

ANAMOSA COMMUNITY SCHOOL DISTRICT  
ANAMOSA, IOWA

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

JUNE 30, 2011

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ANAMOSA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Lowell Tiedt	President	2013
Rich Crump	Vice President	2011
Anna Mary Riniker	Board Member	2011
Brian Bieber	Board Member (Resigned October 4, 2010)	
Kristine Kilburg	Board Member (Appointed October 11, 2010)	2011
Brian Darrow	Board Member	2011
Connie McKean	Board Member	2013
Jean Sellnau	Board Member	2013
<u>School Officials</u>		
Brian Ney	Superintendent	2012
Don L. Folkerts	District Secretary	2011
Linda Von Behren	District Treasurer	2011
Brian Gruhn	Attorney	2011
Adrian Knuth Law Firm	Attorney	2011

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Anamosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anamosa Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2011 on our consideration of Anamosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 21 and 60 through 62 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anamosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa  
December 13, 2011

*Hunt & Associates, P.C.*

## Management's Discussion and Analysis

Anamosa Community School District provides this discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please consider this information in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- For fiscal year 2011, the State underfunded the allowable growth rate previously set at 2%. The underfunding amounted to approximately 5% or \$283.61 per weighted enrollment, for a total funding shortfall of approximately (\$420,930).
- Contracts were awarded and construction began on a new \$16 million middle school.
- The District issued \$9,000,000 in Qualified School Construction Bonds (QSCB's) for the new middle school.
- During the year, the District received \$129,268 in Fiscal Stabilization and Government Services Funds through the federal American Recovery and Reinvestment Act. These funds were used towards the cost of teacher salaries and benefits during the year.
- The District was awarded \$232,254 from the Iowa School Microsoft Settlement. The award is in the form of vouchers, 50% in Software Vouchers and 50% in General Purpose Vouchers. The District has until June 30, 2014 to redeem these vouchers.

### Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

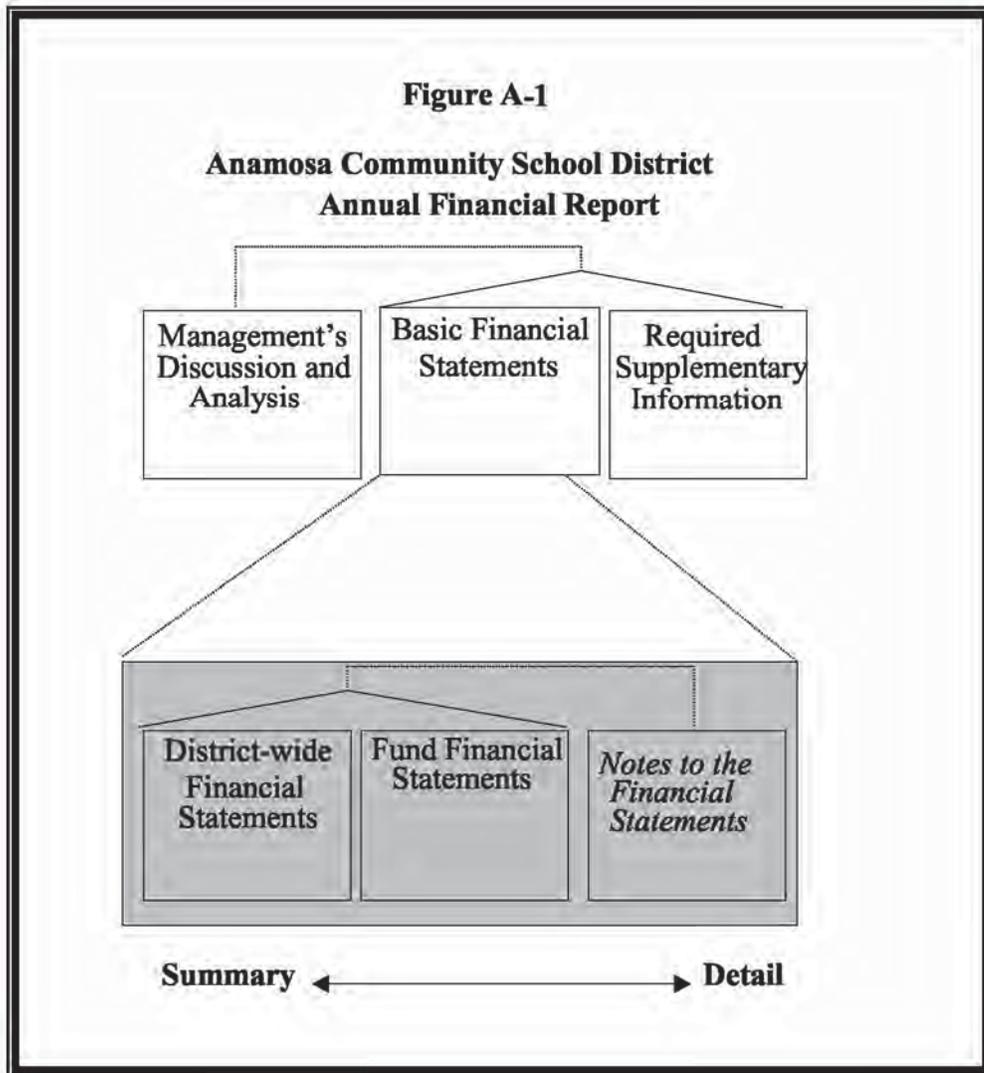


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

<b>Figure A-2: Major Features of the District Wide and Fund Financial Statements</b>				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: nutrition services, day care and 3 year old preschool are included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and agency fund monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-wide Financial Statements

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

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

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

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

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

## Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

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

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

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District has four enterprise funds, the School Nutrition Fund, the Construction Trades Fund, the Three-Year Old Preschool Fund and the Day Care Fund, consisting of Rainbow Day Care and Kids Quest.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
  - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
  - Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other entities.

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

## Financial Analysis of the District as a Whole

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

	Governmental Activities		Business Type Activities		Total School District	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
	Current and other assets	\$ 9,610,137	\$19,173,376	\$ 147,071	\$172,753	\$9,757,208
Capital assets	<u>7,286,159</u>	<u>9,143,416</u>	<u>68,767</u>	<u>62,209</u>	<u>7,354,926</u>	<u>9,205,625</u>
<b>Total assets</b>	<b><u>\$16,896,296</u></b>	<b><u>\$28,316,792</u></b>	<b><u>\$215,838</u></b>	<b><u>\$234,962</u></b>	<b><u>\$17,112,134</u></b>	<b><u>\$28,551,754</u></b>
Long-term obligations	\$ 197,325	\$ 9,203,693	\$ 13,444	\$ 13,347	\$ 210,769	\$ 9,217,040
Other liabilities	<u>5,554,417</u>	<u>6,337,618</u>	<u>50,381</u>	<u>55,286</u>	<u>5,604,798</u>	<u>6,392,904</u>
<b>Total liabilities</b>	<b><u>\$5,751,742</u></b>	<b><u>\$ 15,541,311</u></b>	<b><u>\$ 63,825</u></b>	<b><u>\$ 68,633</u></b>	<b><u>\$5,815,567</u></b>	<b><u>\$15,609,944</u></b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	\$7,286,159	\$ 8,323,457	\$68,767	\$62,209	\$7,354,926	\$8,385,666
Restricted	1,882,938	1,794,940	-	-	1,882,938	\$1,794,940
Unrestricted	<u>1,975,457</u>	<u>2,657,084</u>	<u>83,246</u>	<u>104,120</u>	<u>2,058,703</u>	<u>\$2,761,204</u>
<b>Total net assets</b>	<b><u>\$11,144,554</u></b>	<b><u>\$12,775,481</u></b>	<b><u>\$152,013</u></b>	<b><u>\$166,329</u></b>	<b><u>\$11,296,567</u></b>	<b><u>\$12,941,810</u></b>

