

ST. ANSGAR 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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St. Ansgar Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Allan Stelpflug	President	2009
Ed Kleinwort	Vice President	2009
Gene Hertel	Board Member	2011
Charlotte Gordon	Board Member	2011
Nick Hatten	Board Member	2009
Steve Groth	Board Member	2011
Bryan Shupe	Board Member	2009
Board of Education (After September 2009 Election)		
Charlotte Gordon	President	2011
Bryan Shupe	Vice President	2013
Gene Hertel	Board Member	2011
Tara Bork	Board Member	2013
Pat Wagner	Board Member	2013
Steve Groth	Board Member	2011
Ed Kleinwort	Board Member	2013
School Officials		
James Woodward	Superintendent	2010
Lisa Groth	Business Manager District Secretary	2010
Patrick Rourick	Attorney	2010

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2011 on our consideration of St. Ansgar 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 7 through 15 and 44 through 46 are not required parts of

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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 St. Ansgar 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 two years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,760,763 in fiscal 2009 to \$6,456,334 in fiscal 2010, while General Fund expenditures decreased from \$5,800,223 in fiscal 2009 to \$5,656,473 in fiscal 2010. This resulted in an increase in the District's General Fund balance from \$859,672 in fiscal 2009 to \$1,659,533 in fiscal 2010, a 93.04% increase from the prior year.
- The decrease in General Fund revenues was attributable to decreases in state sources in fiscal 2010. The decrease in expenditures was due primarily to decreases in expenses related to the instructional functional area.
- Since the end of fiscal year 2006, the District's General Fund carryover balance has increased from a deficit \$312,513 to \$1,659,533 as of the end of fiscal year 2010.
- Staff reductions made for FY 10 were 4.47 FTE certified staff.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) increased from 9.75% for fiscal year 2009 to 20.76% for fiscal year 2010. The School Budget Review Committee recommends of a solvency ratio between 5% and 10%.

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 St. Ansgar 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 St. Ansgar Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which St. Ansgar Community School District acts solely as an agent or custodial for the benefit of those outside of School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds as well as the District's fiduciary fund, the Private Purpose Trust. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

