

**SOUTH WINNESHIEK
COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA**

FINANCIAL REPORT

JUNE 30, 2010

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	Address	Term Expires
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Board of Education

(Before September 2009 Election)

Allan Schmitt	President	Calmar, Iowa	September 2009
Brad Hertges	Member	Ossian, Iowa	September 2011
Robert Busch	Member	Fort Atkinson, Iowa	September 2011
Wendy Mihm-Herold	Member	Fort Atkinson, Iowa	September 2009
Pat Tekippe	Member	Fort Atkinson, Iowa	September 2009

Board of Education

(After September 2009 Election)

Allan Schmitt	President	Calmar, Iowa	September 2013
Brad Hertges	Member	Ossian, Iowa	September 2011
Robert Busch	Member	Fort Atkinson, Iowa	September 2011
Wendy Mihm-Herold	Member	Fort Atkinson, Iowa	September 2013
Arnie Kriener	Member	Ossian, Iowa	September 2013

School Officials

Richard Janson – Superintendent
Kay Donlan – District Secretary/Treasurer

123 West Water Street
P.O. Box 507
Decorah, Iowa 52101
Telephone 563 382-3637
Fax 563 382-5797

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

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9 North Locust Avenue
P.O. Box 529
New Hampton, Iowa 50659
Telephone 641 394-2245
Fax 641 394-3138

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

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

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

As discussed in Note 1 to the financial statements, management has not recorded certain general infrastructure assets and other capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. The District has not maintained a record of all equipment used within the District. U.S. generally accepted accounting principles require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the governmental activities of South Winneshiek Community School District, as of June 30, 2010, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of South Winneshiek Community School District as of June 30, 2010, and the respective changes in financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010, on our consideration of South Winneshiek Community School District's internal control over financial reporting and on 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 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.

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information and funding progress for the retiree health plan on page 4 and pages 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
November 30, 2010

**SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
CALMAR, IOWA**

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2010**

Management of South Winneshiek Community School District provides this Management's Discussion and Analysis of South Winneshiek Community School District's annual 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.

FINANCIAL HIGHLIGHTS

In total, net assets increased by \$459,234. Net assets of governmental activities increased by \$439,291, which represented 4.82% increase from fiscal year 2009. Property taxes increased approximately \$94,945 in the general fund and \$74,741 in the management fund. Also charge for services and operating grants, respectively increased approximately \$94,928 and \$526,294. District program expenses were 7.0% or approximately \$469,790 more in 2010 than in 2009.

General fund revenues accounted for \$6,257,897 in revenue or 85.37% of all revenues. General fund expenditures accounted for \$5,962,673 in expenditures or 80.42% of all expenditures.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand South Winneshiek Community School District as a financial whole, or as an entire operating entity.

The statement of net assets and statement of activities provide information about the activities of South Winneshiek Community School District as a whole and present an overall view of the District's finances and a longer-term view of those 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 South Winneshiek Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds with all other non-major funds presented in total in a single column. For South Winneshiek Community School District, the general fund, management levy-special revenue fund, physical plant and equipment levy-special revenue fund and capital projects fund are the more significant funds.

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

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other supplementary information provides detailed information about the nonmajor special revenue.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide financial statements report information about the District as a whole using accounting methods similar to the accounting used by most 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 statement of net assets presents all of the District's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in the District's net assets may serve as a useful indicator of whether the financial position of the District 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.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

In the statement of net assets and statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities: Most of the District's programs and services are reported here, including instruction, co-curricular activities, support services, (nursing, guidance, media, administration), building and grounds operation and maintenance, and pupil transportation. Property tax and state aid finance most of these activities.

Business-type Activities: These services are provided on a charge for goods or services basis to recover all of the expenses for the goods or services provided. The District's school nutrition program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide more detailed information about the District's major funds. The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, management levy-special revenue fund, physical plant and equipment levy-special revenue fund and capital projects fund.

Governmental Funds

Governmental funds account for most of the District's basic services. The fund's focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the general fund, special revenue funds, debt service fund, and capital projects fund.

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

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

Proprietary Funds

Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary funds are reported in the same way as the governmental-wide financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following is a summary perspective of the statement of net assets of the District as a whole. The South Winneshiek Community School District's net assets at the end of fiscal year 2010 totaled \$9,633,354.

	Condensed Statement of Net Assets						
	(Expressed in Thousands)						
	Governmental Activities		Business-type Activities		Total		Percent Change
2009	2010	2009	2010	2009	2010		
Current and other assets	\$ 5,366	\$ 4,994	\$ 46	\$ 74	\$ 5,412	\$ 5,068	-6.36%
Capital assets	8,045	8,514	24	17	8,069	8,531	5.73%
Total assets	13,411	13,508	70	91	13,481	13,599	
Long-term debt outstanding	446	393	-	-	446	393	-11.88%
Other liabilities	3,853	3,564	8	9	3,861	3,573	-7.46%
Total liabilities	4,299	3,957	8	9	4,307	3,966	
Net assets							
Invested in capital assets, net of related debt	7,762	8,509	24	17	7,786	8,526	9.50%
Restricted	20	20	-	-	20	20	0.00%
Unrestricted	1,330	1,022	38	65	1,368	1,087	-20.54%
Total net assets	\$ 9,112	\$ 9,551	\$ 62	\$ 82	\$ 9,174	\$ 9,633	

The following analysis shows the change in net assets for the year ending June 30, 2010:

	Changes in Net Assets (Expressed in Thousands)							Percent Change
	Governmental Activities		Business-type Activities		Total			
	2009	2010	2009	2010	2009	2010		
Revenues:								
Program revenue								
Charges for service	\$ 448	\$ 536	\$ 165	\$ 173	\$ 613	\$ 709	15.66%	
Operating grants	1,047	1,555	116	133	1,163	1,688	45.14%	
General revenue								
Property taxes	2,410	2,583	-	-	2,410	2,583	7.18%	
Sales tax and surtax	700	700	-	-	700	700	0.00%	
Unrestricted state grants	2,417	1,927	-	-	2,417	1,927	-20.27%	
Unrestricted investment earnings	60	19	-	-	60	19	-68.33%	
Gain (loss) on the sale of capital assets	1	1	-	-	1	1	0.00%	
Other revenue	7	10	9	-	16	10	-37.50%	
Total revenues	<u>7,090</u>	<u>7,331</u>	<u>290</u>	<u>306</u>	<u>7,380</u>	<u>7,637</u>		
Program expenses:								
Instruction	4,410	4,698	-	-	4,410	4,698	6.53%	
Student support	1,571	1,595	-	-	1,571	1,595	1.53%	
Non-instructional programs	-	1	-	-	-	1	100%	
Other expenses	472	598	264	286	736	884	20.11%	
Total expenses	<u>6,453</u>	<u>6,892</u>	<u>264</u>	<u>286</u>	<u>6,717</u>	<u>7,178</u>		
Increase (decrease) in net assets	637	439	26	20	663	459	-30.77%	
Net assets Beginning of Year	<u>8,475</u>	<u>9,112</u>	<u>36</u>	<u>62</u>	<u>8,511</u>	<u>9,174</u>	7.79%	
Net assets End of Year	<u>\$ 9,112</u>	<u>\$ 9,551</u>	<u>\$ 62</u>	<u>\$ 82</u>	<u>\$ 9,174</u>	<u>\$ 9,633</u>		

INDIVIDUAL FUND ANALYSIS

As the District completed the year, its governmental funds reported a combined fund balance of \$1,426,010, a \$82,533 decrease of the 2009 fiscal year end balance of \$1,508,543.

- The general fund received more revenue during fiscal year 2010 through federal sources and received less revenue from state sources. The general fund expenditures increased for instruction by 3.83% and for support services by 1.21%. The ending fund balance of \$855,279 showed an increase of \$296,482 from the prior year balance of \$558,797.
- The management levy fund balance decreased by \$62,474 for fiscal year 2010.
- The physical plant and equipment levy (PPEL) fund balance decreased \$45,836 during fiscal year 2010. The District increased spending from the PPEL fund to reduce expenditures in general fund as permitted by law.
- The capital projects fund balance decreased by \$267,410 due to increase in spending for capital projects that took place during the fiscal year.

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute required approval of the budget on or before April 15th of each year. The budget document presents functional disbursements by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year.

The amendment made during the 2010 fiscal year should have no impact on the 2011 fiscal year's budget.