Net assets from governmental activities increased by \$1,630,927 in FY '11. This is primarily due to the increase in capital assets from the purchase of land for the new middle school and the construction in progress of the new middle school. The net assets of the District's business-type activities increased by \$14,316. This is primarily due to the increase in assets in the Daycare program (See Figure A-4)

**Figure A-4**

**Changes in Net Assets from Operating Results**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>School</b>	<b>District</b>
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,525,236	\$1,548,521	\$ 779,307	\$ 808,008	\$2,304,543	\$ 2,356,529
Operating Grants & Contributions	2,007,750	1,820,719	278,100	277,901	2,285,850	2,098,620
Capital Grants & Contributions	-	60,000	7,954	-	7,954	60,000
<b>General revenues</b>						
Property taxes	3,813,067	4,067,225	-	-	3,813,067	4,067,225
Other taxes	1,148,274	1,403,771	-	-	1,148,274	1,403,771
Unrestricted Grants/Entitlements & Interest	5,675,809	6,055,204	141	254	5,675,950	6,055,458
<b>Total revenues</b>	<b>\$ 14,170,136</b>	<b>\$14,955,440</b>	<b>\$1,065,502</b>	<b>\$1,086,163</b>	<b>\$15,235,638</b>	<b>\$16,041,603</b>
<b>Expenses</b>						
Instruction	\$ 8,837,773	\$8,869,155	\$13,891	20,182	\$ 8,851,664	\$ 8,889,337
Support Services	3,825,871	3,670,618	19,243	22,884	3,845,114	3,693,502
Debt Service, interest on long-term debt	12,408	-	-	-	12,408	-
Other	796,404	784,740	1,046,513	1,028,781	1,842,917	1,813,521
<b>Total expenses</b>	<b>\$ 13,472,456</b>	<b>\$13,324,513</b>	<b>\$1,079,647</b>	<b>\$1,071,847</b>	<b>\$14,552,103</b>	<b>\$14,396,360</b>
<b>Change in net assets</b>	<b>\$ 697,680</b>	<b>\$ 1,630,927</b>	<b>\$(14,145)</b>	<b>\$ 14,316</b>	<b>\$ 683,535</b>	<b>\$1,645,243</b>

Figure A-5 shows the sources of revenues of governmental activities for fiscal year 2011. State Aid made up 39.5% of total revenues, comparable to 39.4% of the previous year. Property Taxes made up 27.2% of revenues, up from 26.9% last year. Federal & State categorical grants made up 12.6% of the revenues, down from 14.2% last year. Charges for services as a percentage of total revenues decreased slightly from 10.8% to 10.3%. Other taxes, which consist of SILO and Income Surtax, made up 9.4% of governmental revenues, up from 8.1% last year. Investment earnings made up 1.0% of total revenues.

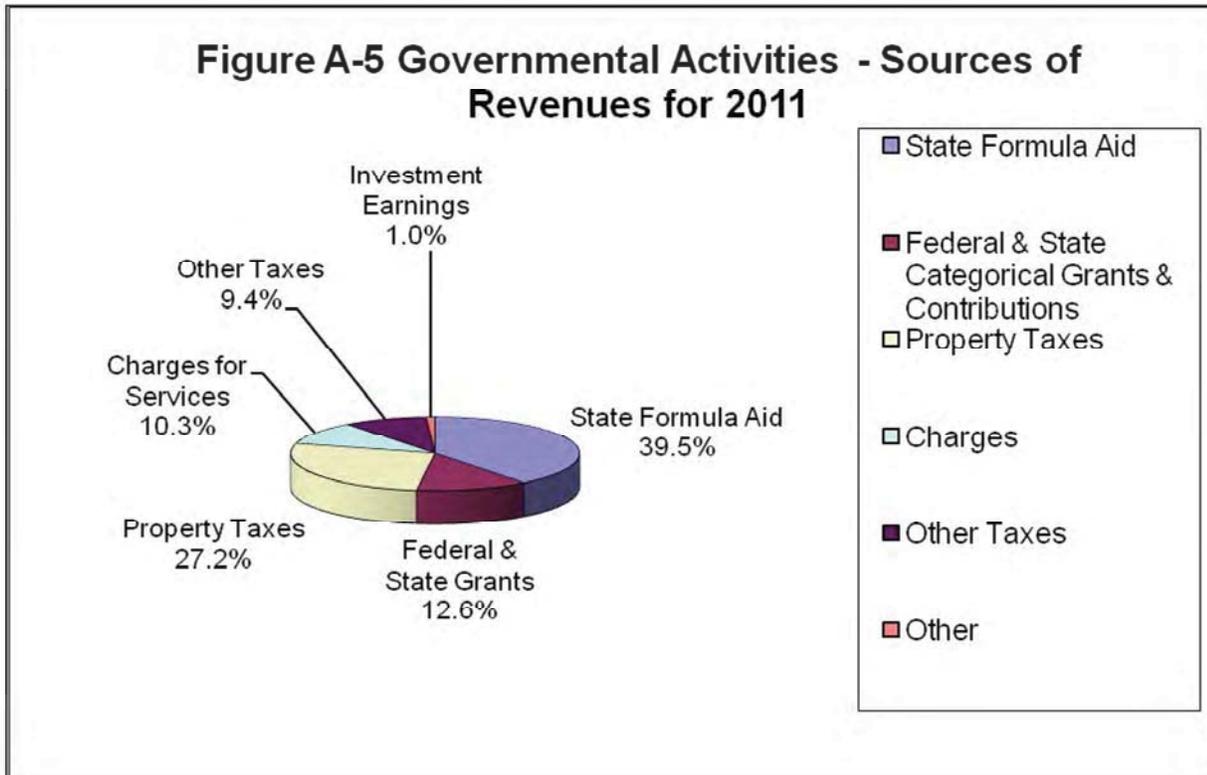


Figure A-6 illustrates the expenses of the District’s governmental activities divided into seven categories and presents them as a percent of all governmental activities expenses. Instructional expenses made up 66.6% of all governmental activities expenses. This is up from 65.6% in 2010. Pupil and Instructional Support, which includes media, guidance, and technology support, made up 7.2% of all expenses. Administration represented 8.3% of all expenses, down from 9.3%. Maintenance and Transportation accounted for 7.2% and 4.9% respectively of all expenses. Maintenance increased as a percent of total expenses from 6.7% last year. All Other was 5.9% of total expenses. All Other includes AEA Flowthrough and Depreciation.

