenditures	879,833	808,349	-	-	879,833	808,349	8.84%
Total expenses	9,857,037	10,008,282	435,239	444,902	10,292,276	10,453,184	(1.54)%
CHANGE IN NET ASSETS	962,359	727,225	1,427	(3,209)	963,786	724,016	33.12%
Net assets beginning of year	11,376,383	10,649,158	14,889	18,098	11,391,272	10,667,256	6.79%
Net assets end of year	12,338,742	11,376,383	16,316	14,889	12,355,058	11,391,272	8.46%

The District's operating grants increased 36.18% this year and that can be contributed to the ARRA (American Recovery and Reinvestment Act) funds that were received this year. These operating grants are restricted on their uses and must be spent prior to September 30, 2012. The District dedicated most of these funds to maintain teacher's and support staff positions, which probably would have otherwise been reduced due to continued declining enrollment. The District's investment earnings in both the Governmental and Business-Type activities decreased this year and can be mostly attributed to the current economic conditions nationwide. Again this year the continued shift of revenue for Business-Type activities from charges for services to operating grants is due to an increase in the number of students who qualify for the free and reduced meal program, which is also a sign of the current economic conditions.

Governmental Activities

Revenues for governmental activities were \$10,819,396 and expenses were \$9,857,037. Although revenues are higher than expenses it is important to remember that the District is still in a pattern of declining enrollment. This year the District received the majority of the ARRA (American Recovery and Reinvestment Act) funds to help maintain educational programs.

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

Figure A-5

**Total and Net Cost of Governmental Activities
(in thousands of dollars)**

	Total Cost of Services 2010	Total Cost of Services 2009	Net Cost Of Services 2010	Net Cost Of Services 2009
	\$	\$	\$	\$
Instruction	6,599	6,808	4,197	4,857
Support Services	2,378	2,392	2,337	2,357
Non-instructional Programs	-	-	-	-
Other Expenses	880	808	492	446
TOTAL	9,857	10,008	7,026	7,660

- The cost financed by users of the District's programs was \$984,555.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,845,909.
- The net cost of governmental activities was financed with \$3,760,877 in property and income surtax taxes and \$3,227,166 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$436,666 and expenses were \$435,239. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The District has been monitoring the School Nutrition Fund and trying to improve the revenue capabilities. The ala-carte program the District implemented has helped to increase the revenues and keep the necessary increase in meal prices to a minimal amount. Meal prices are reviewed annually and adjusted if it is anticipated that there will be a short fall in revenue compared to expenses. Meal prices were increased ten cents for lunch in 2009-2010 bringing the charge for a student meal to \$1.80 grades Pk-4 and \$1.90 for 5-12.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,992,375, which is an increase from last year's ending fund balances of \$2,721,937. The primary reason for the increase in combined fund balances in fiscal 2010 is as mentioned previously the effort by the board to prioritize the long-range plan for the use of Physical Plant and Equipment Levy (PPEL) funds and Capital Projects funds. This resulted in an increase fund balance in PPEL of \$338,699. Also mentioned earlier was the action taken by the board which transferred the ending fund balance in Debt Service to PPEL when the general obligation bonds were paid in full amounting to \$191,471.

Governmental Fund Highlights

- The District's recent measures of implementing changes in the Instructional Support Levy using a combination of income surtax and property tax dollars has helped in curtailing the direction of the General Fund financial position from a deteriorating one. This year even with the current economic condition, continued declining enrollment, and across-the-board cuts Fiscal Year 2010 was able to see a slight increase in the fund balance of \$121,268.
- The Capital Projects Fund balance increased slightly from \$1,431,980 to \$1,526,470 in Fiscal Year 2010 this increase was due to a limited number of projects during the current fiscal year. The District is working on a long-range plan for use of the Local Option Sales and Service tax.
- The Board in Fiscal 2010 transferred the ending balance of the Debt Service Fund, which is \$191,471, to the Physical Plant and Equipment Levy which is allowed under Iowa Code, since the remaining General Obligation bonds were paid in full in fiscal year 2009.
- The Physical Plant and Equipment Levy Fund saw a significant increase in fund balance of \$338,699. The District was conservative in their uses of this fund in Fiscal 2010, while the developed a long-range plan for some major projects and purchases of technology and equipment over the next five years.
- The Student Activity Fund, Management Fund, and Debt Service were the non-major Governmental Funds in Fiscal 2010. The major expenses in the Management Fund this year were for District property insurance and the Early Retirement Incentive. The Debt Service is more of a pass through account now that the General Obligations bonds are paid. The Sales Tax Revenue bonds are paid from Debt Service, but funds are then transferred as required from the Capital Projects fund; which was established for Local Option Sales and Service revenues.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$14,889 at June 30, 2009 to \$16,316 at June 30, 2010. The District raised lunch rates by ten cents per meal in Fiscal 2010. The District also continued the ala-carte program, which was implemented in January of 2001. The ala-carte program continues to be a good revenue source for the Nutrition Fund. The District also continues to offer payment for meals through Payschools this and the School Dining Program have helped in making it easier for parents to keep positive balances in the lunch accounts.

BUDGETARY HIGHLIGHTS

The District's receipts were \$799,048 less than budgeted receipts, a variance of negative 6.69%. State sources were lower than budgeted by \$1,498,291 and Federal sources were higher by \$723,068. The decrease in State sources is due to an across-the-board cut of 10% by the Governor. Federal sources can be attributed to funding from the American Recovery and Reinvestment Act. Local revenue sources were also down \$23,825. This can mostly be attributed to the current economic conditions and lower interest rates.