The following chart shows the original and amended budget for fiscal 2010 as well as the actual revenue and expenditures for the year:

	Budgetary Comparison Schedule (Expressed in Thousands)			
	Actual Basis	Budget Amounts		Variance
		Original	Final	
Revenues				
Local sources	\$ 3,998	\$ 4,093	\$ 4,093	\$ (95)
Intermediate sources	-	-	-	-
State sources	2,926	3,354	3,354	(428)
Federal sources	712	313	313	399
Total revenues	\$ 7,636	\$ 7,760	\$ 7,760	\$ (124)
Expenditures				
Instruction	\$ 4,472	\$ 4,544	\$ 4,850	\$ 378
Student support	1,782	2,317	2,317	535
Non-instructional programs	288	325	325	37
Other expenses	1,158	1,028	1,450	292
Total expenditures	\$ 7,700	\$ 8,214	\$ 8,942	\$ 1,242

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, South Winneshiek Community School District had \$8,513,723 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had \$17,341 invested in equipment in the school nutrition fund. The District is still in the process of recording all capital assets.

The District is still working on establishing the policy to calculate depreciation expense for the governmental activities. The District had depreciation expense of \$6,461 for fiscal year 2010 and total accumulated depreciation of \$105,403 as of June 30, 2010 for the business-type activities. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year-end, the District had approximately \$287,587 in bonds and other debt compared to approximately \$445,707 last year. More detail is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt that districts can issue to 5 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding general obligation debt is significantly below this \$8,863,969 limit.

Other obligations include accrued vacation pay. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The District is experiencing declined enrollment and will likely continue to see this trend.
- As the state budget continues to tighten, there is always the potential for state budget cuts.
- The District is experiencing an increase in energy and transportation costs as well as costs for health insurance premiums.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of South Winneshiek Community School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Office, South Winneshiek Community School District, 304 S Webster St, Calmar, IA 52132.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments			
Other	\$ 1,924,456	\$ 70,196	\$ 1,994,652
Receivables			
Property tax			
Delinquent	30,027		30,027
Succeeding year	2,633,903		2,633,903
Accounts	144,085		144,085
Due from other governments	262,315		262,315
Inventories		4,024	4,024
Capital assets, non-depreciable	123,059		123,059
Capital assets, net of accumulated depreciation	8,390,664	17,341	8,408,005
	<u>\$ 13,508,509</u>	<u>\$ 91,561</u>	<u>\$ 13,600,070</u>
LIABILITIES			
Accounts payable	\$ 194,279	\$ -	\$ 194,279
Salaries and benefits payable	538,924	9,080	548,004
Accrued interest payable	137		137
Deferred revenue			
Succeeding year property tax	2,633,903		2,633,903
Other	196,533		196,533
Long-term liabilities			
Portion due within one year			
Bonds payable	5,000		5,000
Early retirement	64,358		64,358
Portion due after one year			
Early retirement	218,229		218,229
Net OPEB obligation	106,273		106,273
	<u>3,957,636</u>	<u>9,080</u>	<u>3,966,716</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,508,723	17,341	8,526,064
Restricted for			
Debt service	20,260		20,260
Unrestricted	1,021,890	65,140	1,087,030
	<u>9,550,873</u>	<u>82,481</u>	<u>9,633,354</u>
Total net assets	<u>\$ 13,508,509</u>	<u>\$ 91,561</u>	<u>\$ 13,600,070</u>
Total liabilities and net assets	<u>\$ 13,508,509</u>	<u>\$ 91,561</u>	<u>\$ 13,600,070</u>

See Notes to Financial Statements.

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
June 30, 2010

Functions and Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental activities			
Instruction			
Regular instruction	\$ 2,966,258	\$ 241,108	\$ 1,067,477
Special instruction	766,563	18,419	127,960
Other instruction	965,006	5,255	5,224
	<u>4,697,827</u>	<u>264,782</u>	<u>1,200,661</u>
Support services			
Student services	177,303	257,400	
Instructional staff services	107,197		
Administration services	593,083		
Operation and maintenance plant services	412,085		
Transportation services	305,128	1,246	79,645
	<u>1,594,796</u>	<u>258,646</u>	<u>79,645</u>
Non-instructional			
	<u>1,464</u>	<u>12,795</u>	
Other			
Long-term debt interest	11,125		
Facilities acquisition	311,852		
AEA flowthrough	275,156		275,156
	<u>598,133</u>		<u>275,156</u>
Total governmental activities	6,892,220	536,223	1,555,462
Business-type activities			
Non-instructional programs			
Nutrition services	286,149	172,637	133,179
Total	<u>\$ 7,178,369</u>	<u>\$ 708,860</u>	<u>\$ 1,688,641</u>
General revenues			
Property taxes levied for			
General purposes			
Management			
PPEL			
Debt service			
Statewide sales, services and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Gain on the sale of capital assets			
Transfer in/out			
Other			
Total general revenues			
Change in net assets			
Net assets, beginning of year			
Net assets, end of year			

See Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (1,657,673)		\$ (1,657,673)
(620,184)		(620,184)
(954,527)		(954,527)
<u>(3,232,384)</u>		<u>(3,232,384)</u>
80,097		80,097
(107,197)		(107,197)
(593,083)		(593,083)
(412,085)		(412,085)
(224,237)		(224,237)
<u>(1,256,505)</u>		<u>(1,256,505)</u>
11,331		11,331
(11,125)		(11,125)
(311,852)		(311,852)
-		-
<u>(322,977)</u>	\$ -	<u>(322,977)</u>
(4,800,535)		(4,800,535)
	19,667	19,667
<u>(4,800,535)</u>	<u>19,667</u>	<u>(4,780,868)</u>
2,405,834		2,405,834
74,741		74,741
102,615		102,615
-		-
700,546		700,546
1,926,933		1,926,933
18,585	275	18,860
1,000		1,000
-	-	-
9,572		9,572
<u>5,239,826</u>	<u>275</u>	<u>5,240,101</u>
439,291	19,942	459,233
<u>9,111,582</u>	<u>62,539</u>	<u>9,174,121</u>
<u>\$ 9,550,873</u>	<u>\$ 82,481</u>	<u>\$ 9,633,354</u>

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General	Management Levy	Physical Plant and Equipment Levy
ASSETS			
Cash and pooled investments			
Other	\$ 1,459,900	\$ 167,616	\$ 7,265
Receivables			
Property tax			
Delinquent	28,818	-	1,209
Succeeding year	2,455,959	75,000	102,944
Accounts	23,918	895	
Due from other governments	183,607		78,708
Total assets	\$ 4,152,202	\$ 243,511	\$ 190,126
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 184,215	\$ 2,059	\$ -
Salaries and benefits payable	538,924		
Interest payable			
Deferred revenue			
Succeeding year property tax	2,455,959	75,000	102,944
Other	117,825		78,708
Bonds payable			
Total liabilities	3,296,923	77,059	181,652
Fund balances			
Reserved for			
Debt service			
Unreserved, reported in			
General fund	855,279		
Special revenue funds		166,452	8,474
Total fund balances	855,279	166,452	8,474
Total liabilities and fund balances	\$ 4,152,202	\$ 243,511	\$ 190,126

See Notes to Financial Statements.

EXHIBIT C

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 216,034	\$ 73,641	\$ 1,924,456
-	-	30,027
119,272	-	2,633,903
-		144,085
-		262,315
<u>\$ 335,306</u>	<u>\$ 73,641</u>	<u>\$ 4,994,786</u>
\$ 8,005	\$ -	\$ 194,279
		538,924
	137	137
		2,633,903
		196,533
	5,000	5,000
<u>8,005</u>	<u>5,137</u>	<u>3,568,776</u>
	15,260	15,260
		855,279
<u>327,301</u>	<u>53,244</u>	<u>555,471</u>
<u>327,301</u>	<u>68,504</u>	<u>1,426,010</u>
<u>\$ 335,306</u>	<u>\$ 73,641</u>	<u>\$ 4,994,786</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS

Total governmental fund balances	\$ 1,426,010
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds, net of accumulated depreciation of \$ None	8,513,723
Other liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds	
Early retirement	(282,587)
Net OPEB obligation	(106,273)
	<hr/>
Net assets of governmental activities per Exhibit A	<u>\$ 9,550,873</u>

See Notes to Financial Statements.

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SOUTH WINNESHEIK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2010

	General	Management Levy	Physical Plant and Equipment Levy
REVENUES			
Local sources			
Local property tax	\$ 2,405,834	\$ 74,741	\$ 102,615
Tuition	141,557		
Other	206,426	6,076	83,467
State sources	2,922,301		67
Federal sources	581,779		
Total revenues	6,257,897	80,817	186,149
EXPENDITURES			
Current			
Instruction			
Regular instruction	2,644,983	95,599	
Special instruction	766,563		
Other instruction	704,268		
	<u>4,115,814</u>	<u>95,599</u>	
Support services			
Student services	176,022	1,281	
Instructional staff services	68,136	-	91,584
Administration services	590,569	2,514	-
Operation and maintenance plant services	377,208	34,877	
Transportation services	359,768	7,556	72,336
	<u>1,571,703</u>	<u>46,228</u>	<u>163,920</u>
Non-instructional		<u>1,464</u>	
Other			
Long-term debt			
Principal			
Interest and fiscal charges			
Facilities acquisition			68,064
AEA flowthrough	275,156		
	<u>275,156</u>	<u>-</u>	<u>68,064</u>
Total expenditures	5,962,673	143,291	231,984
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	295,224	(62,474)	(45,835)
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers (out)			
Gain on sale of capital assets	1,258		
	<u>1,258</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND FINANCING USES	296,482	(62,474)	(45,835)
FUND BALANCE, beginning of year	558,797	228,926	54,309
FUND BALANCE, end of year	\$ 855,279	\$ 166,452	\$ 8,474

See Notes to Financial Statements.