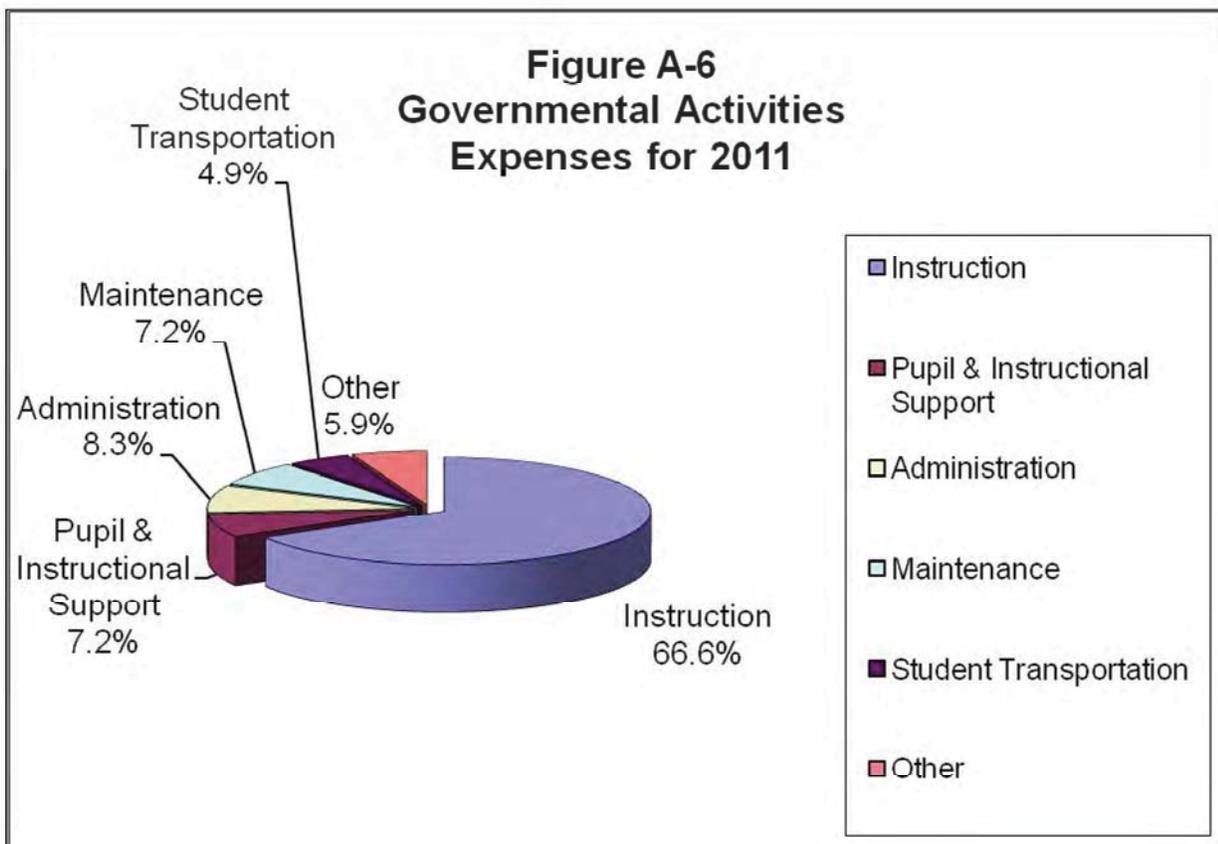


Figure A-7 presents the cost of four major district activities: instruction, support services including maintenance and transportation, debt service, and other. The table also shows each activity’s *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions.

**Figure A-7**

**Total and Net Cost of Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Instruction	\$ 8,837,773	\$ 8,869,155	\$ 5,958,259	\$ 6,140,686
Support Services	3,825,871	3,670,618	3,699,232	3,500,775
Debt Service	12,408	-	12,408	-
Other	<u>796,404</u>	<u>784,740</u>	<u>269,571</u>	<u>253,812</u>
<b>Total</b>	<b>\$13,472,456</b>	<b>\$13,324,513</b>	<b>\$ 9,939,470</b>	<b>\$ 9,895,273</b>

- The cost of all governmental activities for FY '11 was \$13,324,513, a decrease of 1.1% from FY '10.
- Some of the cost was financed by the users of the District's programs (see Figure A-4)
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$1,820,719, and charges for district services financed \$1,548,521.
- Most of the District's costs (\$9,895,273), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$4,067,225 in property taxes, \$5,904,634 of unrestricted state aid based on the statewide finance formula, and investment earnings. The state aid portion increased by \$327,553 or 5.9%. The previous year reflected a 10% across the board cut.

**Business-Type Activities**

Program revenues of the District's business-type activities increased from \$1,065,502 to \$1,086,163, an increase of \$20,661, or 1.9%. This increase was mainly due to an increase in revenue in the day care program. Expenses for business-type activities decreased from \$1,079,647 to \$1,071,847. This difference was primarily due to decreased expenditures in the School Nutrition Program. (Refer to Figure A-4.)

**Financial Analysis of the District's Funds**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$12,380,880. This is up from a combined governmental fund balance of approximately \$3,746,400 at June 30, 2010. This increase of approximately \$8,634,500 is primarily due to the sale of \$9,000,000 in Qualified School Construction Bonds (QSCB's) less the payments made on these bonds in fiscal year 2011 totaling \$239,456.

## **Governmental Fund Highlights**

- The General Fund balance increased by 19.9% from \$2,545,609 to \$3,052,660. Of this increase, \$139,880 is attributed to an increase in unexpended categorical dollars such as state preschool and drop-out prevention. The balance of the increase can be attributed to 1) the use of ARRA funds to help cover teacher salaries and benefits in the amount of \$129,268 and 2) a cash reserve levy of \$701,451.
- The Capital Projects Fund balance increased by 7,709,240. This is due to the sale of the bonds as explained above.
- The Physical Plant and Equipment Fund (PPEL) fund balance increased by \$151,644. The fund balance increased as the District pays back the interfund loan with the General Fund as property tax dollars are collected. Projects funded and items purchased from the PPEL fund in fiscal year 2011 include resurfacing of the track at a cost of \$36,390, roof repairs to Strawberry Hill Elementary in the amount of \$23,840, replanking of the bleachers at the football stadium for \$33,887, upgrades to lights in the Strawberry Hill gymnasium for \$8,655, among other items.

## **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased by \$3,720 from last year to \$83,089 at June 30, 2011. This was primarily due to a decrease in operating expenses.

The Construction Trades Fund experienced a decrease in net assets of (\$2,601) from the previous year. This almost exclusively represents the interest cost incurred to the general fund for the cost of the student built homes not yet sold.

The Preschool Fund net assets decreased by \$1,118 from June 30, 2010. This is due to an increase in expenses charged to the program.

The Daycare Fund net assets increased by \$14,315 from the previous year. This is due to an increase in revenues.

## **Budgetary Highlights**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a basis consistent with generally accepted accounting principles (GAAP).

Over the course of the year, the District amended its annual operating budget one time in the areas of Total Support Services, to allow for the payment of architect fees, purchases made from Microsoft Settlement dollars; Noninstructional Programs, to allow for the sale of a student-built home, in the event one was sold; and Total Other Expenditures, to include construction costs related to the new middle school and issuance costs of the Qualified School Construction Bonds.

With the amendment of the budget, none of the function areas exceeded the certified budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

## **Legal Budgetary Highlights**

The District's total revenues were \$437,496 less than budgeted, a variance of 2.7%. This was primarily due to the State underfunding the 2% allowable growth for fiscal year 2011 by approximately 5% or about \$420,932.

Total expenditures were less than the budgeted amount by 34.5%. This is primarily due to the District's practice to budget expenditures near the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should exceed the actual expenditures during the year. Total expenditures are also lower than budgeted due to no expenditures for the FY '10 or FY '11 student-built homes being recognized and construction expenditures incurred being less than anticipated before June 30<sup>th</sup> for the new middle school.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2011, the District had invested approximately \$9.1 million in a broad range of assets, including school buildings, athletic facilities, transportation, and technology equipment. (See Figure A-8) This is a net increase of \$1,857,257 from last year. The increase is mainly attributed to Construction in Progress of the new middle school. Land increased in the amount of the MacDow property purchase in the amount of \$646,015. Site improvement additions consisted of track resurfacing in the amount of \$36,390. Building capital improvements for the year at the elementary included roof improvements at a cost of \$23,840, gymnasium light upgrades at a cost of \$8,655, boiler installations (2) at a cost of \$47,900 and rewiring of pipes at a cost of \$4,350. Other district improvements included bleacher replanking at the football stadium at a cost of \$33,887. Equipment additions for the year included the purchase of a New Holland Boomer 50 tractor (\$16,500), 2003 Impala for drivers' education (\$5,995), Air conditioners for the high school library (3 for \$12,752) and an elliptical machine for the fitness center (\$3,744). **(More detailed information about capital assets can be found in Note 5 to the financial statements.)** Depreciation expense for the year was \$374,089 for governmental activities.