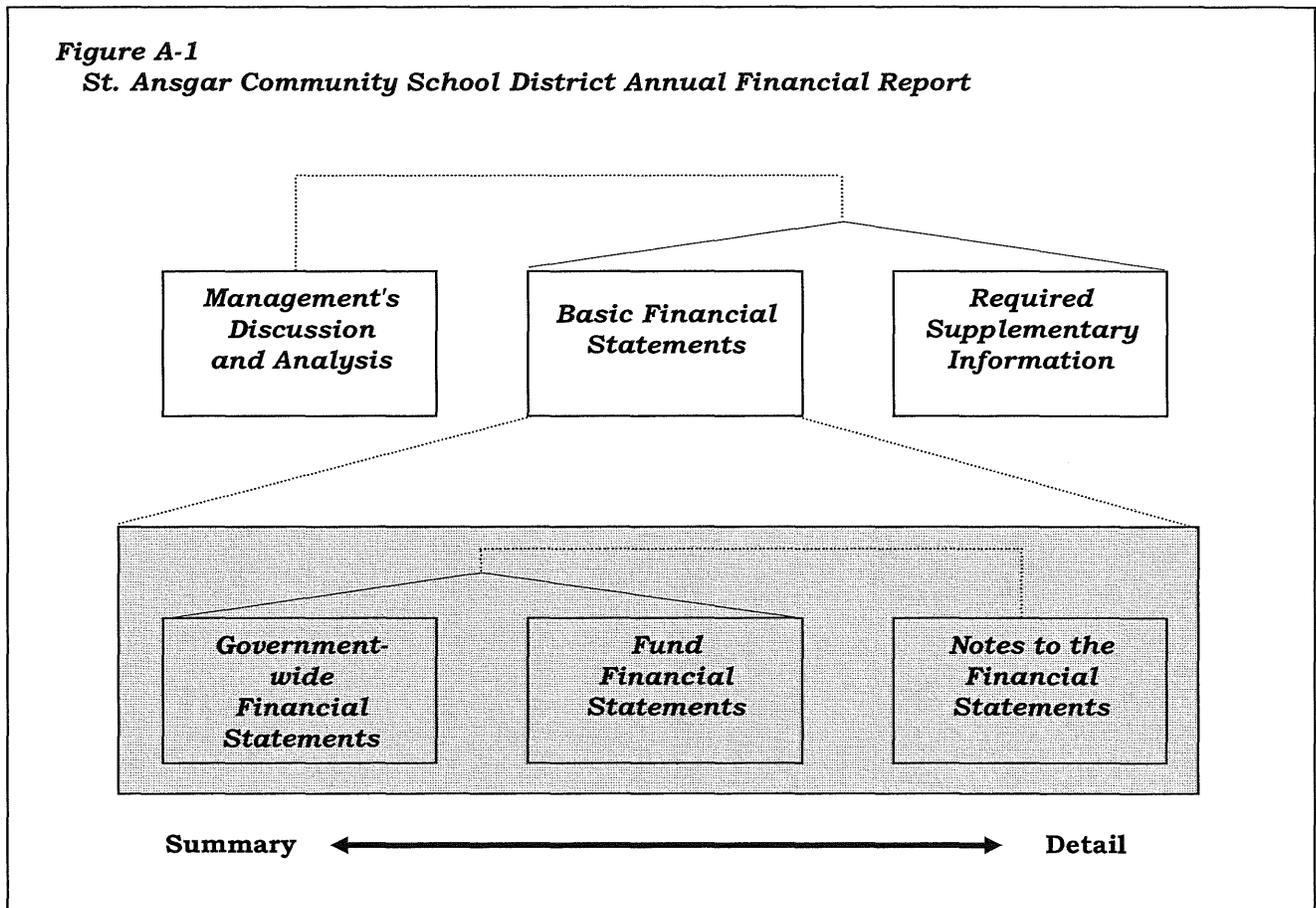


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The District's internal service fund, another type of proprietary fund, is the same as its governmental activities, but provide more detail and additional information, such as cash flows. The District has one internal service fund for health insurance benefits.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 7,672,676	6,305,006	82,095	75,491	7,754,771	6,380,497	21.54%
Capital assets	3,344,653	3,454,314	10,476	12,560	3,355,129	3,466,874	-3.22%
Total assets	11,017,329	9,759,320	92,571	88,051	11,109,900	9,847,371	12.82%
Long-term obligations	1,396,363	1,592,588	2,121	0	1,398,484	1,592,588	-12.19%
Other liabilities	4,152,919	3,837,435	5,676	4,922	4,158,595	3,842,357	8.23%
Total liabilities	5,549,282	5,430,023	7,797	4,922	5,557,079	5,434,945	2.25%
Net assets:							
Invested in capital assets, net of related debt	2,029,653	1,914,314	10,476	12,560	2,040,129	1,926,874	5.88%
Restricted	1,882,871	1,467,659	0	0	1,882,871	1,467,659	28.29%
Unrestricted	1,555,523	947,324	74,298	70,569	1,629,821	1,017,893	60.12%
Total net assets	\$ 5,468,047	4,329,297	84,774	83,129	5,552,821	4,412,426	25.85%

The District's combined net assets increased by 25.85%, or \$1,140,395, over the prior year. The largest portion of the District's net assets is invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 28.29%, or \$415,212, over the prior year. This increase is due primarily by recognizing carryover balances in state grants that had not previously been accounted for in this calculation.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$611,928, or 60.12%. This is due mainly to increasing the fund balance of the General Fund.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for services	\$ 700,801	641,940	193,379	219,570	894,180	861,510	3.79%
Operating grants and contributions and restricted interest	1,274,413	876,162	136,141	123,108	1,410,554	999,270	41.16%
Capital grants and contributions and restricted interest	12,869	250	0	0	12,869	250	5047.60%
General revenues:							
Local tax	3,324,783	3,334,819	0	0	3,324,783	3,334,819	-0.30%
Statewide sales, services and use tax	375,030	395,271	0	0	375,030	395,271	-5.12%
Unrestricted state grants	1,866,581	2,328,851	0	0	1,866,581	2,328,851	-19.85%
Other	87,582	322,716	8,667	681	96,249	323,397	-70.24%
Total revenues	7,642,059	7,900,009	338,187	343,359	7,980,246	8,243,368	-3.19%
Program expenses:							
Governmental activities:							
Instructional	4,359,366	4,490,111	0	0	4,359,366	4,490,111	-2.91%
Support services	1,634,532	1,583,548	0	0	1,634,532	1,583,548	3.22%
Non-instructional programs	0	0	336,542	317,172	336,542	317,172	6.11%
Other expenses	509,411	503,049	0	0	509,411	503,049	1.26%
Total expenses	6,503,309	6,576,708	336,542	317,172	6,839,851	6,893,880	-0.78%
Changes in net assets	1,138,750	1,323,301	1,645	26,187	1,140,395	1,349,488	-15.49%
Beginning net assets	4,329,297	3,005,996	83,129	56,942	4,412,426	3,062,938	44.06%
Ending net assets	\$ 5,468,047	4,329,297	84,774	83,129	5,552,821	4,412,426	25.85%

In fiscal 2010, local tax and unrestricted state grants account for 67.93% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 97.44% of the revenue from business type activities.

The District's total revenues were approximately \$7.98 million of which \$7.64 million was for governmental activities and approximately \$0.34 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.19% decrease in revenues and a 0.78% decrease in expenses. The decrease in expenditures can be attributed to a reduction in instructional expenses.

Governmental Activities

Revenues for governmental activities were \$7,642,059 and expenses were \$6,503,309.

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

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 4,359,366	4,490,111	-2.91%	2,663,390	3,211,651	-17.07%
Support services	1,634,532	1,583,548	3.22%	1,633,984	1,582,523	3.25%
Other expenses	509,411	503,049	1.26%	217,852	264,182	-17.54%
Totals	\$ 6,503,309	6,576,708	-1.12%	4,515,226	5,058,356	-10.74%

- The cost financed by users of the District's programs was \$700,801.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,287,282.
- The net cost of governmental activities was financed with \$3,324,783 in local tax, \$375,030 in statewide sales, services and use tax, \$1,866,581 in state grants and \$36,181 in interest income and \$51,401 in other revenues.

Business Type Activities

Revenues of the District's business type activity were \$338,187 and expenses were \$336,542. The District's business type activity is the School Nutrition Fund and the FFA Farm Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,251,071, above last year's ending fund balances of \$2,165,704. The primary reason for the increase in combined fund balances is attributable to increases in the General Fund fund balance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. With a significant reduction in expenses over the past two years, the District had increased its General Fund balance from a deficit \$101,995 in fiscal 2008 to a positive \$1,659,533 in fiscal 2010.

Proprietary Fund Highlights

The School Nutrition Fund's decrease in fund expenditures for the year ended June 30, 2010, allowed the overall net assets to increase from \$59,575 at June 30, 2009 to \$62,097 at June 30, 2010, representing an increase of 4.23%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$255,248 less than budgeted revenues, a variance of 3.09%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$3,355,129, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.76% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$222,105.

The original cost of the District's capital assets was \$8,693,169. Governmental funds account for \$8,604,690 with the remainder of \$88,479 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in construction in progress. The District's construction in progress totaled \$37,021 at June 30, 2009 as compared to \$0 at June 30, 2010. This increase is due to the District's boiler project, which began in the previous year being completed.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 105,408	105,408	0	0	105,408	105,408	0.00%
Construction in progress	0	37,021	0	0	0	37,021	100.00%
Buildings	2,860,723	2,906,515	0	0	2,860,723	2,906,515	-1.58%
Land improvements	119,447	127,696	0	0	119,447	127,696	-6.46%
Machinery and equipment	259,075	277,674	10,476	12,560	269,551	290,234	-7.13%
Total	\$ 3,344,653	3,454,314	10,476	12,560	3,355,129	3,466,874	-3.22%

Long-Term Debt

At June 30, 2010, the District had \$1,398,484 in general obligation, and other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$1,315,000 at June 30, 2010.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$27,989 at June 30, 2010.