Total expenditures were less than budgeted, due to the District's efforts to contain spending due to declining enrollment and the current economic condition which resulted in a ten percent across-the-board. The District's practice is to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$11.79 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of .63% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$387,168.

The original cost of the District's capital assets was \$16.4 million. Governmental funds account for \$16.3 million, with the remainder of \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land and improvements categories. This is due to the fact the District purchased the property at 926 8th in Story City and then sold the house at a minimal amount. The person receiving the house in the bidding process was required to relocate the house to a different lot. This property will become an addition to the parking area at the high school. The increase in improvements was from the installation of new lighting at the football stadium.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2009-2010
	2010	2009	2010	2009	2010	2009	
	\$	\$	\$	\$	\$	\$	
Land	392,241	268,212	-0-	-0-	392,241	268,212	46.24%
Buildings	10,902,802	11,207,983	-0-	-0-	10,902,802	11,207,983	(2.72)%
Improvements	345,928	196,949	-0-	-0-	345,928	196,949	75.64%
Equipment & Furniture	142,915	183,326	7,858	9,881	150,773	193,207	(21.95)%
TOTAL	11,783,886	11,856,470	7,858	9,881	11,791,744	11,866,351	(.63)%

Long-Term Debt

At June 30, 2010, the District had \$2,811,271 in revenue bonds, termination benefits, and Net OPEB (Other Post Employment Benefits). (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The district has \$2,715,000 in remaining principal to pay on the Local Option Sales and Services Tax Revenue Bonds and the last payment is scheduled for July 1, 2013.

The District had four employees that will be receiving termination benefits in fiscal year 2010. Three of these employees will be paid from the Management fund as allowed by Iowa Code; however the fourth person will be paid from the Nutrition fund due to the age of this employee.

This is the first year for implementation of GASB 45 Other Post Employment Benefits reporting. The district is required to show the liability for OPEB, but is not required to fund this liability. The District does not intend on funding OPEB, because our only benefit is that retirees that are on the health insurance at the time of retirement may purchase the District's insurance until the month they turn 65. The retiree is responsible for full payment of the insurance.

**Figure A-7
Outstanding Long-Term Obligations**

	Total School District		Percentage
	2010	2009	Change
			2009-2010
	\$	\$	
Local Option Sales and Services	2,715,000	3,335,000	(18.59)%
Tax Revenue Bonds			
Early Retirement	88,511	125,906	(29.70)%
Net OPEB Liability	7,760	-0-	N/A
Total	2,811,271	3,460,906	(18.77)%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- District enrollment declined for the tenth year in a row in October 2010 this year the decline was the largest yet 43.93 students with the enrollment going from 992.45 in 2009-2010 to 948.52. School financing is highly dependent upon student enrollment. This drop in enrollment will decrease the District's funding for fiscal year 2012. This is a significant drop in enrollment of which 18 students can be contributed to the size of the 2010 graduating class resident students as compared to the incoming kindergarten class in August 2010.
- Over the past ten years the District's enrollment has decreased 192.23 students which has directly resulted in a funding loss of approximately \$1,108,783. A majority of the funding for the District's budget is based on certified enrollment due to the loss of funds over the past ten years it will be necessary for the District to maintain a close watch on expenditures and spending authority. The District will also need to look at increasing the Cash Reserve levy to help with funding in 2011-2012.
- The District has a one-year contract with the Roland-Story Education Association (RSEA) which included an overall increase in salary and benefits for certified teaching staff of 1.89% or \$97,250 for fiscal year 2010. Staff represented by RSEA makeup in wages and benefits 55% of all General Fund expenditures. Settlements with the RSEA have typically set the standard for agreements with other employees in the District. Settlements with employee groups that exceed the rate of growth in state funding will have an adverse impact upon the District's General Fund budget.

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 Candi Holm, District Secretary/Treasurer and Business Manager, Roland-Story Community School District, 1009 Story Street, Story City, Iowa, 50248.

BASIC FINANCIAL STATEMENTS

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total	Component Unit Roland- Story Community School District Foundation
	\$	\$	\$	\$
Assets				
Cash and investments	2,727,812	20,351	2,748,163	853,671
Receivables:				
Property tax:				
Delinquent	96,328	-	96,328	-
Succeeding year	3,642,107	-	3,642,107	-
Accounts	30,932	6	30,938	-
Due from other governments	760,085	-	760,085	-
Inventories	-	3,841	3,841	-
Prepaid expenses	812	-	812	-
Bond issue costs	28,110	-	28,110	-
Capital assets, net of accumulated depreciation	11,783,886	7,858	11,791,744	-
Total assets	19,070,072	32,056	19,102,128	853,671
Liabilities				
Accounts payable	185,461	-	185,461	-
Salaries and benefits payable	31,772	-	31,772	-
Accrued interest payable	48,926	-	48,926	-
Deferred revenue:				
Succeeding year property tax	3,642,107	-	3,642,107	-
Other	1,985	8,450	10,435	-
Portion due within one year:				
Bond premium	4,063	-	4,063	-
Revenue bonds payable	645,000	-	645,000	-
Termination benefits	81,431	7,080	88,511	-
Portion due after one year:				
Bond premium	13,035	-	13,035	-
Revenue bonds payable	2,070,000	-	2,070,000	-
Net OPEB liability	7,550	210	7,760	-
Total liabilities	6,731,330	15,740	6,747,070	-