**Figure A-8**  
**Capital Assets (net of depreciation)**

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010-2011</u>
Land	\$591,350	\$1,237,365	\$ -	\$ -	\$591,350	\$1,237,365	109.2%
Land Improvements	384,946	389,220			384,946	389,220	1.1%
Construction In Progress	15,921	1,414,007			15,921	1,414,007	878.1%
Buildings	5,984,378	5,907,194	-	-	5,984,378	5,907,194	-1.3%
Equipment & Furniture	<u>309,564</u>	<u>195,630</u>	<u>68,767</u>	<u>62,209</u>	<u>378,331</u>	<u>257,839</u>	-31.8%
	<b>\$ 7,286,159</b>	<b>\$9,143,416</b>	<b>\$68,767</b>	<b>\$62,209</b>	<b>\$7,354,926</b>	<b>\$9,205,625</b>	25.2%

## Long-Term Debt

At June 30, 2011 the District had total long-term liabilities of \$9,203,693. This is an increase of \$9,006,368 from the previous fiscal year as can be seen in Figure A-9 below. More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

During the year the District issued Qualified School Construction Bonds in the amount of \$9,000,000.

**Figure A-9**

### Outstanding Long-Term Liabilities – Governmental Activities

	Total		Total
	School District		Percentage
	2010	2011	Change
			2010-2011
Early retirement	\$ 119,630	\$ 89,723	25.0%
Net OPEB Liability	36,145	73,145	102.4%
Compensated Absences	41,550	40,825	-1.7%
Qualified School Construction Bonds	<u>0</u>	<u>9,000,000</u>	100.0%
<b>Total</b>	<b>\$ 197,325</b>	<b>\$9,203,693</b>	<b>456.4%</b>

## Factors Bearing on the District's Future

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

- The October 2011 certified enrollment showed a decrease of 69.62 students from the previous year. Given a 2% allowable growth for 2012-2013, this will result in a decrease in funding of approximately (\$265,000). While the District may levy a one-time budget guarantee to cover this decrease in revenues for 2012-2013, the levy is one-time only. Costs will need to be adjusted to accommodate the loss in students and funding
- The District has received authorization from the Iowa Department of Education to issue an additional \$200,000 in Qualified School Construction Bonds, making a total of \$12,340,000 in bonds available for the middle school building project. The district has \$1,340,000 of these bonds yet to be sold.
- The District is anticipating opening the new middle school in time for the 2012-2013 school year. The 80,000 square foot facility on 45.5 acres will be replacing the current 60,000 square foot middle school. It is anticipated operating costs will be higher. The higher, ongoing operating costs will need to be incorporated as ongoing expenditures in the District's operating budget. This District will also have some continuing maintenance costs on the current structure until such time the building is sold or razed.
- Certified teaching staff, represented by the Anamosa Education Association, make up approximately \$6,300,000 in wages and benefits or 51.1% of all General Fund expenditures. Salary and benefit settlements with any employee group in excess of "new money" or allowable growth in state funding has an adverse effect on the District's General Fund budget and related fund balance.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Von Behren, Business Manager, Anamosa Community School District, 200 S Garnavillo Street, Anamosa, Iowa, 52205.

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## Basic Financial Statements

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
June 30, 2011

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 13,656,078	\$ 119,681	\$ 13,775,759
Receivables:			
Property tax:			
Current year	44,908	-	44,908
Succeeding year	4,047,352	-	4,047,352
Income surtax	454,878	-	454,878
Accounts	53,382	29,719	83,101
Due from other governments	468,971	-	468,971
Interfund balances (note 4)	396,493	(396,493)	-
Inventories	-	419,846	419,846
Prepaid expenses	51,314	-	51,314
Capital assets, net of accumulated depreciation (note 5)	9,143,416	62,209	9,205,625
<b>Total assets</b>	<b>28,316,792</b>	<b>234,962</b>	<b>28,551,754</b>
<b>Liabilities</b>			
Accounts payable	822,530	5,440	827,970
Salaries and benefits payable	1,207,632	40,449	1,248,081
Deferred revenue:			
Succeeding year property tax	4,047,352	-	4,047,352
Other	260,104	9,397	269,501
Long-term liabilities (note 6):			
Portion due within one year:			
Compensated absences	40,825	9,492	50,317
Early retirement	29,908	-	29,908
Portion due after one year:			
Early retirement	59,815	-	59,815
Bonds payable	9,000,000	-	9,000,000
Net OPEB liability	73,145	3,855	77,000
<b>Total liabilities</b>	<b>15,541,311</b>	<b>68,633</b>	<b>15,609,944</b>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 8,323,457	\$ 62,209	\$ 8,385,666
Restricted for:			
Categorical funding (note 11)	736,484	-	736,484
Management levy	7,148	-	7,148
Physical plant and equipment levy	45,875	-	45,875
Student activities	160,895	-	160,895
Debt service	239,457	-	239,457
Capital projects	605,081	-	605,081
Unrestricted	<u>2,657,084</u>	<u>104,120</u>	<u>2,761,204</u>
Total net assets	<u>\$ 12,775,481</u>	<u>\$ 166,329</u>	<u>\$ 12,941,810</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction	\$ 8,869,155	\$ 1,497,495	\$ 1,230,974	\$ -
Support services:				
Student services	435,371	-	35,929	-
Instructional staff services	518,013	-	13,000	-
Administration services	1,103,340	-	-	60,000
Operation and maintenance of plant services	961,589	14,064	-	-
Transportation services	652,305	36,962	9,888	-
	<u>3,670,618</u>	<u>51,026</u>	<u>58,817</u>	<u>60,000</u>
Other expenditures:				
Facilities acquisition	15,945	-	-	-
AEA flowthrough	530,928	-	530,928	-
Depreciation (unallocated) *	237,867	-	-	-
	<u>784,740</u>	<u>-</u>	<u>530,928</u>	<u>-</u>
<b>Total governmental activities</b>	<u>13,324,513</u>	<u>1,548,521</u>	<u>1,820,719</u>	<u>60,000</u>
<b>Business-Type Activities:</b>				
Instruction	20,182	17,743	-	-
Support services:				
Instructional staff services	119	-	-	-
Administration services	12,158	-	-	-
Operation and maintenance of plant services	7,693	-	-	-
Transportation services	2,914	-	-	-
	<u>22,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	606,654	354,746	272,164	-
Preschool operations	4,862	-	5,737	-
Daycare operations	417,265	435,519	-	-
	<u>1,028,781</u>	<u>790,265</u>	<u>277,901</u>	<u>-</u>
<b>Total business-type activities</b>	<u>1,071,847</u>	<u>808,008</u>	<u>277,901</u>	<u>-</u>
<b>Total</b>	<u>\$ 14,396,360</u>	<u>\$ 2,356,529</u>	<u>\$ 2,098,620</u>	<u>\$ 60,000</u>

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (6,140,686)	-	\$ (6,140,686)
(399,442)	-	(399,442)
(505,013)	-	(505,013)
(1,043,340)	-	(1,043,340)
(947,525)	-	(947,525)
(605,455)	-	(605,455)
(3,500,775)	-	(3,500,775)
(15,945)	-	(15,945)
-	-	-
(237,867)	-	(237,867)
(253,812)	-	(253,812)
(9,895,273)	-	(9,895,273)
-	(2,439)	(2,439)
-	(119)	(119)
-	(12,158)	(12,158)
-	(7,693)	(7,693)
-	(2,914)	(2,914)
-	(22,884)	(22,884)
-	20,256	20,256
-	875	875
-	18,254	18,254
-	39,385	39,385
-	14,062	14,062
(9,895,273)	14,062	(9,881,211)

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

Functions/Programs

---

General revenues:

Property tax levied for:

General purposes

Capital outlay

Income surtax

Statewide sales, services and use tax

Unrestricted state and federal grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