The District had total outstanding Compensated Absences payable from the General Fund of \$12,706 at June 30, 2010.

The District had total outstanding Net OPEB liability payable from the General and Nutrition Fund totaling \$42,789 at June 30, 2010.

	Figure A-7						
	Outstanding Long-Term Obligations						
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
2010	2009	2010	2009	2010	2009	2009-10	
General obligation bonds	\$ 1,315,000	1,540,000	0	0	1,315,000	1,540,000	-14.61%
Early retirement	27,989	38,755	0	0	27,989	38,755	-27.78%
Compensated absences	12,706	13,833	0	0	12,706	13,833	-8.15%
Net OPEB obligation	40,668	0	2,121	0	42,789	0	100.00%
Total	\$ 1,396,363	1,592,588	2,121	0	1,398,484	1,592,588	-12.19%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The FY 2010 state budget cut of 10% results in a significant decrease in General Fund revenue, shifting funding on property taxes and other revenue sources. As a result of these lost revenues, the District will explore all opportunities to reduce expenditures and/or increase revenues. The District taxed a \$500,000 Cash Reserve Levy for FY 10 that should replace the cash lost by the 10% state budget cut.
- The District will share a transportation director with Riceville CSD during FY 10 to receive sharing incentive funds during FY 11.

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 Lisa Groth, Business Manager/District Secretary, St. Ansgar Community School District, 206 East 8th Street, St. Ansgar, Iowa, 50472.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENT

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments:			
Other	3,759,359	68,167	3,827,526
Receivables:			
Property tax:			
Delinquent	45,909	0	45,909
Succeeding year	3,298,249	0	3,298,249
Income surtax	237,882	0	237,882
Accounts	0	1,594	1,594
Accrued interest:			
Other	115	0	115
Due from other governments	331,162	6,665	337,827
Inventories	0	5,669	5,669
Capital assets, net of accumulated depreciation	3,344,653	10,476	3,355,129
TOTAL ASSETS	11,017,329	92,571	11,109,900
LIABILITIES			
Accounts payable	318,875	0	318,875
Salaries and benefits payable	495,969	0	495,969
Accrued interest payable	3,505	0	3,505
Deferred revenue:			
Succeeding year property tax	3,298,249	0	3,298,249
Other	36,321	0	36,321
Unearned revenue	0	5,676	5,676
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	230,000	0	230,000
Compensated absences payable	12,706	0	12,706
Early retirement payable	27,989	0	27,989
Portion due after one year:			
General obligation bonds payable	1,085,000	0	1,085,000
Net OPEB liability	40,668	2,121	42,789
TOTAL LIABILITIES	5,549,282	7,797	5,557,079
NET ASSETS			
Invested in capital assets, net of related debt	2,029,653	10,476	2,040,129
Restricted for:			
Categorical funding	319,322	0	319,322
Management levy	327,616	0	327,616
Physical plant and equipment levy	477,451	0	477,451
Capital projects	678,493	0	678,493
Other special revenue purposes	79,989	0	79,989
Unrestricted	1,555,523	74,298	1,629,821
TOTAL NET ASSETS	\$ 5,468,047	84,774	5,552,821

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Charges for Services	Contributions and Restricted Interest	Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Expenses							
Functions/Programs							
Governmental activities:							
Instruction:							
Regular	\$ 2,821,907	246,015	829,907	0	(1,745,985)	0	(1,745,985)
Special	813,554	82,909	100,315	0	(630,330)	0	(630,330)
Other	723,905	371,329	65,501	0	(287,075)	0	(287,075)
	<u>4,359,366</u>	<u>700,253</u>	<u>995,723</u>	<u>0</u>	<u>(2,663,390)</u>	<u>0</u>	<u>(2,663,390)</u>
Support services:							
Student	136,324	0	0	0	(136,324)	0	(136,324)
Instructional staff	125,095	0	0	0	(125,095)	0	(125,095)
Administration	505,404	0	0	0	(505,404)	0	(505,404)
Operation and maintenance of plant	470,550	0	0	0	(470,550)	0	(470,550)
Transportation	397,159	548	0	0	(396,611)	0	(396,611)
	<u>1,634,532</u>	<u>548</u>	<u>0</u>	<u>0</u>	<u>(1,633,984)</u>	<u>0</u>	<u>(1,633,984)</u>
Other expenditures:							
Facilities acquisitions	91,332	0	0	12,869	(78,463)	0	(78,463)
Long-term debt interest	47,717	0	0	0	(47,717)	0	(47,717)
AEA flowthrough	278,690	0	278,690	0	0	0	0
Depreciation (unallocated)*	91,672	0	0	0	(91,672)	0	(91,672)
	<u>509,411</u>	<u>0</u>	<u>278,690</u>	<u>12,869</u>	<u>(217,852)</u>	<u>0</u>	<u>(217,852)</u>
Total governmental activities	6,503,309	700,801	1,274,413	12,869	(4,515,226)	0	(4,515,226)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	329,473	187,187	136,141	0	0	(6,145)	(6,145)
FFA Farm	7,069	6,192	0	0	0	(877)	(877)
Total non-instructional programs:	<u>336,542</u>	<u>193,379</u>	<u>136,141</u>	<u>0</u>	<u>0</u>	<u>(7,022)</u>	<u>(7,022)</u>
Total	\$ 6,839,851	894,180	1,410,554	12,869	(4,515,226)	(7,022)	(4,522,248)
General Revenues:							
Local tax for:							
General purposes					\$ 2,828,638	0	2,828,638
Capital outlay					240,323	0	240,323
Income Surtax					255,822	0	255,822
Statewide sales, services and use tax					375,030	0	375,030
Unrestricted state grants					1,866,581	0	1,866,581
Unrestricted investment earnings					36,181	589	36,770
Other					51,401	8,078	59,479
Total general revenues					<u>5,653,976</u>	<u>8,667</u>	<u>5,662,643</u>
Changes in net assets					1,138,750	1,645	1,140,395
Net assets beginning of year					<u>4,329,297</u>	<u>83,129</u>	<u>4,412,426</u>
Net assets end of year					<u>\$ 5,468,047</u>	<u>84,774</u>	<u>5,552,821</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Other Nonmajor Governmental Funds	Total
ASSETS			
Cash and pooled investments:			
Other	2,198,445	1,526,355	3,724,800
Receivables:			
Property tax			
Delinquent	39,419	6,490	45,909
Succeeding year	2,841,458	456,791	3,298,249
Income surtax	237,882	0	237,882
Accrued interest:			
Other	115	0	115
Due from other governments	265,773	65,389	331,162
TOTAL ASSETS	\$ 5,583,092	2,055,025	7,638,117
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 311,929	6,696	318,625
Salaries and benefits payable	495,969	0	495,969
Deferred revenue:			
Succeeding year property tax	2,841,458	456,791	3,298,249
Income surtax	237,882	0	237,882
Other	36,321	0	36,321
Total liabilities	3,923,559	463,487	4,387,046
Fund balances:			
Reserved for:			
Categorical funding	319,322	0	319,322
Unreserved:	1,340,211	1,591,538	2,931,749
Total fund balances	1,659,533	1,591,538	3,251,071
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,583,092	2,055,025	7,638,117