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business Type Activities	Total	Component Unit Roland- Story Community School District Foundation
	\$	\$	\$	\$
Net assets				
Invested in capital assets, net of related debt	9,068,886	7,858	9,076,744	-
Restricted for:				
Scholarships and projects by donors	-	-	-	853,671
Categorical funding	159,069	-	159,069	-
Management levy	63,189	-	63,189	-
Physical plant and equipment levy	796,076	-	796,076	-
Other special revenue purposes	251,174	-	251,174	-
Sales tax capital projects	344,435	-	344,435	-
Debt service	1,133,109	-	1,133,109	-
Unrestricted	522,804	8,458	531,262	-
Total net assets	<u>12,338,742</u>	<u>16,316</u>	<u>12,355,058</u>	<u>853,671</u>

ROLAND-STORY COMMUNITY SCHOOLDISTRICT

Statement of Activities

Year ended June 30, 2010

Functions/Programs	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	4,446,372	508,147	1,073,271	-
Special	1,044,270	106,344	292,209	-
Other	1,108,741	329,243	92,766	-
	<u>6,599,383</u>	<u>943,734</u>	<u>1,458,246</u>	<u>-</u>
Support services:				
Student	239,875	-	-	-
Instructional staff	355,651	-	-	-
Administration	854,547	-	-	-
Operation and maintenance of plant	668,188	33,651	-	-
Transportation	259,560	7,170	-	-
	<u>2,377,821</u>	<u>40,821</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	86,647	-	-	25,500
Long-term debt interest	96,789	-	-	-
AEA flowthrough	362,163	-	362,163	-
Depreciation (unallocated)*	334,234	-	-	-
	<u>879,833</u>	<u>-</u>	<u>362,163</u>	<u>25,500</u>
Total governmental activities	9,857,037	984,555	1,820,409	25,500
Business type activities:				
Non-instructional programs:				
Food service operations	435,239	293,741	142,897	-
Total primary government	10,292,276	1,278,296	1,963,306	25,500
Component Unit:				
Roland Story Comm. School District Foundation	21,992	1,740	13,925	-
Total	<u>10,314,268</u>	<u>1,280,036</u>	<u>1,977,231</u>	<u>25,500</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net assets

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Governmental Activities	Business Type Activities	Total	Component Unit
\$	\$	\$	\$
(2,864,954)	-	(2,864,954)	-
(645,717)	-	(645,717)	-
(686,732)	-	(686,732)	-
<u>(4,197,403)</u>	<u>-</u>	<u>(4,197,403)</u>	<u>-</u>
(239,875)	-	(239,875)	-
(355,651)	-	(355,651)	-
(854,547)	-	(854,547)	-
(634,537)	-	(634,537)	-
(252,390)	-	(252,390)	-
<u>(2,337,000)</u>	<u>-</u>	<u>(2,337,000)</u>	<u>-</u>
(61,147)	-	(61,147)	-
(96,789)	-	(96,789)	-
-	-	-	-
(334,234)	-	(334,234)	-
<u>(492,170)</u>	<u>-</u>	<u>(492,170)</u>	<u>-</u>
(7,026,573)	-	(7,026,573)	-
-	1,399	1,399	-
(7,026,573)	1,399	(7,025,174)	-
-	-	-	(6,327)
<u>(7,026,573)</u>	<u>1,399</u>	<u>(7,025,174)</u>	<u>(6,327)</u>
3,019,638	-	3,019,638	-
300,376	-	300,376	-
440,863	-	440,863	-
961,019	-	961,019	-
3,227,166	-	3,227,166	-
19,479	28	19,507	76,942
20,391	-	20,391	-
<u>7,988,932</u>	<u>28</u>	<u>7,988,960</u>	<u>76,942</u>
962,359	1,427	963,786	70,615
<u>11,376,383</u>	<u>14,889</u>	<u>11,391,272</u>	<u>783,056</u>
<u>12,338,742</u>	<u>16,316</u>	<u>12,355,058</u>	<u>853,671</u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2010

	General Fund	Capital Projects - Sales Tax	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Assets					
Cash and pooled investments	282,072	1,369,888	683,914	391,938	2,727,812
Receivables:					
Property tax:					
Delinquent	83,749	-	8,276	4,303	96,328
Succeeding year	3,119,978	-	322,129	200,000	3,642,107
Accounts	20,671	-	6,000	4,261	30,932
Due from other governments	502,405	156,582	101,098	-	760,085
Prepaid expenses	812	-	-	-	812
Total assets	4,009,687	1,526,470	1,121,417	600,502	7,258,076
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	177,724	-	3,212	4,525	185,461
Salaries and benefits payable	31,589	-	-	183	31,772
Deferred revenue:					
Succeeding year property tax	3,119,978	-	322,129	200,000	3,642,107
Income surtax	303,282	-	101,094	-	404,376
Other	1,985	-	-	-	1,985
Total liabilities	3,634,558	-	426,435	204,708	4,265,701
Fund balances:					
Reserved for:					
Categorical funding	159,069	-	-	-	159,069
Debt service	-	1,182,035	-	-	1,182,035
General fund	216,060	-	-	-	216,060
Special revenue funds	-	-	694,982	395,794	1,090,776
Capital projects funds	-	344,435	-	-	344,435
Total fund balances	375,129	1,526,470	694,982	395,794	2,992,375
Total liabilities and fund balances	4,009,687	1,526,470	1,121,417	600,502	7,258,076