---

Governmental Activities	Business-Type Activities	Total
\$ 3,780,954	\$ -	\$ 3,780,954
286,271	-	286,271
483,027	-	483,027
920,744	-	920,744
5,904,634	-	5,904,634
65,950	254	66,204
84,620	-	84,620
11,526,200	254	11,526,454
1,630,927	14,316	1,645,243
11,144,554	152,013	11,296,567
\$ 12,775,481	\$ 166,329	\$ 12,941,810

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 3,914,877	\$ 9,240,353	\$ 500,848	\$ 13,656,078
Receivables:				
Property tax:				
Current year	38,787	3,080	3,041	44,908
Succeeding year	3,506,076	299,277	241,999	4,047,352
Income surtax	454,878	-	-	454,878
Interfund receivable (note 4)	530,593	-	-	530,593
Accounts	53,382	-	-	53,382
Due from other governments	242,848	226,123	-	468,971
Prepaid expenses	51,314	-	-	51,314
	<hr/>			
Total assets	<u>\$ 8,792,755</u>	<u>\$ 9,768,833</u>	<u>\$ 745,888</u>	<u>\$ 19,307,476</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 312,409	\$ 504,459	\$ 5,662	\$ 822,530
Salaries and benefits payable	1,206,628	-	1,004	1,207,632
Interfund payable (note 4)	-	134,100	-	134,100
<b>Deferred revenue:</b>				
Succeeding year property tax	3,506,076	299,277	241,999	4,047,352
Other	714,982	-	-	714,982
Total liabilities	<u>5,740,095</u>	<u>937,836</u>	<u>248,665</u>	<u>6,926,596</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid expenses	51,314	-	-	51,314
<b>Restricted for:</b>				
Categorical funding (note 11)	736,484	-	-	736,484
Debt service	-	-	239,457	239,457
Management levy purposes	-	-	96,871	96,871
Student activities	-	-	160,895	160,895
School infrastructure	-	8,785,122	-	8,785,122
Physical plant and equipment	-	45,875	-	45,875
Assigned for wellness	33,636	-	-	33,636
Unassigned	2,231,226	-	-	2,231,226
Total fund balances	<u>3,052,660</u>	<u>8,830,997</u>	<u>497,223</u>	<u>12,380,880</u>
Total liabilities and fund balances	<u>\$ 8,792,755</u>	<u>\$ 9,768,833</u>	<u>\$ 745,888</u>	<u>\$ 19,307,476</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2011

Total fund balances of governmental funds \$ 12,380,880

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. 9,143,416

Other long-term assets, including income surtax receivable, are not available to  
pay current period expenditures and, therefore, are deferred in the  
governmental funds. 454,878

Long-term liabilities, including bonds payable, compensated absences, early  
retirement, and net OPEB liability, are not due and payable in the current period  
and, therefore, are not reported as liabilities in the governmental funds. (9,203,693)

Net assets of governmental activities \$ 12,775,481

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 3,840,536	\$ 1,206,776	\$ 274,620	\$ 5,321,932
Tuition	754,048	-	-	754,048
Other	411,567	71,974	425,194	908,735
Intermediate sources	11,506	-	-	11,506
State sources	7,123,880	239	235	7,124,354
Federal sources	663,530	-	-	663,530
Total revenues	<u>12,805,067</u>	<u>1,278,989</u>	<u>700,049</u>	<u>14,784,105</u>
<b>Expenditures:</b>				
Current:				
Instruction	<u>8,391,961</u>	-	460,519	<u>8,852,480</u>
Support services:				
Student services	439,047	-	-	439,047
Instructional staff services	478,058	4,952	-	483,010
Administration services	1,066,744	668,476	20,159	1,755,379
Operation and maintenance of plant services	853,104	30,890	85,783	969,777
Transportation services	563,912	-	34,599	598,511
	<u>3,400,865</u>	<u>704,318</u>	<u>140,541</u>	<u>4,245,724</u>
Other expenditures:				
Facilities acquisition	-	1,506,504	-	1,506,504
Long term debt:				
Interest and fiscal charges	-	39,766	-	39,766
AEA flowthrough	530,928	-	-	530,928
	<u>530,928</u>	<u>1,546,270</u>	<u>-</u>	<u>2,077,198</u>
Total expenditures	<u>12,323,754</u>	<u>2,250,588</u>	<u>601,060</u>	<u>15,175,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>481,313</u>	<u>(971,599)</u>	<u>98,989</u>	<u>(391,297)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):				
Compensation for loss of capital assets	\$ 25,738	\$ -	\$ -	\$ 25,738
Revenue bonds issued	-	9,000,000	-	9,000,000
Interfund transfers in (note 3)	-	71,940	239,457	311,397
Interfund transfers out (note 3)	-	(239,457)	(71,940)	(311,397)
Total other financing sources (uses)	<u>25,738</u>	<u>8,832,483</u>	<u>167,517</u>	<u>9,025,738</u>
Net change in fund balances	507,051	7,860,884	266,506	8,634,441
Fund balances beginning of year, as restated (note 14)	<u>2,545,609</u>	<u>970,113</u>	<u>230,717</u>	<u>3,746,439</u>
Fund balances end of year	<u>\$ 3,052,660</u>	<u>\$ 8,830,997</u>	<u>\$ 497,223</u>	<u>\$ 12,380,880</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 8,634,441

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

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

Expenditures for capital assets	\$ 2,231,346	
Depreciation expense	<u>(374,089)</u>	1,857,257

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 145,597

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities. (9,000,000)

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

Early retirement	29,907	
Compensated absences	725	
Net OPEB liability	<u>(37,000)</u>	<u>(6,368)</u>

Change in net assets of governmental activities \$ 1,630,927

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

June 30, 2011

	School Nutrition	Construction Trades	Nonmajor Enterprise Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 26,178	\$ -	\$ 93,503	\$ 119,681
Accounts receivable	347	-	29,372	29,719
Inventories	16,804	403,042	-	419,846
Capital assets, net of accumulated depreciation (note 5)	62,209	-	-	62,209
Total assets	<u>105,538</u>	<u>403,042</u>	<u>122,875</u>	<u>631,455</u>
<b>Liabilities</b>				
Accounts payable	425	323	4,692	5,440
Salaries and benefits payable	10,319	-	30,130	40,449
Interfund payable (note 4)	1,875	381,190	13,428	396,493
Deferred revenue	8,347	-	1,050	9,397
Compensated absences	-	-	9,492	9,492
Net OPEB liability	1,483	-	2,372	3,855
Total liabilities	<u>22,449</u>	<u>381,513</u>	<u>61,164</u>	<u>465,126</u>
<b>Net Assets</b>				
Invested in capital assets	62,209	-	-	62,209
Unrestricted	20,880	21,529	61,711	104,120
Total net assets	<u>\$ 83,089</u>	<u>\$ 21,529</u>	<u>\$ 61,711</u>	<u>\$ 166,329</u>

See notes to financial statements.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2011

	<u>School Nutrition</u>	<u>Construction Trades</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Operating revenues:				
Local sources:				
Charges for services	\$ 354,746	\$ -	\$ 453,262	\$ 808,008
Operating expenses:				
Instruction	-	-	20,182	20,182
Support services:				
Instructional staff services	-	-	119	119
Administration services	8,982	2,563	613	12,158
Operation and maintenance of plant services	7,655	38	-	7,693
Transportation services	-	-	2,914	2,914
Non-instructional programs	606,654	-	422,127	1,028,781
	<u>623,291</u>	<u>2,601</u>	<u>445,955</u>	<u>1,071,847</u>
Operating income (loss)	(268,545)	(2,601)	7,307	(263,839)
Non-operating revenues:				
Interest on investments	101	-	153	254
State sources	5,119	-	5,737	10,856
Federal sources	267,045	-	-	267,045
Total non-operating revenues	<u>272,265</u>	<u>-</u>	<u>5,890</u>	<u>278,155</u>
Change in net assets	3,720	(2,601)	13,197	14,316
Net assets beginning of year	<u>79,369</u>	<u>24,130</u>	<u>48,514</u>	<u>152,013</u>
Net assets end of year	<u>\$ 83,089</u>	<u>\$ 21,529</u>	<u>\$ 61,711</u>	<u>\$ 166,329</u>