EXHIBIT D

Capital Projects	Other Governmental Funds	Total Governmental Funds
	\$ -	\$ 2,583,190
		141,557
\$ 547,548	257,400	1,100,917
	442	2,922,810
		581,779
<u>547,548</u>	<u>257,842</u>	<u>7,330,253</u>
	-	2,740,582
		766,563
	260,737	965,005
	<u>260,737</u>	<u>4,472,150</u>
	-	177,303
	-	159,720
	-	593,083
		412,085
		439,660
	-	1,781,851
	-	1,464
	225,000	225,000
	12,100	12,100
578,258	-	646,322
		275,156
<u>578,258</u>	<u>237,100</u>	<u>1,158,578</u>
<u>578,258</u>	<u>497,837</u>	<u>7,414,043</u>
<u>(30,710)</u>	<u>(239,995)</u>	<u>(83,790)</u>
(236,700)	236,700	236,700
		(236,700)
		1,258
<u>(236,700)</u>	<u>236,700</u>	<u>1,258</u>
(267,410)	(3,295)	(82,532)
<u>594,711</u>	<u>71,799</u>	<u>1,508,542</u>
<u>\$ 327,301</u>	<u>\$ 68,504</u>	<u>\$ 1,426,010</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds	\$	(82,532)
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, for governmental activities those costs are shown in the statement of net assets.		
Capital outlays		469,002
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		225,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
		975
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 governmental funds.		
Lease payable		52,522
Increases in accruals for early retirement are expenses in the statement of activities but does not affect the governmental fund expenditures.		
		<u>(225,676)</u>
Change in net assets of governmental activities per Exhibit B	\$	<u>439,291</u>

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2010

	School Nutrition Fund
ASSETS	
CURRENT ASSETS	
Cash	\$ 70,196
Inventories	4,024
Total current assets	74,220
NONCURRENT ASSETS	
Furniture and equipment	122,744
Less accumulated depreciation	(105,403)
Total noncurrent assets	17,341
Total assets	\$ 91,561
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Salaries and benefits payable	9,080
Total liabilities	9,080
NET ASSETS	
Invested in capital assets, net of related debt	17,341
Unrestricted	65,140
Total net assets	82,481
Total liabilities and net assets	\$ 91,561

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2010

EXHIBIT F

	School Nutrition Fund
OPERATING REVENUES	
Local sources	
Charges for services	\$ 172,637
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries and benefits	144,534
Purchased services	125,180
Supplies	9,974
Depreciation	6,461
Total operating expenses	286,149
Operating loss	(113,512)
NONOPERATING REVENUES	
Interest on investments	275
State sources	3,195
Federal sources	129,984
Total nonoperating revenues	133,454
Change in net assets	19,942
Net assets, beginning of year	62,539
Net assets, end of year	\$ 82,481

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2010

	School Nutrition Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	\$ 172,637
Cash payments to employees for services	(143,017)
Cash payments to vendors for goods and services	(104,640)
Cash payments to suppliers for goods and services	(8,339)
	(83,359)
Net cash used in operating activities	(83,359)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and federal grants received	112,489
	112,489
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	275
	275
Net increase in cash	29,405
CASH, beginning of year	40,791
CASH, end of year	\$ 70,196
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (113,512)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	6,461
Commodities used	20,690
Decrease in inventories	1,635
Decrease in accounts payable	(150)
Increase in salaries and benefits payable	1,517
	1,517
Net cash used in operating activities	\$ (83,359)

Non-cash, noncapital financing activities:

During the year ended June 30, 2010, the District received commodities valued at \$20,690.

See Notes to Financial Statements.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The South Winneshiek Community School District is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve, including special education and pre-kindergarten. The geographic area served includes the Cities of Calmar, Ossian, and Spillville, Iowa, and the predominately agricultural territory in the area. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fund raising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, South Winneshiek Community School District has included all funds, organizations, account groups, 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

District-wide Financial Statements

The statement of net assets and the statement of activities report information on all non-fiduciary activities of the District. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, management levy-special revenue fund, physical, plant and equipment levy-special revenue fund, and the capital projects fund are the major governmental funds for the District. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Management Levy-Special Revenue Fund

The management levy-special revenue fund is used to account for revenues derived from specific sources which are usually required by law or regulation to pay for insurance premiums for the District and retiree's health insurance.

Physical Plant and Equipment Levy-Special Revenue Fund

The physical plant and equipment levy-special revenue fund is utilized to account for acquisition of equipment, with the exception of those that are financed through enterprise funds.

Capital Projects Fund

The capital projects fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

Proprietary Fund

Enterprise Fund

The District's proprietary fund is the school nutrition fund. This fund is used to account for the food service operations of the District.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

On the District-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined below in item b.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus (Continued)

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental fund financial statements are accounted for on current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.
- b. The proprietary funds are accounted for on economic resources measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their statement of net assets. In reporting the financial activity on the proprietary fund statements, the District applies all applicable GASB pronouncements. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements and proprietary fund are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and the expenses are recognized when they are incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the District-wide statements and the statements for governmental funds.

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 school nutrition fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at the time of purchase.

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue (shared revenues, grants and reimbursements from other governments) and interest revenue. Revenues from miscellaneous sources are generally recognized when they are received in cash as they are generally not measurable until actually received (tuition, fees and sale of services).

The District maintains its financial records on the modified cash basis (also referred to as cash basis or cash transactions). The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Equity

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

Cash and Investments

The District maintains one primary demand deposit account for each fund through which the cash resources are processed. All investment activity is carried on by the District in each individual fund. Investments are stated at fair value, except for non-negotiable certificates of deposits, which are stated at cost.

Property Tax Receivable

Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Current year delinquent property taxes receivable represents taxes collected by the County but not remitted to the school and unpaid taxes. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 1 1/2% 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

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. Inventories in the enterprise fund consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide statement of net assets. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary fund are capitalized in the fund in which they are utilized. 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 \$5,000 for governmental funds and \$500 for the school nutrition-proprietary fund. Management has not accumulated the information necessary to verify the historical cost of capital assets or determined the method or the estimated useful lives that the capital assets will be depreciated.

Salaries and Benefits Payable

Payroll and related expenditures or expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2010 was used to calculate the salaries payable.

Deferred Revenue

In the fund financial statements certain revenues are measurable, however they are not available. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable and unearned grant revenue. 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 and unearned grant revenue.

Long-term Obligation

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets. Early retirement liability has been paid primarily by the nonmajor governmental management fund.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Compensated Absences

District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. In addition, employees are allowed to take early retirement if they meet certain qualifications set by the Board of Education. In accordance with Interpretation No. 6 of the GASB–Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, a liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities has been paid primarily by the general fund.

Fund Balance

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserved fund balances are used first when an expenditure is incurred for purposes for both reserved and unreserved fund balances.

Net Assets

Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consists of net assets with constraints placed on their use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets are used first when an expense is incurred for purposes for both restricted and unrestricted net assets.

2. Deposits and Investments

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

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

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2010:

Governmental		
General fund		
Transportation Aid, Non-public	\$	32,287
Special Education Grant – Part B		17,950
Income Surtax		78,708
Statewide voluntary preschool		1,850
Vocational Aid, State		5,224
Title I		47,588
		183,607
PPEL		
Income Surtax		78,708
Total intergovernmental	\$	262,315

4. Capital Assets

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

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Governmental activities				
Land	\$ 90,962			\$ 90,962
Construction in progress		\$ 32,097		32,097
	\$ 90,962	\$ 32,097	\$ None	\$ 123,059
Capital assets subject to depreciation				
Land improvements	\$ 262,882	\$ 26,900		\$ 289,782
Buildings	5,292,602	18,165		5,310,767
Furniture and equipment	2,398,275	391,840		2,790,115
Governmental activities				
Capital assets	\$ 7,953,759	\$ 436,905	\$ None	\$ 8,390,664
Business-type activities				
Furniture and equipment	\$ 122,744			\$ 122,744
Less accumulated depreciation	98,942	\$ 6,461		105,403
Business-type activities				
Capital assets, net	\$ 23,802	\$ 6,461	\$ None	\$ 17,341

Depreciation expense was charged to the governmental functions of the District as follows:

Business-type activities	
Food services	\$ <u>6,461</u>

NOTES TO FINANCIAL STATEMENTS

5. **Long-term Debt Obligations**

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Governmental activities					
Bonds					
General obligation	\$ 230,000		\$ 225,000	\$ 5,000	\$ 5,000
Other liabilities					
Early retirement	163,184	\$ 183,762	64,359	282,587	64,358
Lease payable	52,523		52,523		
<hr/>					
Governmental activities					
Long-term liabilities	\$ 445,707	\$ 183,762	\$ 341,882	\$ 287,587	\$ 69,358

a. **Early Retirement**

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education and no more than five employees per year will be granted benefits under the policy.