ROLAND-STORY 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 (Exhibit C)	2,992,375
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	11,783,886
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	404,376
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.	(48,926)
Bond issue costs are reported as an asset in the statement of net assets and are amortized over the life of the bonds.	28,110
Long-term liabilities, including bond premiums, bonds payable, revenue bonds, termination benefits and other postemployment benefits payable, are not due and payable in the current period and therefore, are not reported as liabilities in the	<u>(2,821,079)</u>
Net assets of governmental activities (Exhibit A)	<u><u>12,338,742</u></u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	General Fund	Capital Projects - Sales Tax	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	3,130,123	961,019	407,032	102,826	4,601,000
Tuition	490,977	-	-	-	490,977
Other	177,095	1,605	28,486	343,931	551,117
State sources	4,203,123	-	5,671	61	4,208,855
Federal sources	859,706	-	-	-	859,706
Total revenues	<u>8,861,024</u>	<u>962,624</u>	<u>441,189</u>	<u>446,818</u>	<u>10,711,655</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,323,273	-	19,157	143,252	4,485,682
Special	1,043,012	-	-	-	1,043,012
Other	813,182	-	-	287,171	1,100,353
	<u>6,179,467</u>	<u>-</u>	<u>19,157</u>	<u>430,423</u>	<u>6,629,047</u>
Support services:					
Student	239,246	-	-	-	239,246
Instructional staff	354,095	-	1,556	-	355,651
Administration	840,628	-	-	-	840,628
Operation and maintenance of plant	546,704	-	-	115,943	662,647
Transportation	218,284	-	10,500	-	228,784
	<u>2,198,957</u>	<u>-</u>	<u>12,056</u>	<u>115,943</u>	<u>2,326,956</u>
Other expenditures:					
Facilities acquisition	-	136,460	268,748	-	405,208
Long-term debt:					
Principal	-	-	-	620,000	620,000
Interest and fiscal charges	-	-	-	111,674	111,674
AEA flowthrough	362,163	-	-	-	362,163
	<u>362,163</u>	<u>136,460</u>	<u>268,748</u>	<u>731,674</u>	<u>1,499,045</u>
Total expenditures	<u>8,740,587</u>	<u>136,460</u>	<u>299,961</u>	<u>1,278,040</u>	<u>10,455,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>120,437</u>	<u>826,164</u>	<u>141,228</u>	<u>(831,222)</u>	<u>256,607</u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	General Fund	Capital Projects - Sales Tax	Physical Plant and Equipment Levy	Nonmajor Governmental Funds	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Sales of equipment and real estate	7,831	-	6,000	-	13,831
Residual equity transfer in	-	-	191,471	-	191,471
Residual equity transfer out	-	-	-	(191,471)	(191,471)
Operating transfers in	-	-	-	731,674	731,674
Operating transfers out	-	(731,674)	-	-	(731,674)
Total other financing sources (uses)	<u>7,831</u>	<u>(731,674)</u>	<u>197,471</u>	<u>540,203</u>	<u>13,831</u>
Net change in fund balances	128,268	94,490	338,699	(291,019)	270,438
Fund balances beginning of year	<u>246,861</u>	<u>1,431,980</u>	<u>356,283</u>	<u>686,813</u>	<u>2,721,937</u>
Fund balances end of year	<u><u>375,129</u></u>	<u><u>1,526,470</u></u>	<u><u>694,982</u></u>	<u><u>395,794</u></u>	<u><u>2,992,375</u></u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2010

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		270,438
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year as follows:		
Expenditures for capital assets	312,561	
Depreciation expense	<u>(385,145)</u>	(72,584)
Income surtaxes and other grants not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		
		99,910
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
		620,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		
		10,822
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	44,475	
Other postemployment benefits	<u>(7,550)</u>	36,925
Bond issue costs are reported as an expense in the governmental fund financial statements, but are capitalized and amortized over the life of the bonds in the government-wide financial statements.		
		(7,215)
Bond premiums are reported as income in the governmental funds, but are amortized over the life of the bonds in the government-wide financial statements.		
		<u>4,063</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>962,359</u></u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2010

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Cash and cash equivalents	20,351
Accounts receivable	6
Inventories	3,841
Capital assets, net of accumulated depreciation	<u>7,858</u>
Total assets	<u>32,056</u>
Liabilities	
Deferred revenue	8,450
Special termination benefits	7,080
Net OPEB liability	<u>210</u>
Total liabilities	<u>15,740</u>
Net assets	
Invested in capital assets	7,858
Unrestricted	<u>8,458</u>
Total net assets	<u><u>16,316</u></u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>293,741</u>
Operating expenses:	
Non-instructional programs:	
Salaries	161,975
Benefits	20,115
Purchased services	9,712
Supplies	241,414
Depreciation	<u>2,023</u>
Total operating expenses	<u>435,239</u>
Operating gain (loss)	<u>(141,498)</u>
Non-operating revenues:	
State sources	4,535
Federal sources	138,362
Interest income	<u>28</u>
Total non-operating revenues	<u>142,925</u>
Net income (loss)	1,427
Net assets beginning of year	<u>14,889</u>
Net assets end of year	<u><u>16,316</u></u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2010