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)	\$	3,251,071
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		3,344,653
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		237,882
Blending of the Internal Service Fund to be reflected on an entity-wide basis.		34,309
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.		(3,505)
Long-term liabilities, including general obligation bonds, early retirement, compensated absences, and other postemployment benefits are not due and payable in the current period and, therefore are not reported as liabilities in the governmental funds.		(1,396,363)
Net assets of governmental activities (page 18)	\$	<u>5,468,047</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Other Nonmajor Governmental Funds	Total
REVENUES:			
Local sources:			
Local tax	\$ 2,912,895	814,746	3,727,641
Tuition	308,778	0	308,778
Other	164,987	397,287	562,274
Intermediate sources	5,000	0	5,000
State sources	2,579,609	1,151	2,580,760
Federal sources	485,065	369	485,434
Total revenues	<u>6,456,334</u>	<u>1,213,553</u>	<u>7,669,887</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	2,735,375	84,491	2,819,866
Special	819,641	2,360	822,001
Other	351,920	369,817	721,737
	<u>3,906,936</u>	<u>456,668</u>	<u>4,363,604</u>
Support services:			
Student	135,058	0	135,058
Instructional staff	123,811	410	124,221
Administration	487,510	11,836	499,346
Operation and maintenance of plant	382,752	86,908	469,660
Transportation	341,716	7,088	348,804
	<u>1,470,847</u>	<u>106,242</u>	<u>1,577,089</u>
Other expenditures:			
Facilities acquisitions	0	91,942	91,942
Long-term debt:			
Principal	0	225,000	225,000
Interest and fiscal charges	0	48,195	48,195
AEA flowthrough	278,690	0	278,690
	<u>278,690</u>	<u>365,137</u>	<u>643,827</u>
Total expenditures	<u>5,656,473</u>	<u>928,047</u>	<u>6,584,520</u>
Excess of revenues over expenditures	799,861	285,506	1,085,367
Other financing sources (uses):			
Transfer in	0	273,195	273,195
Transfer out	0	(273,195)	(273,195)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	799,861	285,506	1,085,367
Fund balance beginning of year	859,672	1,306,032	2,165,704
Fund balance end of year	<u>\$ 1,659,533</u>	<u>1,591,538</u>	<u>3,251,071</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 22) \$ 1,085,367

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

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

Expenditures for capital assets	\$ 110,360	
Depreciation expense	<u>(220,021)</u>	(109,661)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are the following:

Repaid	225,000
--------	---------

Net change in Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis. (5,830)

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. 478

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (27,828)

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.

Compensated absences	1,127	
Early retirement	10,765	
Other postemployment benefits	<u>(40,668)</u>	<u>(28,776)</u>

Changes in net assets of governmental activities (page 19) \$ 1,138,750

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	FFA Farm	Total	
	ASSETS			
Cash and pooled investments	\$ 45,490	22,677	68,167	34,559
Accounts receivable	1,594	0	1,594	0
Inventories	5,669	0	5,669	0
Due from other governments	6,665	0	6,665	0
Capital assets, net of accumulated depreciation	10,476	0	10,476	0
TOTAL ASSETS	69,894	22,677	92,571	34,559
LIABILITIES				
Accounts payable	0	0	0	250
Unearned revenue	5,676	0	5,676	0
Net OPEB liability	2,121	0	2,121	0
TOTAL LIABILITIES	7,797	0	7,797	250
NET ASSETS				
Invested in capital assets	10,476	0	10,476	0
Unrestricted	51,621	22,677	74,298	34,309
TOTAL NET ASSETS	\$ 62,097	22,677	84,774	34,309

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business-Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	FFA Farm	Total	
	<hr/>			
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 187,187	6,192	193,379	0
Miscellaneous	8,078	0	8,078	0
TOTAL OPERATING REVENUES	<hr/> 195,265	6,192	201,457	0
<hr/>				
OPERATING EXPENSES:				
Instruction:				
Services	0	0	0	349
Non-instructional programs:				
Salaries	129,336	0	129,336	0
Benefits	51,366	0	51,366	0
Services	2,326	250	2,576	5,578
Supplies	144,361	6,819	151,180	0
Depreciation	2,084	0	2,084	0
TOTAL OPERATING EXPENSES	<hr/> 329,473	7,069	336,542	5,927
<hr/>				
OPERATING LOSS	(134,208)	(877)	(135,085)	(5,927)
<hr/>				
NON-OPERATING REVENUES:				
Interest	589	0	589	97
State sources	3,595	0	3,595	0
Federal sources	132,546	0	132,546	0
TOTAL NON-OPERATING REVENUES	<hr/> 136,730	0	136,730	97
<hr/>				
Change in net assets	2,522	(877)	1,645	(5,830)
<hr/>				
Net assets beginning of year	59,575	23,554	83,129	40,139
<hr/>				
Net assets end of year	\$ 62,097	22,677	84,774	34,309
<hr/>				