Early retirement benefits will be paid in three equal installments beginning in January following the start of retirement. The second payment will be paid the following July, and the third and final payment shall be paid during July of the next year.

At June 30, 2010, the District has obligations to nine participants with a total liability of \$282,587. Actual early retirement expenditures for the year ended June 30, 2010 totaled \$64,359.

b. **Bonded Indebtedness**

\$5,000 1959 General Obligation Serial Bonds, due November 1, 1966. The bonds and interest are included in the debt service fund liabilities since the bonds have matured.

\$225,000 1997A General Obligation Crossover Refunding Serial Bonds, due annually in varying installments through June 1, 2010 plus interest annually with a interest rate on the bond of 5.2%. Bonds maturing after June 1, 2009 are callable June 1, 2010 or at any interest payment date thereafter at par.

Interest costs incurred and charged to expenses was \$11,700 for the year ended June 30, 2010.

NOTES TO FINANCIAL STATEMENTS

5. Long-term Debt Obligations (Continued)

b. Bonded Indebtedness (Continued)

At June 30, 2010, the debt issued by the District did not exceed its legal debt margin compiled as follows:

Total assessed valuation		\$ 177,279,380
Debt limit – 5% of total assessed valuation		\$ 8,863,969
Debt applicable to debt limit		
General obligation bonded debt outstanding		(5,000)
Legal debt margin		\$ 8,858,969

6. Interfund Transfers

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

	Transfers In	Transfers Out
Capital projects fund		\$ 236,700
Nonmajor governmental	\$ 236,700	
	\$ 236,700	\$ 236,700

Transfers are to move resources from the capital projects fund to the debt service fund to help pay bond obligations. Due to the referendum voted by the public, the proceeds from the local option sales tax will help pay bond obligations.

7. Iowa School Cash Anticipation Program (ISCAP)

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

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

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2009-10A	\$ -	\$ 150,000	\$ 150,000	\$ -

During the year ended June 30, 2010, the District paid \$1,447 of interest on the ISCAP warrants.

8. Pension and Retirement Benefits

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

Plan members are required to contribute 4.30%, 4.10%, and 3.90% of their annual covered salary and the District is required to contribute 6.65%, 6.35%, and 6.05% of annual covered payroll for the years ended June 30, 2010, 2009, and 2008 respectively. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$224,886, \$221,124, and \$204,819, respectively, equal to the required contributions for each year.

9. Cafeteria Plan

The District sponsors a Section 125 cafeteria plan as a part of its contractual obligation with its employees. The benefits available under the plan are health insurance. Each participating employee must carry single health coverage. Additionally, participants may elect salary reduction to cover family health insurance, non-covered medical and dental expenses and day care. There were 77 participants in the plan for the plan year ended December 31, 2009.

10. Risk Management

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

11. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$275,156 for the year ended June 30, 2010 and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

12. Other Postemployment Benefits (OPEB)

Plan Description

As explained in Note 13, the District is a member of the Northeast Iowa Schools Insurance Trust (Trust) which provides medical and prescription drug benefits for retirees and their spouses. South Winneshiek Community School District has 72 active and 4 retired members in the Plan. Participants must be age 55 or older at retirement.

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

12. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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

Annual required contribution	\$	58,342
Interest on net OPEB obligation		1,356
Adjustment to annual required contribution		(7,670)
		52,028
Annual OPEB cost		52,028
Contributions made		-
Increase in net OPEB obligation		52,028
Net OPEB obligation beginning of year		54,245
		106,273
Net OPEB obligation end of year	\$	106,273

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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 end June 30, 2010.

For the year ended June 30, 2010, the District contributed \$None to the medical plan for the OPEB obligation. Plan members eligible for benefits contributed \$None of the premium costs for the OPEB obligation.

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 below as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 52,028	0%	\$ 106,273

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$449,014, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$449,014. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2.948 million, and the ratio of the UAAL to covered payroll was 15.23%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provide 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.

12. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

As of July 1, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

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

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

13. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the trust account maintained by Midwest Group Benefits Consultants, Inc. The trust liability is limited to \$95,000 per individual annually with a \$2,000,000 per individual maximum. Payments from participating members are the sole source for paying claims and establishing reserves for the trust self-funded programs. Stop loss insurance is purchased by the trust to protect against large claims but the potential exists for claims to exceed the premium payments made by members into the program. The District may be contingently liable for any claims in excess of funds available at June 30, 2010, since the pool arrangement allows the trust to make additional assessments to members. The District's share of the trust's liability for any unreported claim or assessment at June 30, 2010 was unavailable as of November 30, 2010. The District contributions to the Trust for the years ended June 30, 2010, 2009, and 2008 were \$417,445, \$417,445, and \$389,554, respectively, which equaled the required contributions each year.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the District's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance company coverage.

14. Contingencies

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government.

If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2010 significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

15. Commitments

The District has entered into contracts totaling \$245,312 for the auditorium, a storage building, and lights for the football field. Of these commitments, \$None will be funded by state and federal grants.

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
For the Year Ended June 30, 2010

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual
REVENUES			
Local sources	\$ 3,825,664	\$ 172,637	\$ 3,998,301
Intermediate sources	-		-
State sources	2,922,810	3,470	2,926,280
Federal sources	581,779	129,984	711,763
Total revenues	7,330,253	306,091	7,636,344
EXPENDITURES/EXPENSES			
Instruction	4,472,150		4,472,150
Support services	1,781,851		1,781,851
Non-instructional	1,464	286,149	287,613
Other	1,158,578		1,158,578
Total expenditures/expenses	7,414,043	286,149	7,700,192
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(83,790)	19,942	(63,848)
OTHER FINANCING SOURCES, NET	1,258	-	1,258
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES/EXPENSES AND OTHER FINANCING USES	(82,532)	19,942	(62,590)
FUND BALANCE, beginning of year	1,508,542	62,539	1,571,081
FUND BALANCE, end of year	\$ 1,426,010	\$ 82,481	\$ 1,508,491

See Notes to Required Supplementary Information.

Budget Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 4,092,761	\$ 4,092,761	\$ (94,460)
500	500	(500)
3,353,905	3,353,905	(427,625)
313,000	313,000	398,763
<u>7,760,166</u>	<u>7,760,166</u>	<u>(123,822)</u>
4,544,000	4,850,000	377,850
2,317,200	2,317,200	535,349
325,000	325,000	37,387
1,028,169	1,450,000	291,422
<u>8,214,369</u>	<u>8,942,200</u>	<u>1,242,008</u>
(454,203)	(1,182,034)	1,118,186
-	-	1,258
(454,203)	(1,182,034)	1,119,444
<u>1,632,290</u>	<u>1,632,290</u>	<u>(61,209)</u>
<u>\$ 1,178,087</u>	<u>\$ 450,256</u>	<u>\$ 1,058,235</u>

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

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

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting 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. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the modified accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the general fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$727,831.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 (in thousands)

Fiscal 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)
2009	July 1, 2008	-	\$ 439	\$ 439	0.0%	\$ 3,192	13.75%
2010	July 1, 2008	-	\$ 449	\$ 449	0.0%	\$ 2,948	15.23%

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

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INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

Our report on our audit of the financial statements of South Winneshiek Community School District as of and for the year ended June 30, 2010 appears on pages 2-3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

We have previously audited, in accordance with U.S. generally accepted auditing standards, the financial statements of South Winneshiek Community School District as of and for the years ending June 30, 2002 through 2009, none of which is presented herein. We did not express an opinion on the governmental activities because we were unable to audit the historical cost of capital assets and depreciation expense for the years ending June 30, 2006 through 2009. We expressed unqualified opinions on the business-type activities, each major fund, and the aggregate remaining fund information for the years ending June 30, 2002 through 2009. In our opinion, the information set forth in the required supplementary information for each of the years in the period ended June 30, 2009, appearing on page 34 and pages 40 through 44, is fairly stated, in all material respects in relation to the general purpose financial statements from which it has been derived. On page 43 the spending authority for fiscal year 2010 has not been audited and we express no opinion on it.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
November 30, 2010