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	294,913
Cash payments to employees for services	(175,514)
Cash payments to suppliers for goods or services	(231,161)
Net cash used by operating activities	<u>(111,762)</u>
Cash flows from non-capital financing activities:	
State grants received	4,535
Federal grants received	118,755
Net cash provided by non-capital financing activities	<u>123,290</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>28</u>
Net increase (decrease) in cash and cash equivalents	11,556
Cash and cash equivalents at beginning of year	<u>8,795</u>
Cash and cash equivalents at end of year	<u><u>20,351</u></u>
Reconciliation of operating gain (loss) to net cash used by operating activities:	
Operating gain (loss)	(141,498)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	19,607
Depreciation	2,023
Decrease (increase) in inventories	366
Decrease (increase) in accounts receivable	1,011
(Decrease) increase in accounts payable	(8)
(Decrease) increase in salaries and benefits payable	(714)
(Decrease) increase in deferred revenue	161
(Decrease) increase in special termination benefits	7,080
(Decrease) increase in other postemployment benefits	210
Net cash used by operating activities	<u><u>(111,762)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$19,607 of federal commodities.

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

1. Summary of Significant Accounting Policies

Roland-Story Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Roland and Story City, Iowa and the predominately agricultural territory in a portion of Boone, Hamilton, Hardin and Story 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, Roland-Story Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Roland-Story Community School District Foundation has been included in the financial statements as a component unit because of the nature and significance of its relationship with the Roland-Story Community School District.

The Roland-Story Community School District Foundation was established to maintain, develop, increase and extend the facilities and services of the Roland-Story Community School District, and to provide broader education service opportunities to its students, staff, faculty and the residents of the Roland-Story Community School District. The Foundation has a December 31, year-end. Foundation financial statements are shown in the Statement of Net Assets and the Statement of Activities in separate columns. As explained in the Independent Auditor's Opinion, the Foundation financial statements have not been audited.

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

B. Basis of Presentation

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

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

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

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

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

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

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 nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The Physical Plant and Equipment Levy Fund is a special revenue fund that is used to account for the revenues from and expenditures of the physical plant and equipment property tax levy.

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

C. Measurement Focus and Basis of Accounting

The government-wide, 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 judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the

District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	25,000
Improvements other than buildings	25,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (in Years)</u>
Buildings	20-50 years
Improvements other than buildings	20 years
Intangibles	3-10 years
Furniture and equipment	5-12 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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 receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

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

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

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or are 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 in banks at June 30, 2010 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2010, the District had the following investments:

	Amortized Cost
	<hr/>
	\$
Iowa Schools Joint Investment Trust	<hr/> <u>1,195,480</u>

This investment is valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

3. Interfund Transfers

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

Transfer To	Transfer From	Amount
		\$
Nonmajor Debt Service Fund	Capital Projects Fund	731,674
Physical Plant and Equipment Levy Fund	Nonmajor Debt Service Fund	191,471

The transfer from the Capital Projects Fund to the Debt Service fund moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

The transfer from the Debt Service Fund to the Physical Plant and Equipment Levy Fund was a residual equity transfer to move monies remaining in the Debt Service Fund after the general obligation bonds were paid in full.

4. 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. N.A. is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.58%. 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 Date	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
			\$	\$	\$	\$
2009-10A	6/25/09	6/23/10	-	400,000	400,000	-

During the year ended June 30, 2010, the District paid \$4,525 of interest on the ISCAP warrants.

5. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	268,212	124,029	-	392,241
Capital assets being depreciated:				
Buildings	14,425,619	-	-	14,425,619
Improvements other than buildings	373,742	178,032	-	551,774
Furniture and equipment	958,397	10,500	39,513	929,384
Total capital assets being deprec.	<u>15,757,758</u>	<u>188,532</u>	<u>39,513</u>	<u>15,906,777</u>
Less accumulated depreciation for:				
Buildings	3,217,636	305,181	-	3,522,817
Improvements other than buildings	176,793	29,053	-	205,846
Furniture and equipment	775,071	50,911	39,513	786,469
Total accumulated depreciation	<u>4,169,500</u>	<u>385,145</u>	<u>39,513</u>	<u>4,515,132</u>
Total capital assets being depreciated, net	<u>11,588,258</u>	<u>(196,613)</u>	-	<u>11,391,645</u>
Governmental activities capital assets, net	<u>11,856,470</u>	<u>(72,584)</u>	-	<u>11,783,886</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	69,402	-	-	69,402
Less accumulated depreciation	59,521	2,023	-	61,544
Business type activities capital assets, net	<u>9,881</u>	<u>(2,023)</u>	-	<u>7,858</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	970
Other	8,388
Support services:	
Administration	6,075
Operation and maintenance of plant	4,912
Transportation	30,566
	<u>50,911</u>
Unallocated depreciation	<u>334,234</u>
Total depreciation expense – governmental activities	<u>385,145</u>
Business type activities:	
Food services	<u>2,023</u>

6. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
Sales tax revenue bonds	3,335,000	-	620,000	2,715,000	645,000
Termination benefits	125,906	81,431	125,906	81,431	81,431
Net OPEB liability	-	7,550	-	7,550	-
Total	3,460,906	88,981	745,906	2,803,981	726,431
	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Business type activities:					
Termination benefits	-	7,080	-	7,080	7,080
Net OPEB liability	-	210	-	210	-
Total	-	7,290	-	7,290	7,080

Termination Benefits

The District offered a voluntary early retirement plan to its employees during 2009 and 2010. Eligible employees must have completed at least fifteen years of service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 45% of the employee's base salary in effect during the employee's last year of employment.