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	FFA Farm	Total	
	Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 185,526	0	185,526	0
Cash received from miscellaneous operating activities	8,078	6,192	14,270	0
Cash payments to employees for services	(178,581)	0	(178,581)	0
Cash payments to suppliers for goods or services	(126,244)	(7,358)	(133,602)	(6,427)
Net cash used in operating activities	(111,221)	(1,166)	(112,387)	(6,427)
Cash flows from non-capital financing activities:				
State grants received	3,595	0	3,595	0
Federal grants received	112,658	0	112,658	0
Net cash provided by non-capital financing activities	116,253	0	116,253	0
Cash flows from investing activities:				
Interest on investments	589	0	589	97
Net increase(decrease) in cash and cash equivalents	5,621	(1,166)	4,455	(6,330)
Cash and cash equivalents at beginning of year	39,869	23,843	63,712	40,889
Cash and cash equivalents at end of year	\$ 45,490	22,677	68,167	34,559
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (134,208)	(877)	(135,085)	(5,927)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	19,888	0	19,888	0
Depreciation	2,084	0	2,084	0
Decrease in inventories	555	0	555	0
Increase in accounts receivable	(2,704)	0	(2,704)	0
Decrease in accounts payable	0	(289)	(289)	(500)
Increase in unearned revenue	1,043	0	1,043	0
Increase in other postemployment benefits	2,121	0	2,121	0
Net cash used in operating activities	\$ (111,221)	(1,166)	(112,387)	(6,427)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$19,888.

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 156,999	2,424
Interest receivable	607	0
TOTAL ASSETS	<u>157,606</u>	<u>2,424</u>
LIABILITIES		
Due to other groups	<u>0</u>	<u>2,424</u>
NET ASSETS		
Reserved for scholarships	157,606	0
TOTAL NET ASSETS	<u>\$ 157,606</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 6,388
Stock dividends	55
Total additions	<u>6,443</u>
Deductions:	
Non-instructional programs:	
Scholarships awarded	<u>7,600</u>
Change in net assets	(1,157)
Net assets beginning of year	<u>158,763</u>
Net assets end of year	<u>\$ 157,606</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

The St. Ansgar 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 primarily includes the Cities of St. Ansgar, Carpenter, Stacyville and Grafton Iowa, and the predominate agricultural territory of Worth and Mitchell County. 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, St. Ansgar 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 St. Ansgar Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference

reported as net assets. Net assets are reported in three categories:

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

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

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

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

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

The District reports the following major governmental funds:

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

The District's proprietary funds are the Enterprise, School Nutrition Fund, FFA Farm Fund and the Internal Service Fund. The Nutrition Fund is used to account for the food service operations of the District and the FFA Farm Fund is used to account for the operations of the District's FFA Farming operations program.

The District also reports one fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund is the following:

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Intangibles	2 or more years
Machinery and equipment	5-15 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue

consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

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

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

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

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

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

companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$130,952 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Investments in common stock are stated at the approximate fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2010, the District's investment in common stock is the following:

Name of Stock	Number of Shares	Fair Value
Coca Cola	33	\$1,581
Principal Financial Group	471	\$11,040
Dominion Resources, Inc.	114	\$4,416
Total	618	\$17,037

Concentration of credit risk - The District places no limit on the amount that may be invested in any one issuer. The District's investment in common stock is approximately 10 percent of the District's total investments.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 273,195

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 88,479	0	0	88,479
Less accumulated depreciation	75,919	2,084	0	78,003
Business type activities capital assets, net	\$ 12,560	(2,084)	0	10,476

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 105,408	0	0	105,408
Construction in progress	37,021	610	37,631	0
Total capital assets not being depreciated	<u>142,429</u>	<u>610</u>	<u>37,631</u>	<u>105,408</u>
Capital assets being depreciated:				
Buildings	5,130,495	37,631	0	5,168,126
Land improvements	164,979	0	0	164,979
Machinery and equipment	3,056,427	109,750	0	3,166,177
Total capital assets being depreciated	<u>8,351,901</u>	<u>147,381</u>	<u>0</u>	<u>8,499,282</u>
Less accumulated depreciation for:				
Buildings	2,223,980	83,423	0	2,307,403
Land improvements	37,283	8,249	0	45,532
Machinery and equipment	2,778,753	128,349	0	2,907,102
Total accumulated depreciation	<u>5,040,016</u>	<u>220,021</u>	<u>0</u>	<u>5,260,037</u>
Total capital assets being depreciated, net	<u>3,311,885</u>	<u>(72,640)</u>	<u>0</u>	<u>3,239,245</u>
Governmental activities capital assets, net	<u>\$ 3,454,314</u>	<u>(72,030)</u>	<u>37,631</u>	<u>3,344,653</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 64,169
Special	6,046
Other	6,037
Support services:	
Administration	1,253
Operation and maintenance	6,241
Transportation	44,603
	<u>128,349</u>
Unallocated depreciation	<u>91,672</u>
Total governmental activities depreciation expense	<u>\$ 220,021</u>
Business-type activities:	
Food services	<u>\$ 2,084</u>

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,540,000	0	225,000	1,315,000	230,000
Early Retirement	38,754	0	10,765	27,989	27,989
Compensated Absences	13,833	12,706	13,833	12,706	12,706
Net OPEB liability	0	40,668	0	40,668	0
Total	\$ 1,592,587	53,374	249,598	1,396,363	270,695
Business type activities:					
Net OPEB liability	0	2,121	0	2,121	0

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of March 24, 2004				
	Interest Rates	Principal	Interest	Total	
2011	2.80 %	\$ 230,000	42,058	272,058	
2012	3.00	240,000	35,618	275,618	
2013	3.15	250,000	28,418	278,418	
2014	3.35	255,000	20,543	275,543	
2015	3.50	240,000	12,000	252,000	
2016	3.60	100,000	3,600	103,600	
Total		\$ 1,315,000	142,237	1,457,237	

Early Retirement

Early retirement benefits are offered during certain years at the discretion of the Board of Directors of the District. In years where early retirement is offered, benefits of the plan can also change by direction of the District's Board of Directors. The following was the plan offered by the District for fiscal year 2009.