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2011

	School Nutrition	Construction Trades	Nonmajor Enterprise Funds	Total
<b>Cash flows from operating activities:</b>				
Cash received from sale of lunches and breakfasts	\$ 358,147	\$ -	\$ -	\$ 358,147
Cash received from miscellaneous operating activities	1,521	-	445,208	446,729
Cash payments to employees for services	(343,257)	-	(390,911)	(734,168)
Cash payments to suppliers for goods or services	(245,095)	(187,695)	(39,549)	(472,339)
Net cash provided by (used by) operating activities	<u>(228,684)</u>	<u>(187,695)</u>	<u>14,748</u>	<u>(401,631)</u>
<b>Cash flows from non-capital financing activities:</b>				
State grants received	5,119	-	5,737	10,856
Federal grants received	224,585	-	-	224,585
Net cash provided by non-capital financing activities	<u>229,704</u>	<u>-</u>	<u>5,737</u>	<u>235,441</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(5,057)	-	-	(5,057)
<b>Cash flows from investing activities:</b>				
Interest on investments	101	-	153	254
Net increase (decrease) in cash and cash equivalents	(3,936)	(187,695)	20,638	(170,993)
Cash and cash equivalents beginning of year	<u>30,114</u>	<u>(191,958)</u>	<u>72,865</u>	<u>(88,979)</u>
Cash and cash equivalents end of year	<u>\$ 26,178</u>	<u>\$ (379,653)</u>	<u>\$ 93,503</u>	<u>\$ (259,972)</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2011

	School Nutrition	Construction Trades	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	\$ (268,545)	\$ (2,601)	\$ 7,307	\$ (263,839)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:				
Depreciation	10,747	-	-	10,747
Loss on disposal of equipment	868	-	-	868
Commodities used	42,460	-	-	42,460
(Increase) decrease in accounts receivable	2,496	142	(8,444)	(5,806)
Increase (decrease) in inventories	3,633	(184,470)	-	(180,837)
Decrease in prepaid expenses	-	-	340	340
Increase (decrease) in accounts payable	320	(766)	1,232	786
Increase (decrease) in salaries and benefits payable	1,179	(468)	592	1,303
Increase (decrease) in interfund payable	(24,268)	468	13,428	(10,372)
Increase in deferred revenue	2,426	-	390	2,816
(Decrease) in compensated absences	-	-	(97)	(97)
Net cash provided by (used by) operating activities	<u>\$ (228,684)</u>	<u>\$ (187,695)</u>	<u>\$ 14,748</u>	<u>\$ (401,631)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$42,460 of federal commodities.

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets:</b>		
Cash and pooled investments	\$ 67,814	\$ 85,721
<b>Liabilities:</b>		
Other payables	-	85,721
<b>Net assets:</b>		
Reserved for scholarships	\$ 67,814	\$ -

See notes to financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2011

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
<b>Additions:</b>		
Local sources:		
Gifts and contributions	\$ 300	
Interest	<u>1,307</u>	
Total additions		<u>1,607</u>
<b>Deductions:</b>		
Support services:		
Scholarships awarded		<u>3,037</u>
Change in net assets	(1,430)	
Net assets beginning of year		<u>69,244</u>
Net assets end of year	\$	<u><u>67,814</u></u>
See notes to financial statements.		

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Anamosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve, special education pre-kindergarten, and a preschool program for three and four year olds. The geographic area served includes the Cities of Anamosa, Martelle, Viola, Morley, Fairview, and Stone City, Iowa, and agricultural territory in Jones County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Anamosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Anamosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary funds:

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

The Enterprise, Construction Trades Fund is used to account for the construction trades student built house program of the District.

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

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

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

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

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2011 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	150,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

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

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

Deferred revenue for governmental activities in the Statement of Net Assets consists of unspent grant proceeds and the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Deferred revenue for proprietary funds and business-type activities consists of unearned meal and preschool revenues.

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

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

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ <u>6,422</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Cash and Pooled Investments (continued)

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

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

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 239,457
Capital Projects	Debt Service	<u>71,940</u>
Total		<u>\$ 311,397</u>

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

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Interfund Receivables and Payables

At June 30, 2011, interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
Interfund balances between governmental funds:		
Other receivables:		
General	Capital Projects	\$ <u>134,100</u>
Interfund balances between governmental and proprietary funds:		
Pooled cash balances:		
General	Enterprise - Construction and Trades	<u>379,653</u>
Other receivables:		
General	Enterprise - School Nutrition	1,875
General	Enterprise - Construction and Trades	1,537
General	Enterprise - Daycare	<u>13,428</u>
		<u>16,840</u>
		<u>396,493</u>
Total		\$ <u><u>530,593</u></u>

Pooled cash balances are temporary financing between funds which is necessary due to the timing of expected revenues from the sale of the student built houses and the related expenses.

The other receivable interfund balance between the General Fund and the Capital Projects Fund is a long-term loan to finance land acquisition. This loan will be repaid over six years and includes interest at 4.0% per annum. The remaining other receivable interfund balances are due to timing differences involved in various reimbursements at year end.

The balances between governmental funds are not included on the government-wide Statement of Net Assets. The balances between governmental and proprietary funds have been eliminated on the face of the government-wide Statement of Net Assets.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 591,350	\$ 646,015	\$ -	\$ 1,237,365
Construction in progress	15,921	1,398,086	-	1,414,007
Total capital assets not being depreciated	<u>607,271</u>	<u>2,044,101</u>	<u>-</u>	<u>2,651,372</u>
Capital assets being depreciated:				
Buildings	8,818,598	118,632	-	8,937,230
Improvements other than buildings	674,178	36,390	-	710,568
Furniture and equipment	2,027,647	32,223	-	2,059,870
Total capital assets being depreciated	<u>11,520,423</u>	<u>187,245</u>	<u>-</u>	<u>11,707,668</u>
Less accumulated depreciation for:				
Buildings	2,834,220	195,816	-	3,030,036
Improvements other than buildings	289,232	32,116	-	321,348
Furniture and equipment	1,718,083	146,157	-	1,864,240
Total accumulated depreciation	<u>4,841,535</u>	<u>374,089</u>	<u>-</u>	<u>5,215,624</u>
Total capital assets being depreciated, net	<u>6,678,888</u>	<u>(186,844)</u>	<u>-</u>	<u>6,492,044</u>
Governmental activities capital assets, net	<u>\$ 7,286,159</u>	<u>\$ 1,857,257</u>	<u>\$ -</u>	<u>\$ 9,143,416</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business-type activities:</b>				
Furniture and equipment	\$ 257,701	\$ 5,057	\$ 13,429	\$ 249,329
Less accumulated depreciation	188,934	10,747	12,561	187,120
Business-type activities capital assets, net	<u>\$ 68,767</u>	<u>\$ (5,690)</u>	<u>\$ 868</u>	<u>\$ 62,209</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Capital Assets (continued)

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

Governmental activities:

Instruction	\$ 34,477
Support services:	
Instructional staff	34,258
Operation and maintenance of plant services	14,973
Transportation	<u>52,514</u>
	136,222
Unallocated depreciation	<u>237,867</u>
Total governmental activities depreciation expense	\$ <u><u>374,089</u></u>

Business-type activities:

Food service operations	\$ <u><u>10,747</u></u>
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ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 41,550	\$ 40,825	\$ 41,550	\$ 40,825	\$ 40,825
Early retirement	119,630	-	29,907	89,723	29,908
Qualified school construction revenue bonds	-	9,000,000	-	9,000,000	-
Net OPEB liability	36,145	37,000	-	73,145	-
<b>Total</b>	<b>\$ 197,325</b>	<b>\$ 9,077,825</b>	<b>\$ 71,457</b>	<b>\$ 9,203,693</b>	<b>\$ 70,733</b>
<b>Business-type activities:</b>					
Compensated absences	\$ 9,589	\$ 9,492	\$ 9,589	\$ 9,492	\$ 9,492
Net OPEB liability	3,855	-	-	3,855	-
<b>Total</b>	<b>\$ 13,444</b>	<b>\$ 9,492</b>	<b>\$ 9,589</b>	<b>\$ 13,347</b>	<b>\$ 9,492</b>

Early Retirement

The District offered a voluntary early retirement plan to its employees for fiscal year 2010 only. Under the plan, eligible employees had to be at least age fifty-five and employees had to have completed fifteen years of full-time contracted service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible classified employee is equal to 45% of the employee's 2009-10 annualized wage excluding overtime. The early retirement incentive for each eligible certified employee is equal to 45% of the employee's 2009-10 salary schedule, excluding extra-curricular, Phase II, or other payments not included in the salary schedule and subject to a maximum of \$20,000 per individual. Early retirement benefits will be paid in four equal annual payments into a 403(b) retirement plan or a health reimbursement arrangement (HRA).

At June 30, 2011, the District has obligations to six participants with a total liability of \$89,723. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$29,907. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2011 school infrastructure sales and services tax revenue bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2012	\$ -
2013	-
2014	-
2015	-
2016	-
2017-2021	-
2022-2026	5,200,000
2027-2029	<u>3,800,000</u>
	<u>\$ 9,000,000</u>

The District pledged future statewide sales and services tax revenues to repay the \$9,000,000 bonds issued in December 2010, March 2011, and April 2011. The bonds were issued for the purpose of financing a portion of the costs of a new middle school. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2029. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual required transfers to the bond sinking fund are expected to require approximately 54 percent of the statewide sales and services tax revenues. The total principal remaining to be paid on the notes is \$9,000,000. For the current year, no principal was paid on the bonds, \$239,457 was transferred to the sinking fund, and total statewide sales and services tax revenues were \$920,744.

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

- (a) The qualified school construction revenue bonds are interest-free to the District. The issuer banks will receive a 5.49% tax credit for federal taxes.
- (b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Fund.
- (c) Annual deposits of \$500,377 shall be made to the Sinking Fund at each issuer bank for the purpose of accumulating money to make the bond principal payment when due at maturity. Each bank will pay interest of 1.00 to 1.25% on the Sinking Fund deposits.
- (d) Any monies remaining in the Revenue Fund after the required transfer to the Sinking Fund may be transferred to the Project Fund to be used for any lawful purpose.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 128 active and 17 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. 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.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$	64,000
Interest on net OPEB obligation		1,000
Adjustment to annual required contribution		<u>(5,000)</u>
Annual OPEB cost		60,000
Contributions made		<u>23,000</u>
Increase in net OPEB obligation		37,000
Net OPEB obligation beginning of year		<u>40,000</u>
Net OPEB obligation end of year	\$	<u><u>77,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$23,000 to the medical plan.

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, 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 60,000	38.3%	\$ 77,000

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$481,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$481,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,279,000, and the ratio of the UAAL to covered payroll was 5.8%. As of June 30, 2011, there were no trust fund assets.

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

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

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

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis. The UAAL is being amortized as a level dollar cost over the service of the group on a closed basis over 30 years.

Note 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 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$561,684, \$553,957, and \$536,367, respectively, equal to the required contributions for each year.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 9. Risk Management

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

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$530,928 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2011 is comprised of the following programs:

Program	Amount
Returning dropouts and dropout prevention programs	\$ 241,180
Four year old preschool state aid	162,909
Salary improvement program	115,163
Home school assistance program	63,820
Professional development	55,910
Gifted and talented programs	54,524
Professional development for model core curriculum	12,904
Limited English proficient	11,657
Market factor incentives	10,160
Market factor	5,409
Beginning teacher mentoring and induction program	2,800
Textbook aid for nonpublic students	48
Total	\$ 736,484

Note 12. Construction Commitments

The District has entered into various contracts totaling \$12,378,593 for a new middle school building. As of June 30, 2011, costs of \$539,812 had been incurred against the contracts. The balance of \$11,838,781 remaining at June 30, 2011 will be paid as work on the project progresses.

Note 13. Contingency

The District has one ongoing lawsuit as a result of a motor vehicle accident. The District's insurance carrier is providing coverage for the lawsuit. The amount of any damages in the case can not be determined at this time.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 14. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 1,075,882	\$ (105,769)
Change in fund type classification per implementation of GASB Statement No. 54	<u>(105,769)</u>	<u>105,769</u>
Balances July 1, 2010, as restated	<u>\$ 970,113</u>	<u>\$ -</u>

Note 15. Subsequent Events

In July 2011, the District issued an additional \$2,000,000 in qualified school construction revenue bonds. Proceeds from the issuance will be used for the construction of the new middle school building. The bonds are interest-free for the District and mature in June 2026.

Required Supplementary Information

ANAMOSA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2011

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 6,984,715	\$ 808,262	\$ 7,792,977	\$ 7,720,039	\$ 7,720,039	\$ 72,938
Intermediate sources	11,506	-	11,506	-	-	11,506
State sources	7,124,354	10,856	7,135,210	7,914,144	7,914,144	(778,934)
Federal sources	663,530	267,045	930,575	673,581	673,581	256,994
<b>Total revenues</b>	<b>14,784,105</b>	<b>1,086,163</b>	<b>15,870,268</b>	<b>16,307,764</b>	<b>16,307,764</b>	<b>(437,496)</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	8,852,480	20,182	8,872,662	10,122,180	10,122,180	1,249,518
Support services	4,245,724	22,884	4,268,608	4,119,372	5,114,372	845,764
Non-instructional programs	-	1,028,781	1,028,781	1,207,172	1,407,172	378,391
Other expenditures	2,077,198	-	2,077,198	1,593,443	5,203,443	3,126,245
<b>Total expenditures/expenses</b>	<b>15,175,402</b>	<b>1,071,847</b>	<b>16,247,249</b>	<b>17,042,167</b>	<b>21,847,167</b>	<b>5,599,918</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	(391,297)	14,316	(376,981)	(734,403)	(5,539,403)	5,162,422
Other financing sources, net	9,025,738	-	9,025,738	-	-	9,025,738
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	8,634,441	14,316	8,648,757	(734,403)	(5,539,403)	14,188,160
Balance beginning of year	3,746,439	152,013	3,898,452	2,567,085	2,567,085	1,331,367
Balance end of year	<u>\$ 12,380,880</u>	<u>\$ 166,329</u>	<u>\$ 12,547,209</u>	<u>\$ 1,832,682</u>	<u>\$ (2,972,318)</u>	<u>\$ 15,519,527</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2011

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$4,805,000.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 481	\$ 481	0.0%	\$ 8,466	5.7%
2011	July 1, 2009	-	481	481	0.0%	8,279	5.8%

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

See accompanying independent auditor's report.