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2010

	Special Revenue Student Activity	Debt Service	Total Nonmajor Governmental Funds
ASSETS			
Cash and pooled investments	\$ 53,244	\$ 20,397	\$ 73,641
Receivables			
Property tax			
Delinquent		-	-
Succeeding year		-	-
Total assets	\$ 53,244	\$ 20,397	\$ 73,641
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -		\$ -
Interest payable		\$ 137	137
Deferred revenue			
Succeeding year property tax		-	-
Bonds payable		5,000	5,000
Total liabilities	-	5,137	5,137
Fund balances			
Reserved for			
Debt service		15,260	15,260
Unreserved	53,244		53,244
Total fund balances	53,244	15,260	68,504
Total liabilities and fund balances	\$ 53,244	\$ 20,397	\$ 73,641

See Independent Auditor's Report on the Supplementary Information.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Special Revenue Student Activity	Debt Service	Total Nonmajor Governmental Funds
REVENUES			
Local sources			
Other	\$ 257,400	\$ -	\$ 257,400
State sources		442	442
Total revenues	<u>257,400</u>	<u>442</u>	<u>257,842</u>
EXPENDITURES			
Current			
Instruction			
Other instruction	260,737		260,737
Other			
Long-term debt			
Principal		225,000	225,000
Interest and fiscal charges		12,100	12,100
Total expenditures	<u>260,737</u>	<u>237,100</u>	<u>497,837</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,337)	(236,658)	(239,995)
OTHER FINANCING SOURCES			
Transfers in		236,700	236,700
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(3,337)	42	(3,295)
FUND BALANCE, beginning of year	<u>56,581</u>	<u>15,218</u>	<u>71,799</u>
FUND BALANCE, end of year	<u>\$ 53,244</u>	<u>\$ 15,260</u>	<u>\$ 68,504</u>

See Independent Auditor's Report on the Supplementary Information.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2010

	Balance June 30, 2009	Revenues and Transfer In	Expenditures	Balance June 30, 2010
Spanish Club	\$ 112	\$ -	\$ -	\$ 112
May Term	(1,135)	43,843	43,840	(1,132)
German Club	282			282
Music, EI/MS	273	79	412	(60)
Music, Senior High	(12,941)	-	1,397	(14,338)
Other Fine Arts	(7,609)	-	2,251	(9,860)
National Honor Society	(707)	30	587	(1,264)
All Athletic	2,670	5,000	2,599	5,071
All Athletic II	21,435	-	-	21,435
Football	24,982	51,358	49,540	26,800
Cross Country	(4,323)	1,401	2,510	(5,432)
Volleyball	1,068	8,431	5,837	3,662
Boys' Basketball	6,959	6,600	4,215	9,344
Girls' Basketball	3,030	6,066	4,883	4,213
Wrestling	(2,667)	7,617	9,667	(4,717)
Boys' Track	(12,976)	1,212	4,454	(16,218)
Girls' Track	(17,647)	2,387	4,656	(19,916)
Boys' Golf	(2,153)	-	443	(2,596)
Girls' Golf	(3,636)	98	901	(4,439)
Baseball	(25,123)	6,861	8,014	(26,276)
Softball	(23,096)	2,454	3,182	(23,824)
Cheerleaders, Senior High	5,186	9,394	8,990	5,590
All Fine Arts	3,693	200	-	3,893
Art Senior High	692	694	2,662	(1,276)
Student Council, Middle School	1,710	143	497	1,356
Student Council, Senior High	3,575	2,085	1,954	3,706
Yearbook	(2,399)	12,001	9,779	(177)
Band, Senior High	(2,851)	2,584	2,369	(2,636)
Flag Corp.	(2,840)	-	305	(3,145)
Choir, Senior High	(1,432)	-	11	(1,443)
Drama/Musical	13,338	5,691	5,021	14,008
Speech Activity and Debate	(11,592)	275	1,023	(12,340)
Drama Club	2,442	1,050	863	2,629
Activity Fee	35,356	3,214	1,093	37,477
Interest	2,410	361	416	2,355
Playground	5,721	386	-	6,107
Sub-totals	(193)	181,515	184,371	(3,049)

See Independent Auditor's Report on the Supplementary Information.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2010

	Balance June 30, 2009	Revenues and Transfer In	Expenditures	Balance June 30, 2010
Sub-totals	\$ (193)	\$ 181,515	\$ 184,371	\$ (3,049)
Athletic Fee	3,735	-	-	3,735
Field Trips-Elem/MS	1,055	9,341	8,427	1,969
Food and Fitness	-	2,855	1,603	1,252
National Honor Society - CD	4,510	-	-	4,510
Elementary	20,222	5,478	9,348	16,352
Classroom Computers, Elementary	644	-	-	644
ECSP	325	-	-	325
Class of 2008	123	-	-	123
Class of 2009	295	-	-	295
Class of 2010	1,436	1,405	2,889	(48)
Class of 2011	587	6,952	5,024	2,515
Class of 2012	(84)	1,632	943	605
Class of 2013	-	56	52	4
Pictures, Senior High	1,095	228	-	1,323
Resale	(169)	3,286	4,353	(1,236)
Middle School Activity	2,432	11,169	5,296	8,305
FFA	10,637	33,306	31,500	12,443
Industrial Arts	1,627	177	150	1,654
FFA-Scotland	6,413	-	6,781	(368)
AAC Cub	1,891	-	-	1,891
	<u>\$ 56,581</u>	<u>\$ 257,400</u>	<u>\$ 260,737</u>	<u>\$ 53,244</u>

See Independent Auditor's Report on the Supplementary Information.

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SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
 GOVERNMENTAL FUNDS
 For the Years Ended June 30,

	2010	2009	2008
REVENUES			
Local sources			
Local tax	\$ 2,583,190	\$ 2,410,317	\$ 2,229,013
Tuition	141,557	87,995	87,176
Other	1,100,917	1,116,511	1,068,364
Intermediate sources	-	-	-
State sources	2,922,810	3,283,104	3,376,138
Federal sources	581,779	191,449	215,061
Total revenues	\$ 7,330,253	\$ 7,089,376	\$ 6,975,752
EXPENDITURES			
Current			
Instruction			
Regular instruction	\$ 2,740,582	\$ 2,640,003	\$ 2,537,480
Special instruction	766,563	865,792	798,829
Other instruction	965,005	795,982	770,761
Support services			
Student services	177,303	176,708	166,189
Instructional staff services	159,720	220,428	341,471
Administration services	593,083	608,015	586,557
Maintenance plant services	412,085	431,908	435,931
Transportation services	439,660	366,832	452,454
Non-instructional	1,464	351	1,440
Other			
Long-term debt			
Principal	225,000	210,000	200,000
Interest and fiscal charges	12,100	22,810	32,810
Facilities acquisition	646,322	385,725	138,102
AEA flowthrough	275,156	256,218	252,758
Total expenditures	\$ 7,414,043	\$ 6,980,772	\$ 6,714,782

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 4

Modified Accrual					
2007	2006	2005	2004	2003	2002
\$ 2,117,458	\$ 2,261,697	\$ 2,165,155	\$ 2,624,957	\$ 2,551,566	\$ 2,426,550
49,310	85,372	86,313	72,205	78,294	65,279
1,103,752	862,243	935,610	415,363	479,521	405,283
-	-	-	635	479	-
3,056,643	2,819,326	3,018,187	2,895,426	2,857,239	3,046,438
190,094	193,575	207,209	211,816	245,345	211,067
<u>\$ 6,517,257</u>	<u>\$ 6,222,213</u>	<u>\$ 6,412,474</u>	<u>\$ 6,220,402</u>	<u>\$ 6,212,444</u>	<u>\$ 6,154,617</u>
\$ 2,379,497	\$ 2,318,095	\$ 2,380,779	\$ 2,387,045	\$ 2,364,247	\$ 2,208,737
805,116	857,911	925,177	986,675	939,739	946,891
664,674	690,308	624,249	563,172	496,111	511,122
160,697	159,134	193,362	185,279	175,818	156,603
200,166	273,605	128,768	56,296	72,804	87,847
554,575	537,257	478,798	453,030	470,238	471,726
403,553	410,736	333,633	321,882	309,575	320,701
436,533	393,980	295,955	259,046	349,731	269,225
1,336	1,326	4,179	5,360	2,494	2,367
190,000	180,000	175,400	165,000	155,000	150,000
42,215	50,945	59,032	67,332	74,856	82,128
405,870	468,535	620,297	240,365	407,827	152,253
237,024	228,195	227,868	230,029	246,688	247,603
<u>\$ 6,481,256</u>	<u>\$ 6,570,027</u>	<u>\$ 6,447,497</u>	<u>\$ 5,920,511</u>	<u>\$ 6,065,128</u>	<u>\$ 5,607,203</u>

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

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

- (a) An adverse opinion was issued on the governmental activities. Unqualified opinions were issued on the financial statements for the business-type, each major fund and the aggregate remaining fund information.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are 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 (SFSF)-Education State Grants, Recovery Act
 - CFDA Number 84.391A-ARRA-Special Education Grants to States, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) South Winneshiek Community School District did not qualify as a low-risk auditee.