The District offered a voluntary early retirement plan to any certified staff employee who is at least age fifty-five as of August 15, 2009. Each employee that is considered for this benefit must have completed a total of 10 years of service to the school District. Employees must complete an application which is required to be approved by the Board of Education. Employees that are granted early retirement benefits may continue on the District's major medical plan as long as the employees pay the monthly premium to the District.

The District's early retirement plan currently can have a maximum of five applicants who will be paid in two unequal installments not to exceed \$36,000. The first payment, not to exceed \$10,000, will be paid during calendar year 2009 with the remaining balance paid during calendar year 2010.

Early retirement benefits paid during the year ended June 30, 2010, totaled \$10,765. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010, 2009 and 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$221,763, \$223,095, and \$217,111 respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits

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, prescription drug and dental benefits for retirees and their spouses. There are 63 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical and prescription drug as active employees, which result in an implicit rate 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 which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 47,730
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>47,730</u>
Contributions made	(4,941)
Increase in net OPEB obligation	<u>42,789</u>
Net OPEB obligation beginning of year	0
Net OPEB obligation end of year	<u>\$ 42,789</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 \$4,941 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
30-Jun-10	\$ 47,730	10.35%	\$ 42,789

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 \$430,673, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$430,673. The covered payroll (annual payroll of active employees covered by the plan) was \$2,920,813, and the ratio of the UAAL to covered payroll was 14.68%. 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 event 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 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 RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

The projected claim costs of the medical plan for retirees under age 65 are illustrated per month in the following table.

	Target	Alternative 1	Alternative 2
Single	\$ 586.06	\$ 611.79	\$ 546.89
Family	1,465.16	1529.49	1367.24

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

(8) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: life and long-term disability. District contributions to ISEBA for the year ended June 30, 2010 were \$8,320.

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.

(9) 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 \$278,690 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.

(10) Property Lease

For fiscal year 2010, the District has a lease with the City of Grafton for rental of rooms for the District's alternative school. The rental payment for the year is \$4,000.

The District currently has a lease with Rosalee Lowe for rental of a storage facility for two buses that are kept in Stacyville. Payment is \$1,150 per year until either the District or the landlord terminates the lease.

The District currently has a lease with Darren Marsh and Mullenbach Rental for rental of storage facilities for District equipment. Payments are \$17 and \$75 per month respectively. The lease will remain in effect until either the District or the landlord terminates the lease.

(11) Categorical Funding

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

Project	Amount
LEP weighting	\$ 1,066
At-risk supplemental weighting	9,823
Gifted and talented	52,949
Dropout prevention	121,621
Basic salary	33,078
Professional development	68,598
Learning connections	6,516
Curriculum survey	797
Market factor 2008	3,843
Core curriculum	21,031
Total	<u>\$ 319,322</u>

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 4,598,693	202,046	4,800,739	4,760,354	4,760,354	40,385
Intermediate sources	5,000	0	5,000	0	0	5,000
State sources	2,580,760	3,595	2,584,355	3,265,482	3,265,482	(681,127)
Federal sources	485,434	132,546	617,980	237,486	237,486	380,494
Total revenues	<u>7,669,887</u>	<u>338,187</u>	<u>8,008,074</u>	<u>8,263,322</u>	<u>8,263,322</u>	<u>(255,248)</u>
Expenditures:						
Instruction	4,363,604	0	4,363,604	4,687,000	4,687,000	323,396
Support services	1,577,089	0	1,577,089	2,040,600	2,040,600	463,511
Non-instructional programs	0	336,542	336,542	400,000	400,000	63,458
Other expenditures	643,827	0	643,827	757,595	757,595	113,768
Total expenditures/expenses	<u>6,584,520</u>	<u>336,542</u>	<u>6,921,062</u>	<u>7,885,195</u>	<u>7,885,195</u>	<u>964,133</u>
Excess of revenues over expenditures/expenses	1,085,367	1,645	1,087,012	378,127	378,127	708,885
Balance beginning of year	2,165,704	83,129	2,248,833	1,768,317	1,768,317	(480,516)
Balance end of year	<u>\$ 3,251,071</u>	<u>84,774</u>	<u>3,335,845</u>	<u>2,146,444</u>	<u>2,146,444</u>	<u>228,369</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

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	\$ 0	\$ 430,673	\$ 430,673	0.00%	\$ 2,933,775	14.68%

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

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 353,343	81,052	478,856	913,251	613,104	1,526,355
Receivables:						
Property tax						
Delinquent	2,989	0	3,501	6,490	0	6,490
Succeeding year	200,000	0	256,791	456,791	0	456,791
Due from other governments	0	0	0	0	65,389	65,389
TOTAL ASSETS	\$ 556,332	81,052	739,148	1,376,532	678,493	2,055,025
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 727	1,063	4,906	6,696	0	6,696
Deferred revenue:						
Succeeding year property tax	200,000	0	256,791	456,791	0	456,791
Total liabilities	200,727	1,063	261,697	463,487	0	463,487
Fund balances:						
Unreserved	355,605	79,989	477,451	913,045	678,493	1,591,538
Total fund balances	355,605	79,989	477,451	913,045	678,493	1,591,538
TOTAL LIABILITIES AND FUND BALANCES	\$ 556,332	81,052	739,148	1,376,532	678,493	2,055,025