Early retirement benefits will be paid in one installment made during the July following the start of retirement.

At June 30, 2010, the District has an obligation to four participants for early retirement benefits. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$125,906.

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue of September 2004			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2011	3.50	515,000	68,398	583,398
2012	3.50	535,000	50,023	585,023
2013	3.50	560,000	30,860	590,860
2014	3.60	585,000	10,530	595,530
		2,195,000	159,811	2,354,811

Year Ending June 30,	Bond Issue of June 2007			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2011	3.875	130,000	17,924	147,924
2012	3.90	130,000	12,870	142,870
2013	3.95	130,000	7,767	137,767
2014	4.00	130,000	2,600	132,600
		<u>520,000</u>	<u>41,161</u>	<u>561,161</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,100,000 bonds issued in September 2004 and the \$775,000 bonds issued in June 2007. 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 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 76 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes are \$2,354,811 and \$561,161 respectively. For the current year \$580,825 in principal and interest was paid on the September 2004 bonds, and \$147,849 in principal and interest was paid on the June 2007 bonds. The total current year statewide sales, services and use tax revenues were \$961,019.

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

- The bonds will only be redeemed from the future earnings of the local option sales tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- Bonds maturing after July 1, 2011, may be called for redemption by the issuer and paid before maturity on said date or any date thereafter.
- \$410,000 and \$75,500 of the proceeds from the bond issues have been placed in reserve accounts with a trustee. The reserve accounts may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking accounts. The reserve accounts are part of the District's Capital Projects Fund.
- Proceeds from the statewide sales, services and use tax shall be placed in sinking funds with a trustee. The required amount to be deposited in the sinking funds in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date and the amount necessary to pay in full the installment of principal coming due on the next succeeding principal payment date until the full amount of such installment is on hand. Money in the sinking accounts shall be used to pay the interest and principal on the bonds. Any surplus monies remaining after all required payments to the sinking fund may be used for any lawful purpose for which the statewide sales tax may be used. The sinking fund is part of the Capital Projects Fund.

7. Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$356,590, \$371,702 and \$333,652 respectively, equal to the required contributions for each year.

8. Other Postemployment Benefits (OPEB)

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

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 37 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Health Alliance. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

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

	\$
Annual required contribution	16,048
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>16,048</u>
Contributions made	<u>8,288</u>
Increase in net OPEB obligation	7,760
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	<u><u>7,760</u></u>

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

For the year ended June 30, 2010, the District contributed \$8,288 to the medical plan. Plan members eligible for benefits contributed \$36,408, or 81% of the premium costs.

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u> %	<u>Net OPEB Obligation</u> \$
June 30, 2010	16,048	51.6	7,760

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$120,550, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$120,550. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,640,603, and the ratio of the UAAL to covered payroll was 7.35%. As of June 30, 2010, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized over 30 years.

9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$362,163 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Commitments

The District has entered into a \$51,800 contract for roofing. Work on the project had not started at June 30, 2010.

12. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
	\$
Gifted and Talented	10,896
Returning dropout and dropout prevention program	57,393
Teacher salary supplement	41,259
Home school assistance program	5,931
Educator quality, professional development	13,343
Teacher mentoring	578
Market factor	12,929
Core curriculum	16,740
	<u>159,069</u>

REQUIRED SUPPLEMENTARY INFORMATION

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2010

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	5,643,094	293,769	5,936,863	5,960,688	5,960,688	(23,825)
State sources	4,208,855	4,535	4,213,390	5,711,681	5,711,681	(1,498,291)
Federal sources	859,706	138,362	998,068	275,000	275,000	723,068
Total revenues	<u>10,711,655</u>	<u>436,666</u>	<u>11,148,321</u>	<u>11,947,369</u>	<u>11,947,369</u>	<u>(799,048)</u>
Expenditures/Expenses:						
Instruction	6,629,047	-	6,629,047	7,491,000	7,491,000	861,953
Support services	2,326,956	-	2,326,956	2,737,000	2,737,000	410,044
Non-instructional programs	-	435,239	435,239	479,000	479,000	43,761
Other expenditures	1,499,045	-	1,499,045	1,900,757	1,900,757	401,712
Total expenditures/expenses	<u>10,455,048</u>	<u>435,239</u>	<u>10,890,287</u>	<u>12,607,757</u>	<u>12,607,757</u>	<u>1,717,470</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	256,607	1,427	258,034	(660,388)	(660,388)	918,422
Other financing sources (uses) net	<u>13,831</u>	-	<u>13,831</u>	-	-	<u>13,831</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	270,438	1,427	271,865	(660,388)	(660,388)	932,253
Balance beginning of year	<u>2,721,937</u>	<u>14,889</u>	<u>2,736,826</u>	<u>2,077,001</u>	<u>2,077,001</u>	<u>659,825</u>
Balance end of year	<u><u>2,992,375</u></u>	<u><u>16,316</u></u>	<u><u>3,008,691</u></u>	<u><u>1,416,613</u></u>	<u><u>1,416,613</u></u>	<u><u>1,592,078</u></u>

ROLAND-STORY 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 Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

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

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	120,550	120,550	0.0%	1,640,603	7.3%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2010