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

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Financial Report Preparation

Reporting financial data reliably in accordance with generally accepted accounting principles requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Obtaining additional generally accepted accounting principles knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable generally accepted accounting principles financial statements.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

II-B-10 Overlapping Duties

The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records. While we do recognize the District is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

SOUTH WINNESHIEK 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 NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 84.394-ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act
CFDA Number 84.391A-ARRA-Special Education Grants to States, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

See II-A-10 and II-B-10 above.

Part IV: Other Findings Related to Required Statutory Reporting:

See Management Letter dated November 30, 2010.

Part V: Summary of Prior Federal Audit Findings and Questions Costs

Comment Reference	Comment Title	Status	Explanation
II-A-09	Financial report preparation	Not corrected	Management does not have the necessary training to prepare year-end financial statements.
II-B-09	Overlapping duties	Not corrected	The District has limited staff and segregates duties to the best of their abilities.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
Indirect			
Department of Agriculture			
Passed Through Iowa Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY10	\$ 19,005
National School Lunch Program	10.555	FY10	93,484
			<u>112,489</u>
Food Distribution Program (non-cash)	10.550	FY10	20,671
Total Department of Agriculture			<u>133,160</u>
Department of Education			
Passed Through Iowa Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	FY10	81,695
ARRA-Title I Grants Basic Local Educational Agencies, Recovery Act	84.389A	FY10	25,375
			<u>107,070</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY10	2,182
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	84.394	FY10	280,558
Improving Teacher Quality State Grants	84.367	FY10	23,952
Rural Education Achievement Program	84.358	FY10	63,747
ARRA-Special Education Grants to States, Recovery Act	84.391A	FY10	103,774
Total Department of Education			<u>581,283</u>
			<u>\$ 714,443</u>

See Independent Auditor's Report on the Supplementary Information.

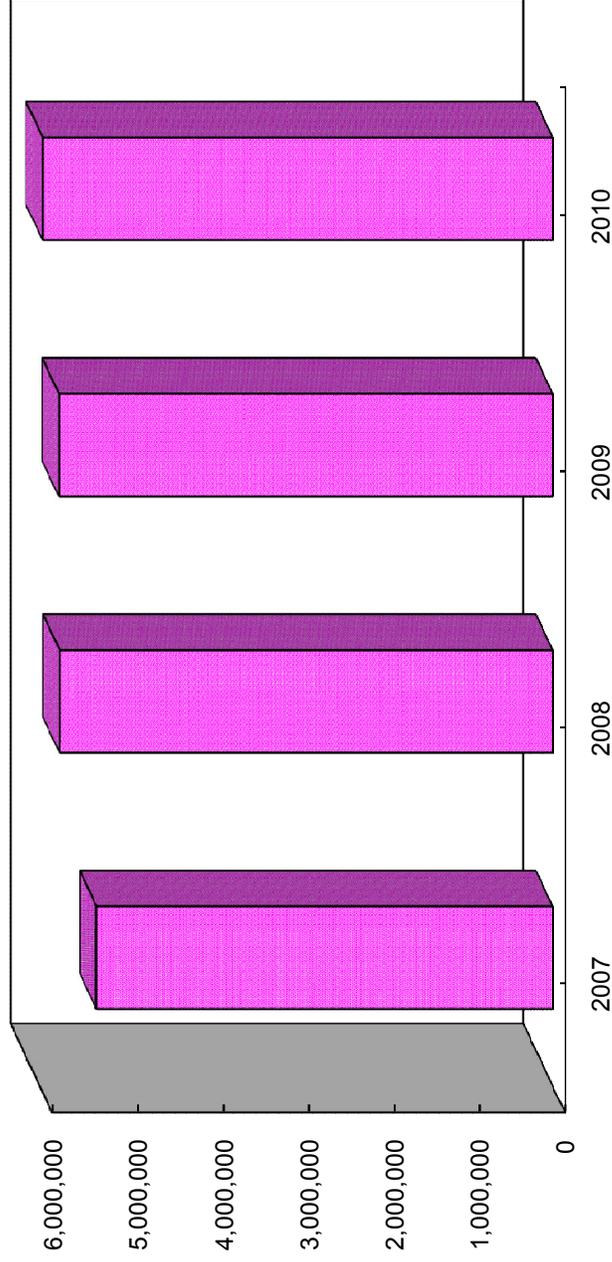
SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Note 1. Basis of Presentation

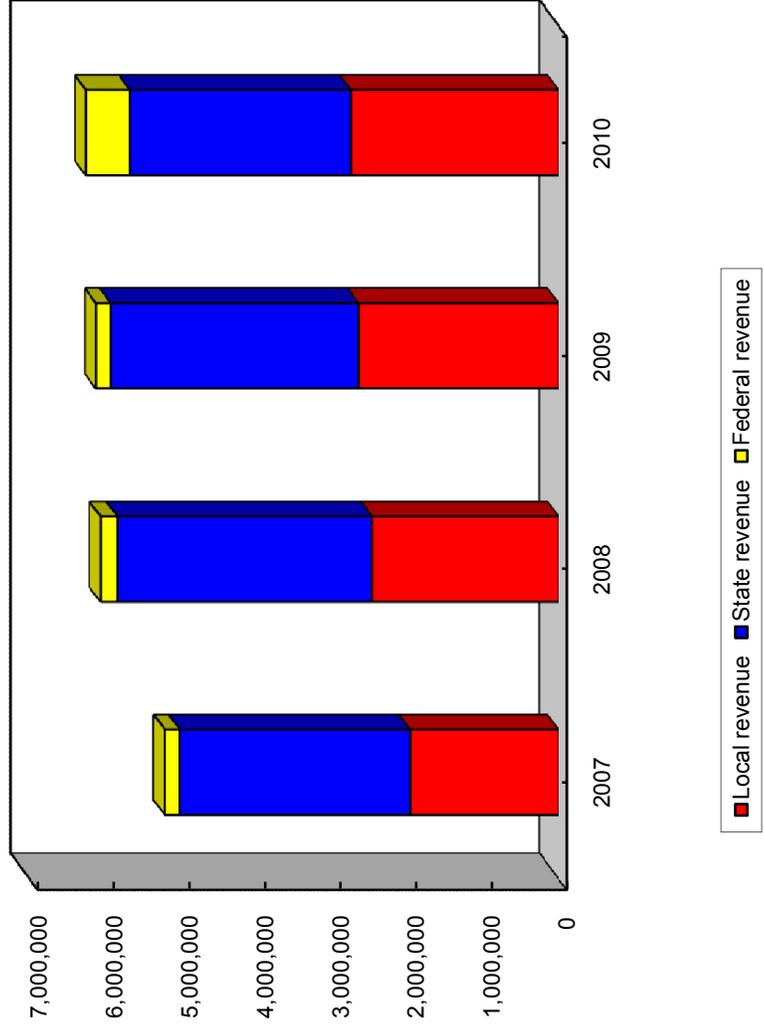
The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Winneshiek Community School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular 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.

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
Comparison of General Fund Expenditures