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR 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
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Capital Projects	Debt Service	Other Nonmajor Governmental Funds
REVENUES:							
Local sources:							
Local tax	\$ 199,393	0	240,323	439,716	375,030	0	814,746
Other	14,025	357,234	17,413	388,672	8,615	0	397,287
State sources	114	0	1,037	1,151	0	0	1,151
Federal sources	0	0	369	369	0	0	369
TOTAL REVENUES	213,532	357,234	259,142	829,908	383,645	0	1,213,553
EXPENDITURES:							
Current:							
Instruction:							
Regular	10,765	0	42,444	53,209	31,282	0	84,491
Special	0	2,360	0	2,360	0	0	2,360
Other	0	369,817	0	369,817	0	0	369,817
Support services:							
Instructional staff	0	410	0	410	0	0	410
Administration	10,679	0	1,157	11,836	0	0	11,836
Operation and maintenance of plant	81,612	0	5,296	86,908	0	0	86,908
Transportation	7,088	0	0	7,088	0	0	7,088
Other expenditures:							
Facilities acquisition	0	0	77,217	77,217	14,725	0	91,942
Long-term debt:							
Principal	0	0	0	0	0	225,000	225,000
Interest and fiscal charges	0	0	0	0	0	48,195	48,195
TOTAL EXPENDITURES	110,144	372,587	126,114	608,845	46,007	273,195	928,047
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	103,388	(15,353)	133,028	221,063	337,638	(273,195)	285,506
OTHER FINANCING SOURCES (USES):							
Transfers in	0	0	0	0	0	273,195	273,195
Transfers out	0	0	0	0	(273,195)	0	(273,195)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	(273,195)	273,195	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	103,388	(15,353)	133,028	221,063	64,443	0	285,506
FUND BALANCE BEGINNING OF YEAR	252,217	95,342	344,423	691,982	614,050	0	1,306,032
FUND BALANCE END OF YEAR	\$ 355,605	79,989	477,451	913,045	678,493	0	1,591,538

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama	\$ 7,437	8,309	6,541	9,205
Speech	1,228	250	139	1,339
Vocal Music	1,959	1,938	3,135	762
Choir Robes	157	1,185	145	1,197
Band and Choir Trip	7,006	0	4,351	2,655
Vocal Music Activities	8,552	127,373	131,245	4,680
Instrument Rent	41	1,073	0	1,114
High School Band	1,286	2,207	3,010	483
Middle School Band	3	0	0	3
Band Uniforms	322	212	0	534
Music Concessions	368	8,003	7,848	523
Cheerleaders	996	11,839	8,197	4,638
Baseball	3,259	1,257	1,792	2,724
Softball	3,870	338	1,591	2,617
HS Athletics	12,057	90,483	92,746	9,794
MS Athletics	142	3,288	2,659	771
MS Student Council	2,805	314	1,672	1,447
HS Student Council	1,085	1,967	1,483	1,569
Elem. Student Council	553	1,250	1,384	419
Annual	5,338	7,122	9,688	2,772
Art Club	1,943	0	0	1,943
German Club	1,008	3,903	4,186	725
Industrial Arts Club	4,139	2,123	2,290	3,972
Revolving Shop - MS	282	0	0	282
MS Activities	206	1,318	1,520	4
Class of 2010	11,421	0	5,816	5,605
Class of 2013	103	0	0	103
Class of 2012	654	178	0	832
Class of 2011	0	30,531	22,694	7,837
FCCLA	362	487	0	849
Spanish Club	66	0	66	0
Saints Pride	303	0	0	303
Student Book Club	8	0	0	8
FFA	4,190	33,689	34,732	3,147
Student Pictures	7,903	5,152	13,055	0
Milk Machines	2,198	1,103	1,040	2,261
Towel Rental	430	3,547	3,977	0
Insurance	0	54	54	0
Petty Cash	100	0	0	100
Community Education	218	0	0	218
Student Extended Learning	1,235	250	487	998
Computer Club	109	2,940	2,684	365
Special Olympics	0	3,551	2,360	1,191
Total	\$ 95,342	357,234	372,587	79,989

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund						
	Kulik Scholarship	Ramsay Scholarship	Sheka Scholarship	Arnold Scholarship	Maurine Moore	Vocal Music	Total
					Scholarship	Memorials	
ASSETS							
Cash and pooled investments	\$ 10,979	11,223	20,638	106,520	6,639	1,000	156,999
Interest receivable	1	53	65	468	20	0	607
TOTAL ASSETS	<u>\$ 10,980</u>	<u>11,276</u>	<u>20,703</u>	<u>106,988</u>	<u>6,659</u>	<u>1,000</u>	<u>157,606</u>
LIABILITIES	\$ 0	0	0	0	0	0	0
NET ASSETS							
Reserved for scholarships	10,980	11,276	20,703	106,988	6,659	1,000	157,606
TOTAL NET ASSETS	<u>\$ 10,980</u>	<u>11,276</u>	<u>20,703</u>	<u>106,988</u>	<u>6,659</u>	<u>1,000</u>	<u>157,606</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND
 CHANGES IN NET ASSETS
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust - Scholarship Fund						Total
	Kulik	Ramsay	Sheka	Arnold	Maurine	Vocal	
	Scholarship	Scholarship	Scholarship	Scholarship	Scholarship	Memorials	
Additions:							
Local sources:							
Interest	\$ 321	111	1,035	4,764	157	0	6,388
Stock dividends	55	0	0	0	0	0	55
TOTAL ADDITIONS	376	111	1,035	4,764	157	0	6,443
DEDUCTIONS:							
Non-instructional programs:							
Scholarships awarded	400	0	1,000	6,000	200	0	7,600
Change in net assets	(24)	111	35	(1,236)	(43)	0	(1,157)
Net assets beginning of year	11,004	11,165	20,668	108,224	6,702	1,000	158,763
Net assets end of year	\$ 10,980	11,276	20,703	106,988	6,659	1,000	157,606

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>FFA</u>				
ASSETS				
Cash and pooled investments	\$ 0	2,822	398	2,424
LIABILITIES				
Due to other groups	\$ 0	2,822	398	2,424