	Special Revenue Funds			Total
	Management	Student	Debt	
	Levy	Activity	Service	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	102,826	-	-	102,826
Other	13,237	330,694	-	343,931
State sources	61	-	-	61
Total revenues	<u>116,124</u>	<u>330,694</u>	<u>-</u>	<u>446,818</u>
Expenditures:				
Current:				
Instruction:				
Regular	143,252	-	-	143,252
Other	-	287,171	-	287,171
Support services:				
Operation and maintenance of plant	115,943	-	-	115,943
Other expenditures:				
Long-term debt:				
Principal	-	-	620,000	620,000
Interest and fiscal charges	-	-	111,674	111,674
Total expenditures	<u>259,195</u>	<u>287,171</u>	<u>731,674</u>	<u>1,278,040</u>
Excess (deficiency) of revenues over (under) expenditures	(143,071)	43,523	(731,674)	(831,222)
Other financing sources (uses):				
Residual equity transfer out	-	-	(191,471)	(191,471)
Operating transfers in	-	-	731,674	731,674
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>540,203</u>	<u>540,203</u>
Net change in fund balance	(143,071)	43,523	(191,471)	(291,019)
Fund balances beginning of year	<u>287,691</u>	<u>207,651</u>	<u>191,471</u>	<u>686,813</u>
Fund balances end of year	<u>144,620</u>	<u>251,174</u>	<u>-</u>	<u>395,794</u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

<u>Account</u>	Balance Beginning of Year \$	Revenues \$	Expenditures \$	Balance End of Year \$
General athletics	5,850	19,617	14,814	10,653
Interest	7,416	1,451	82	8,785
Gifts/RIF	3,585	650	2,983	1,252
<u>ELEMENTARY</u>				
Student council	1,472	6,322	5,435	2,359
OCA	1,731	-	-	1,731
Helping hands	362	-	-	362
Pencil project	256	-	-	256
S.N. penny drive	907	430	360	977
<u>MIDDLE SCHOOL</u>				
Vocal music	1,361	1,049	490	1,920
Instrumental music	2,899	1,649	1,955	2,593
Student council	4,195	5,787	5,303	4,679
<u>HIGH SCHOOL</u>				
Speech/drama/musical	16,094	7,165	4,669	18,590
Vocal music	17,561	6,387	5,731	18,217
Instrumental music	6,323	4,788	5,034	6,077
Music uniforms	2,259	1,890	1,999	2,150
Cross country	-	2,525	2,020	505
Boys basketball	6,148	11,514	9,033	8,629
Boys football	27,033	31,198	23,603	34,628
Boys baseball	(778)	16,645	15,433	434
Boys track	6,336	10,022	10,178	6,180
Boys golf	-	66	66	-
Wrestling	6,285	7,511	5,711	8,085
Girls basketball	6,804	34,848	30,435	11,217
Girls volleyball	(224)	11,448	8,389	2,835
Girls softball	(633)	12,489	10,567	1,289
Girls track	(923)	7,239	4,725	1,591
Girls golf	(445)	838	393	-
Yearbook	2,428	2,738	1,656	3,510
FFA	10,621	38,404	29,958	19,067
FCCLA	1,958	3,937	3,638	2,257
Student council	4,410	4,661	4,760	4,311
Honor Society	66	5,979	5,845	200
HOSA	1,532	3,973	4,465	1,040
Cheerleaders	(682)	4,525	3,460	383

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

<u>Account</u>	Balance Beginning of Year \$	Revenues \$	Expenditures \$	Balance End of Year \$
Key club	2,198	1,584	1,584	2,198
Student awards	18,445	3,513	1,043	20,915
Pop fund	1,995	132	424	1,703
Concessions	38,087	46,121	48,751	35,457
Class of 2009	1,413	-	1,413	-
Class of 2010	3,306	144	3,450	-
Class of 2011	-	11,455	7,316	4,139
	<u>207,651</u>	<u>330,694</u>	<u>287,171</u>	<u>251,174</u>
Total	<u>207,651</u>	<u>330,694</u>	<u>287,171</u>	<u>251,174</u>

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

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

For the Last Seven Years

	Modified Accrual Basis						
	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$
Revenues:							
Local sources:							
Local tax	4,601,000	4,456,135	4,602,704	4,340,770	4,036,115	3,798,784	3,530,182
Tuition	490,977	515,731	527,063	463,916	364,822	383,429	399,886
Other	551,117	570,505	583,488	725,855	530,474	464,237	388,606
Intermediate sources	-	-	-	11,095	-	-	-
State sources	4,208,855	4,844,904	4,808,240	4,741,516	4,454,045	4,401,245	4,258,205
Federal sources	859,706	343,864	151,481	130,983	131,095	133,265	129,707
Total revenues	10,711,655	10,731,139	10,672,976	10,414,135	9,516,551	9,180,960	8,706,586
Expenditures:							
Instruction:							
Regular	4,485,682	4,498,312	4,245,924	3,986,764	3,802,510	3,813,244	3,899,273
Special	1,043,012	1,167,425	951,140	945,853	980,878	833,874	982,501
Other	1,100,353	1,058,789	1,126,408	1,104,630	940,131	953,220	740,476
Support services:							
Student	239,246	267,237	144,323	164,147	156,012	162,878	191,352
Instructional staff	355,651	349,856	310,104	280,103	309,591	311,363	189,071
Administration	840,628	846,970	821,056	777,993	737,648	773,446	684,819
Operation and maintenance	662,647	659,132	680,945	649,469	617,655	588,619	523,648
Transportation	228,784	290,604	254,917	210,919	229,121	240,359	229,487
Non-instructional programs	-	38	2,757	2,051	235	-	6,583
Other expenditures:							
Facilities acquisition	405,208	270,935	1,398,369	848,843	3,162,653	729,417	456,497
Long-term debt:							
Principal	620,000	955,000	945,000	975,000	660,000	685,000	741,857
Interest and other charges	111,674	149,037	174,721	194,485	226,284	162,114	146,334
AEA flowthrough	362,163	328,715	316,694	306,665	288,699	283,677	287,754
Total expenditures	10,455,048	10,842,050	11,372,358	10,446,922	12,111,417	9,537,211	9,079,652