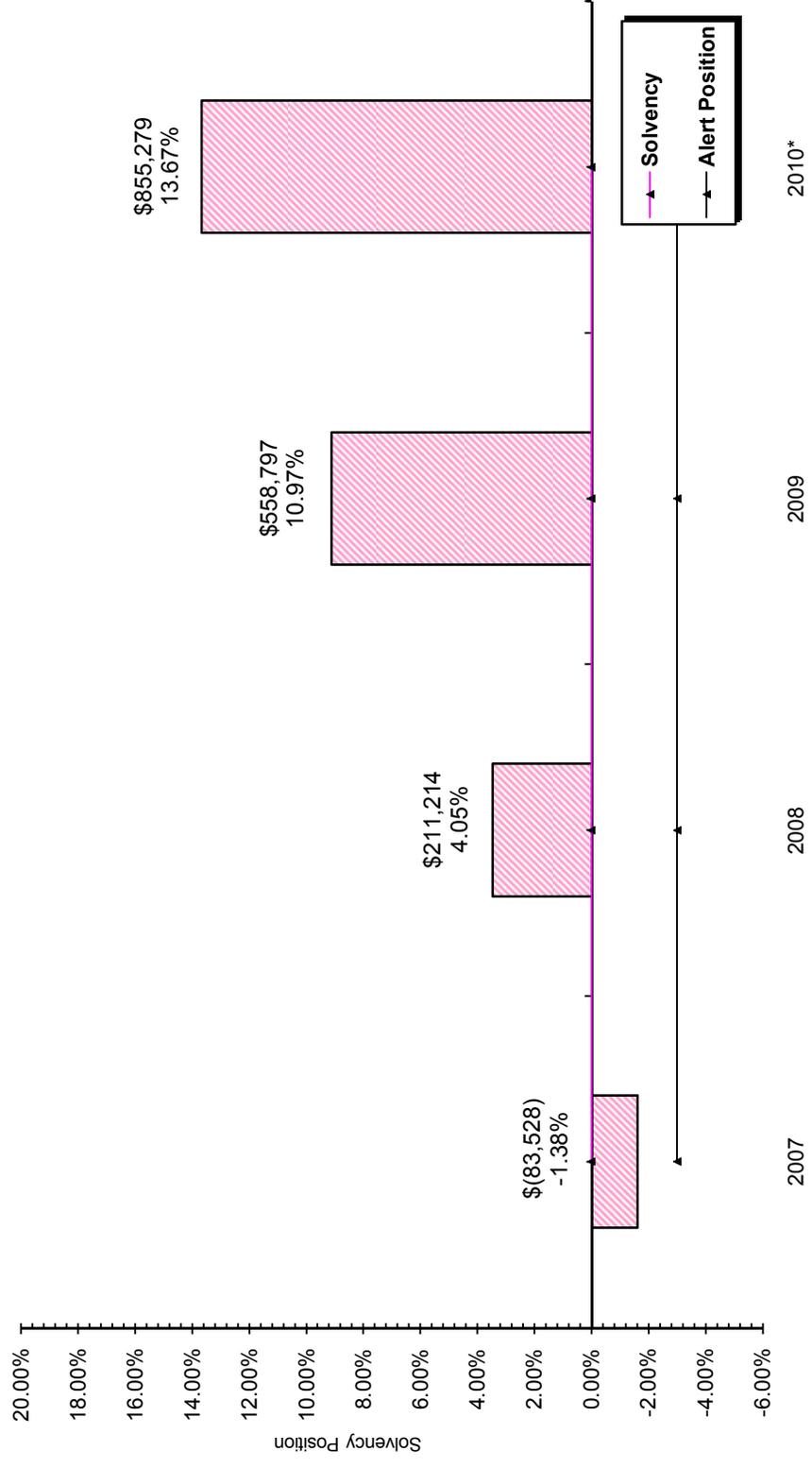
Totals By Year

SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
Comparison of General Fund Revenues



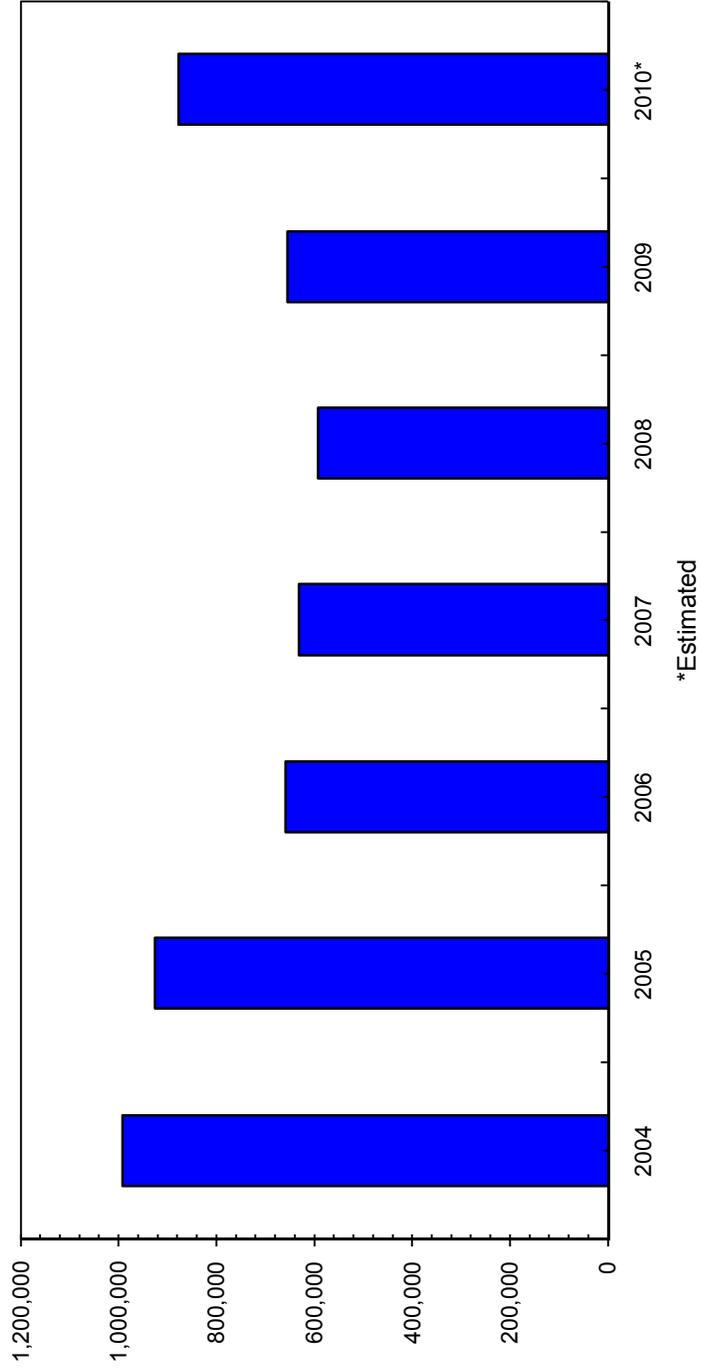
See Independent Auditor's Report on the Supplementary Information.

South Winneshiek Community School District
General Fund Solvency Ratio



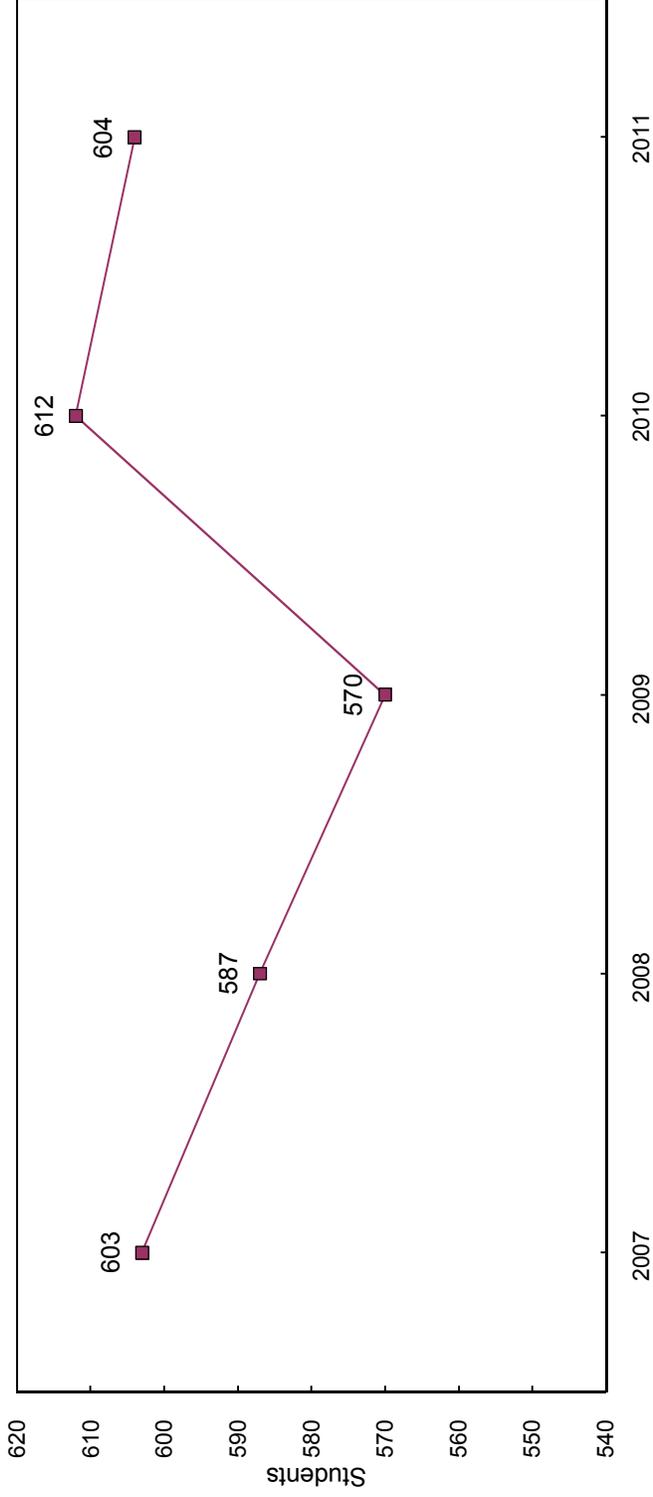
See Independent Auditor's Report on the Supplementary Information.