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 3,727,641	3,679,077	3,651,327	3,326,800	3,146,241	2,885,208	2,939,844
Tuition	308,778	352,628	310,045	211,470	183,288	128,749	132,425
Other	562,274	605,150	524,160	533,807	472,661	361,648	295,047
Intermediate sources	5,000	6,000	5,000	0	0	0	0
State sources	2,580,760	3,009,217	3,092,944	2,956,993	2,771,584	2,767,428	2,410,644
Federal sources	485,434	195,796	122,340	156,961	147,855	171,815	142,765
Total	\$ 7,669,887	7,847,868	7,705,816	7,186,031	6,721,629	6,314,848	5,920,725
Expenditures:							
Instruction:							
Regular instruction	\$ 2,819,866	3,141,931	2,894,492	3,188,377	2,939,467	2,764,925	2,633,020
Special instruction	822,001	794,433	659,961	717,157	671,818	691,043	664,163
Other instruction	721,737	616,562	869,642	593,694	685,481	577,227	532,842
Support services:							
Student services	135,058	69,315	133,895	127,565	122,449	115,147	114,685
Instructional staff services	124,221	98,714	91,124	209,929	187,880	129,933	181,098
Administration services	499,346	589,566	671,303	746,539	670,406	549,271	525,642
Operation and maintenance of plant services	469,660	429,654	435,533	451,359	477,599	484,627	433,465
Transportation services	348,804	372,720	423,135	366,153	367,380	304,032	319,713
Non-instructional programs	0	0	0	1,072	1,778	434	1,844
Other expenditures:							
Facilities acquisitions	91,942	187,753	237,707	327,064	139,833	121,152	116,718
Long-term debt:							
Principal	225,000	220,000	215,000	210,000	205,000	2,435,000	140,000
Interest and other charges	48,195	53,365	57,772	61,342	63,710	196,094	210,835
AEA flow-through	278,690	238,867	233,639	226,566	212,020	211,638	211,147
Total	\$ 6,584,520	6,812,880	6,923,203	7,226,817	6,744,821	8,580,523	6,085,172

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	21,851
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	110,695 *
			<u>132,546</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	47,897
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 09	2,820
			<u>50,717</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	1,553
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 10	23,345
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	84.369	FY 10	4,401
ARRA - STATE FISCAL STABILIZATION FUND(SFSF)			
EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	298,126
ENGLISH LANGUAGE ACQUISITION GRANTS	84.365	FY 10	343
EDUCATIONAL TECHNOLOGY STATE GRANTS	84.318	FY 10	200
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	34,174
ARRA - SPECIAL EDUCATION GRANTS TO STATES, RECOVERY ACT	84.391	FY 10	66,141
			<u>100,315</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	6,065
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CENTERS FOR DISEASE CONTROL AND PREVENTION - INVESTIGATIONS AND TECHNICAL ASSISTANCE			
	93.283	FY 10	369
TOTAL			<u>\$ 617,980</u>

* - Includes \$19,888 of non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

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

To the Board of Education of the
St. Ansgar 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 St. Ansgar Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 7, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Ansgar 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 St. Ansgar Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Ansgar 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 that we consider to be material weaknesses.

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 on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-A-10 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Ansgar Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other

matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 7, 2011

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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

To the Board of Education of the
St. Ansgar Community School District:

Compliance

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

In our opinion, St. Ansgar 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 St. Ansgar 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 St. Ansgar 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 St. Ansgar 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 the 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 that we consider to be a material weakness.

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

St. Ansgar 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 St. Ansgar 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 St. Ansgar Community School District and other parties to whom St. Ansgar 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 7, 2011

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act.
 - Cluster Program:
 - CFDA Number 84.027 - Special Education Grants to State (Part B)
 - CFDA Number 84.391 - ARRA Special Education Grants to State (Part B), Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) St. Ansgar Community School District did not qualify as a low-risk auditee.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

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

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation that are within reason.

Conclusion - Response accepted.

ST. ANSGAR 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 - Education State Grants,
Recovery Act

Federal Award Year: 2010

U.S. Department of Education

Passed through the Iowa Department of Education

CFDA Number 84.027 - Special Education Grants to State (Part B)

CFDA Number 84.391 - ARRA Special Education Grants to State (Part B), Recovery Act

Federal Award Year: 2010

U.S. Department of Education

Passed through the Iowa Department of Education

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

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

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation that are within reason.

Conclusion - Response accepted.

ST. ANSGAR COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - During the year ended June 30, 2010, District expenditures did not exceed the amounts budgeted.

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Ed Kleinwort, Board Member Shareholder in St. Ansgar Mills	Purchased services	\$654
Joni DeMaris, Secretary Spouse is owner of Al's Electric	Purchased service	\$22,548
Rosalee Lowe, Bus Driver	Building rent	\$1,200
Diann Tabbert, Cook Owner of Country Cakes Etc.	Purchased service	\$611
Jennifer Nielsen, Aid Co-owner of Striking Designs	Purchased service	\$2,674
Dave Juhl, Transportation Director Jolene Juhl, Bus Driver/Aide Mike Juhl, Substitute Bus Driver Co-Owners of St. Ansgar Landscaping	Purchased service	\$2,418

The above transactions with the Board Member do not appear to represent a conflict of interest in accordance with Chapter 279.7A of the Code of Iowa.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouse of Joni DeMaris do not appear to represent a conflict of interest.

In accordance with Attorney's General Opinion dated July 2, 1990, the above transactions with employees of the District do not appear to represent a conflict of interest.

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

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

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

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

IV-I-10 Deposits and Investments - The District’s investment policy does appear to comply with Chapter 12B and Chapter 12C of the Code of Iowa, however, we noted during our audit that the District received dividends from stock owned in Principal, Coca Cola and Dominion Resources Inc. These are instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa, as well as the District's investment policy.

Recommendation - The District should sell the stock, and invest in an investment within compliance of the District policy number 704.3, Chapter 12B and Chapter 12C of the Code of Iowa.

Response - The District does not wish to sell the stock at the current time because of the downturn in the stock prices. When the stock prices rebound, the District will consider selling the stock. None of the stock was purchased by the District.

Conclusion - Response acknowledged.

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

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

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

Pursuant to Chapter 423F.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. For the year ended June 30, 2010, the District’s financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning Balance		\$	69,090
Statewide sales, service and use tax revenue			375,030
Expenditures/transfers out:			
School Infrastructure			
Equipment	\$	43,204	
Other improvements		2,803	
Debt service for school infrastructure			
General obligation debt		273,195	319,202
Ending Balance		\$	<u>124,918</u>

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

	<u>Per \$1000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	\$ 1.17740	\$ 273,195