ROLAND-STORY COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures \$</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	15,158
National School Lunch Program (non-cash)	10.555	FY10	19,607
National School Lunch Program	10.555	FY10	103,597
			<u>138,362</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	47,596
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY10	26,349
			<u>73,945</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	FY10	2,099
Improving Teacher Quality State Grants	84.367	FY10	20,625
Grants for State Assessments and Related Activities	84.369	FY10	6,663
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	436,897
Heartland Area Education Agency:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	FY10	48,116
ARRA - Special Education Grants to States - Recovery Act	84.391	FY10	105,254
			<u>153,370</u>
Ames Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY10	6,282
			<u>838,243</u>
Total			<u><u>838,243</u></u>

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

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
Roland-Story 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 Roland-Story 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 December 5, 2010. We did not issue an opinion on the Roland-Story Community School District Foundation, which is included as a discretely presented component unit, because we were not engaged to, and did not audit the Foundation. 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 Roland-Story Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roland-Story Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Roland-Story Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 10-II-A and 10-II-B to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roland-Story 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 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.

Roland-Story 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 Roland-Story 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 Roland-Story Community School District and other parties to whom Roland-Story Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Roland-Story 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.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

December 5, 2010

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

To the Board of Education of
Roland-Story Community School District:

Compliance

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

In our opinion, Roland-Story 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 Roland-Story 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 Roland-Story 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 Roland-Story Community School District's internal control over compliance.

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

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 10-III-A to be a material weakness.

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

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

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

December 5, 2010

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

- (a) An unqualified opinion was issued on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information. The discretely presented component unit was not audited and no opinion was issued for it.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency and a material weakness in internal control over the major program were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - CFDA Number 84.394 – ARRA – 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) Roland-Story Community School District did not qualify as a low-risk auditee.

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements:

Internal control deficiencies:

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

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

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

10-II-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

10-II-C Gate Receipts: We noted that District personnel did not count the cash from athletic events prior to placing in the night depository.

Recommendation: Immediately after each event, two people should jointly count cash and prepare and sign a summary of the dollar amount counted. This summary should then be compared to the actual amount deposited.

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part II: Findings Related to the Financial Statements (continued):

District Response: We will start having two people count all cash from such activities.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

CFDA Number 84.394: ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act

Federal Award Year: 2010

U.S. Department of Education

Passed through the Iowa Department of Education

10-III-A Reporting: Iowa schools must file quarterly financial reports for ARRA spending with the Iowa Department of Education. Each quarterly report is to show the cumulative ARRA program expenditures for fiscal years 2009, 2010 and 2011. The first ARRA report was for the period ending September 30, 2009 and was to include ARRA spending for fiscal year 2009 and July, August, and September 2009. The District did not have a control system in place to make sure that the fiscal year 2009 ARRA expenditures were included in the quarterly reporting. Since a system was not in place \$78,883 of ARRA – State Fiscal Stabilization Fund expenditures from fiscal year 2009 have not been included in the reports filed during fiscal year 2010.

Recommendation: The District should contact the Iowa Department of Education to determine how to file corrected reports. The District should also implement a control system to ensure that ARRA expenses incurred in fiscal years 2009 and 2010 are included in the ARRA reports filed in fiscal year 2011.

District Response: We will contact the Iowa Department of Education to determine how to correct the quarterly reports and we will implement spreadsheets to track the ARRA expenditures from different fiscal years for reporting purposes.

Conclusion: Response accepted.

10-III-B Allowable costs: The District did not document the process for determining the specific employee salaries to charge to the ARRA – State Fiscal Stabilization Fund program.

Recommendation: The District should document administrative approval for the specific salaries charged to the ARRA – State Fiscal Stabilization Fund program.

District Response: We will keep list of approved teacher salaries, signed by the superintendent in the ARRA documentation file.

Conclusion: Response accepted.

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

10-IV-A Certified Budget: Expenditures for the year ended June 30, 2010 did not exceed the amounts budgeted.

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

10-IV-C Travel Expenses: 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.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u> \$
Steve Peterson, board member, owner of Peterson Paint and Floor	Carpet and installation	7,999

The transaction does not appear to represent a conflict of interest because the job was bid as allowed by the Code of Iowa.

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

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

10-IV-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.

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

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

10-IV-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.

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

ROLAND-STORY COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

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

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

	\$	\$
Beginning balance		1,431,980
Statewide sales, services and use tax		961,019
Interest		1,605
Expenditures/transfers out:		
School infrastructure:		
Land and land improvements	136,460	
Debt service for school infrastructure:		
Revenue debt	<u>731,674</u>	<u>868,134</u>
Ending balance		<u><u>1,526,470</u></u>

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

	Per \$1,000 of Taxable <u>Valuation</u>	Property Tax <u>Dollars</u>
Debt service levy	\$ 2.85146	\$ 731,674
Physical plant and equipment levy	\$ 0.89380	\$ 229,345