South Winneshiek Community School District
Spending Authority



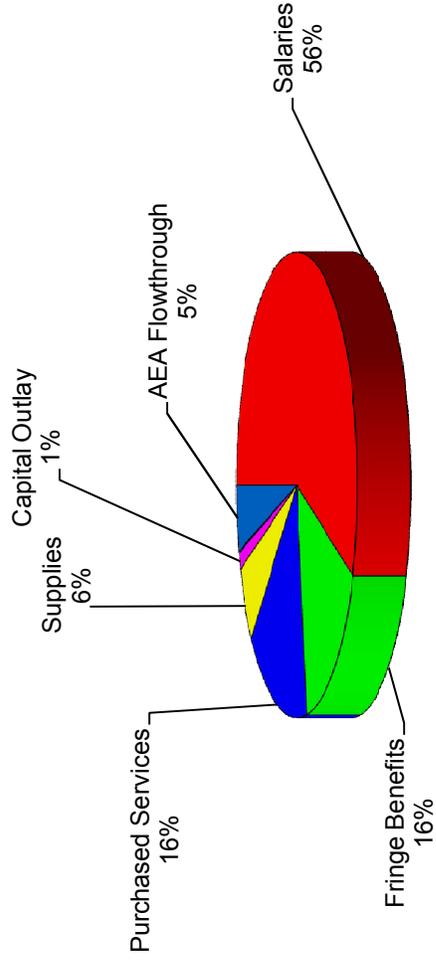
See Independent Auditor's Report on the Supplementary Information.

South Winneshiek Community School District
Student Enrollment Data

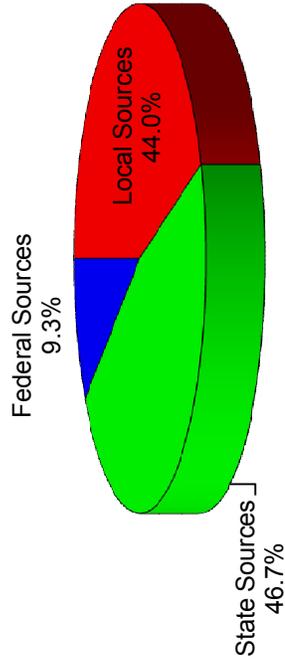


Resource: Total School Enrollment, Not Certified Enrollment, Line 11 of Certified Enrollment Form

**SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Expenditure Analysis Year Ended June 30, 2010**



SOUTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Revenue Analysis Year Ended June 30, 2010



See Independent Auditor's Report on the Supplementary Information.

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

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Winneshiek Community School District as of and for the year ended June 30, 2010, which collectively comprise South Winneshiek Community School District's basic financial statements and have issued our report thereon dated November 30, 2010. The report on the governmental activities was an adverse opinion because we were unable to audit the capital assets and depreciation expense. 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 South Winneshiek 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 South Winneshiek Community School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of South Winneshiek Community School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a 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 that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items II-A-10 and II-B-10. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of South Winneshiek Community School District in a separate letter dated November 30, 2010.

South Winneshiek Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit South Winneshiek Community School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management and 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.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
November 30, 2010

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

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

Compliance

We have audited the compliance of South Winneshiek Community School District with the types of compliance requirements described in the 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. South Winneshiek Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of South Winneshiek Community School District's management. Our responsibility is to express an opinion on South Winneshiek 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 noncompliance 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 South Winneshiek Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of South Winneshiek Community School District's compliance with those requirements.

In our opinion, South Winneshiek 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

Management of South Winneshiek Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered South Winneshiek Community School District's internal control over compliance with the 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 the District's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

South Winneshiek Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit South Winneshiek Community School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management and 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.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
November 30, 2010

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MANAGEMENT LETTER

To the Board of Education
South Winneshiek Community School District
Calmar, Iowa

In planning and performing our audit of the financial statements of South Winneshiek Community School District for the year ended June 30, 2010, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 thru 13 below are compliance comments required by the Iowa Auditor of State. A separate report dated November 30, 2010 contains our report on significant deficiencies in the District's internal control. This letter does not affect our report dated November 30, 2010, on the financial statements of the South Winneshiek Community School District. Comment numbers 14, 15, and 16 are repeat comments from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

1. **Certified Budget**
The certified budget was amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
2. **Questionable Expenditures**
We noted no expenditures that may not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.
3. **Travel Expense**
No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.
4. **Business Transactions**
We noted no business transactions between the District and District officials and/or employees for the year ended June 30, 2010.
5. **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.
6. **Board Minutes**
We noted no transactions requiring Board approval, which had not been, approved by the Board. We also noted no minutes and bills that had not been published as required.

7. Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

8. Certified Annual Report

The Certified Annual Report (CAR) was certified to the Iowa Department of Education timely.

9. Certified Enrollment

No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

10. Student Activity Fund

No instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for money in the Student Activity Fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

In accordance with IAR 281-98.70, upon dissolution of a student activity, such as a graduating class, the surplus must be used to support other student activities in the Student Activity Fund. The District has not closed out student activity accounts for graduated classes (classes of 2008 through 2009).

Recommendation

The balances remaining in the graduated class accounts should be transferred to other student activity accounts.

Response and Corrective Action Planned

We will look to transfer these account balances to other student activity accounts with deficits.

Conclusion

Response accepted.

11. Categorical Funding

No instances were noted of categorical funding being used to supplant rather than supplement other funds. The School District only expended funds per Iowa Code 2560.2 for kindergarten through third grade to achieve higher level of student success in basic skills, especially reading.

12. Statewide Sales and Services Tax

No instances of noncompliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$	None
Statewide sales, services and use tax			535,869
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	299,169	
Debt service for school infrastructure:			
General obligation debt		236,700	535,869
Ending balance		\$	<u>None</u>

12. Statewide Sales and Services Tax (Continued)

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

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 1.30	\$ 236,700
Public educational and recreational levy	1.69	299,169
		<u>\$ 535,869</u>

13. Supplementary Weighting

The District certified one student to the Iowa Department of Education that never attended class in the fall 2009. This resulted in overstating the total certified enrollment by 1.0 FTE.

Recommendation

The District should notify the Iowa Department of Education of the error to get the proper count.

Response and Corrective Action Planned

Department of Education has been contacted and this will be adjusted for in the current year.

Conclusion

Response accepted.

14. Property and Equipment Records

A partial record of the District's fixed assets is maintained on individual property journals. Property journal totals have not been reconciled to balance additions and deletions to the general ledger. We recommend that this procedure be implemented. In addition, to facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the capital assets records. The District also needs to calculate depreciation expense on the appropriate capital assets.

Recommendation

We recommend management summarize its property records and record the results in the governmental activities.

Response and Corrective Action Planned

We are in the process of compiling the information.

Conclusion

Response accepted.

15. Outstanding Bond Coupon

The District has a 1959 General Obligation Serial Bond outstanding for \$5,000 plus accrued interest.

Recommendation

We recommend the Board turn this amount over to the State Treasurer due to the escheat rules.

Response and Corrective Action Planned

We will do as recommended.

Conclusion

Response accepted.

16. Student Activity Funds Deficits

As of June 30, 2010, several individual student activity accounts have negative account balances. Some of these accounts historically have had operating deficits.

Recommendation

We recommend a plan be established to eliminate the deficit accounts including but not limited to the reallocation of funds among the accounts.

Response and Corrective Action Planned

We are cognizant of these deficits. Our objective is to report what the activities true picture are at June 30 and make intrafund transfers if appropriate.

Conclusion

Response accepted.

17. Disbursements

During our audit, we noticed various items that were not in compliance with District procedures. There were several invoices that were not cancelled after they had been paid. There was one check that did not have appropriate supporting documentation or invoice to verify the amount charged to the program. Also three checks had no indication of what accounts expenditures were being charged to. After subsequent review it appeared all tested disbursements were appropriate expenditures of public funds.

Recommendation

We recommend the appropriate or designated person(s) review and authorize all invoices, supporting documents, as well as sign checks. Also all invoices should be marked paid at the time the checks are disbursed.

Response and Corrective Action Planned

We will do better in the future to verify that all invoices and checks are in compliance with District procedure.

Conclusion

Response accepted.

18. Mileage Reimbursement

During our disbursements testing we noted mileage reimbursement was being paid out at a rate of 55.5 cents per mile when the IRS mileage rate was 55 cents per mile.

Recommendation

We recommend that IRS rates be checked periodically to confirm the correct mileage rates are being paid for reimbursement.

Response and Corrective Action Planned

Mileage rates are checked regularly when reimbursement notices are received and this one was mistakenly missed.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of South Winneshiek 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.

Hacher, Nelson & Co., P.C.

Decorah, Iowa
November 30, 2010