Other Supplementary Information

## ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2011

	<u>Special Revenue</u>			
	<u>Management</u>	<u>Student</u>	<u>Debt</u>	
	<u>Levy</u>	<u>Activity</u>	<u>Service</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 94,330	\$ 167,061	\$ 239,457	\$ 500,848
Receivables:				
Property tax:				
Current year	3,041	-	-	3,041
Succeeding year	241,999	-	-	241,999
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 339,370</u>	<u>\$ 167,061</u>	<u>\$ 239,457</u>	<u>\$ 745,888</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 500	\$ 5,162	\$ -	\$ 5,662
Salaries and benefits payable	-	1,004	-	1,004
Deferred revenue:				
Succeeding year property tax	241,999	-	-	241,999
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>
	242,499	6,166	-	248,665
<b>Fund balances:</b>				
Restricted for:				
Debt service	-	-	239,457	239,457
Management levy purposes	96,871	-	-	96,871
Student activities	-	160,895	-	160,895
Total fund balances	<hr/>	<hr/>	<hr/>	<hr/>
	96,871	160,895	239,457	497,223
Total liabilities and fund balances	<u>\$ 339,370</u>	<u>\$ 167,061</u>	<u>\$ 239,457</u>	<u>\$ 745,888</u>

See accompanying independent auditor's report.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	Special Revenue		Debt Service	Total
	Management Levy	Student Activity		
Revenues:				
Local sources:				
Local tax	\$ 274,620	\$ -	\$ -	\$ 274,620
Other	33,699	391,481	14	425,194
State sources	235	-	-	235
Total revenues	<u>308,554</u>	<u>391,481</u>	<u>14</u>	<u>700,049</u>
Expenditures:				
Current:				
Instruction	91,407	369,112	-	460,519
Support services:				
Administration services	20,159	-	-	20,159
Operation and maintenance of plant services	85,783	-	-	85,783
Transportation services	34,599	-	-	34,599
Total expenditures	<u>231,948</u>	<u>369,112</u>	<u>-</u>	<u>601,060</u>
Excess of revenues over expenditures	76,606	22,369	14	98,989
Other financing sources (uses):				
Interfund transfers in	-	-	239,457	239,457
Interfund transfers out	-	-	(71,940)	(71,940)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>167,517</u>	<u>167,517</u>
Net change in fund balances	76,606	22,369	167,531	266,506
Fund balances beginning of year	<u>20,265</u>	<u>138,526</u>	<u>71,926</u>	<u>230,717</u>
Fund balances end of year	<u>\$ 96,871</u>	<u>\$ 160,895</u>	<u>\$ 239,457</u>	<u>\$ 497,223</u>

See accompanying independent auditor's report.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS

June 30, 2011

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
<b>Assets</b>				
Cash and pooled investments	\$ 9,060,813	\$ 176,895	\$ 2,645	\$ 9,240,353
Receivables:				
Property tax:				
Current year	-	3,080	-	3,080
Succeeding year	-	299,277	-	299,277
Due from other governments	226,123	-	-	226,123
<b>Total assets</b>	<b>\$ 9,286,936</b>	<b>\$ 479,252</b>	<b>\$ 2,645</b>	<b>\$ 9,768,833</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 504,459	\$ -	\$ -	\$ 504,459
Interfund payable	-	134,100	-	134,100
Deferred revenue:				
Succeeding year property tax	-	299,277	-	299,277
<b>Total liabilities</b>	<b>504,459</b>	<b>433,377</b>	<b>-</b>	<b>937,836</b>
<b>Fund balances:</b>				
<b>Restricted for:</b>				
School infrastructure	8,782,477	-	2,645	8,785,122
Physical plant and equipment	-	45,875	-	45,875
<b>Total fund balances</b>	<b>8,782,477</b>	<b>45,875</b>	<b>2,645</b>	<b>8,830,997</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,286,936</b>	<b>\$ 479,252</b>	<b>\$ 2,645</b>	<b>\$ 9,768,833</b>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 Year Ended June 30, 2011

	<u>Statewide Sales, Services and Use Tax</u>	<u>Physical Plant and Equipment Levy</u>	<u>Other Construction Projects</u>	<u>Total</u>
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 920,744	\$ 286,032	\$ -	\$ 1,206,776
Other	69,181	2,793	-	71,974
State sources	-	239	-	239
Total revenues	<u>989,925</u>	<u>289,064</u>	<u>-</u>	<u>1,278,989</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Instructional staff services	-	4,952	-	4,952
Administration services	660,476	8,000	-	668,476
Operation and maintenance of plant services	16,500	14,390	-	30,890
Other expenditures:				
Facilities acquisition	1,396,426	110,078	-	1,506,504
Long-term debt:				
Interest and fiscal charges	39,766	-	-	39,766
Total expenditures	<u>2,113,168</u>	<u>137,420</u>	<u>-</u>	<u>2,250,588</u>
Excess (deficiency) of revenues over (under) expenditures	(1,123,243)	151,644	-	(971,599)
<b>Other financing sources (uses):</b>				
Revenue bonds issued	9,000,000	-	-	9,000,000
Interfund transfers in	71,940	-	-	71,940
Interfund transfers out	(239,457)	-	-	(239,457)
Total other financing sources (uses)	<u>8,832,483</u>	<u>-</u>	<u>-</u>	<u>8,832,483</u>
Net change in fund balances	7,709,240	151,644	-	7,860,884
Fund balances beginning of year, as restated	<u>1,073,237</u>	<u>(105,769)</u>	<u>2,645</u>	<u>970,113</u>
Fund balances end of year	<u>\$ 8,782,477</u>	<u>\$ 45,875</u>	<u>\$ 2,645</u>	<u>\$ 8,830,997</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2011

	Preschool	Daycare	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,385	\$ 87,118	\$ 93,503
Accounts receivable	-	29,372	29,372
Total assets	6,385	116,490	122,875
<b>Liabilities</b>			
Accounts payable	144	4,548	4,692
Salaries and benefits payable	4,567	25,563	30,130
Interfund payable	-	13,428	13,428
Deferred revenue	1,050	-	1,050
Compensated absences	-	9,492	9,492
Net OPEB liability	-	2,372	2,372
Total liabilities	5,761	55,403	61,164
<b>Net Assets</b>			
Unrestricted	\$ 624	\$ 61,087	\$ 61,711

See accompanying independent auditor's report.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2011

	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Operating revenues:			
Local sources:			
Charges for services	\$ 17,743	\$ 435,519	\$ 453,262
Operating expenses:			
Instruction	19,311	871	20,182
Support services:			
Instructional staff services	25	94	119
Administration services	-	613	613
Transportation services	400	2,514	2,914
Non-instructional programs	4,862	417,265	422,127
	<u>24,598</u>	<u>421,357</u>	<u>445,955</u>
Operating income (loss)	(6,855)	14,162	7,307
Non-operating revenues:			
Interest on investments	-	153	153
State sources	5,737	-	5,737
Total non-operating revenues	<u>5,737</u>	<u>153</u>	<u>5,890</u>
Change in net assets	(1,118)	14,315	13,197
Net assets beginning of year	<u>1,742</u>	<u>46,772</u>	<u>48,514</u>
Net assets end of year	<u>\$ 624</u>	<u>\$ 61,087</u>	<u>\$ 61,711</u>

See accompanying independent auditor's report.

## ANAMOSA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
Year Ended June 30, 2011

	<u>Preschool</u>	<u>Daycare</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ 18,133	\$ 427,075	\$ 445,208
Cash payments to employees for services	(22,888)	(368,023)	(390,911)
Cash payments to suppliers for goods or services	(353)	(39,196)	(39,549)
Net cash provided by (used by) operating activities	<u>(5,108)</u>	<u>19,856</u>	<u>14,748</u>
Cash flows from non-capital financing activities:			
State grants received	<u>5,737</u>	-	<u>5,737</u>
Cash flows from investing activities:			
Interest on investments	<u>-</u>	<u>153</u>	<u>153</u>
Net increase in cash and cash equivalents	629	20,009	20,638
Cash and cash equivalents beginning of year	<u>5,756</u>	<u>67,109</u>	<u>72,865</u>
Cash and cash equivalents end of year	<u>\$ 6,385</u>	<u>\$ 87,118</u>	<u>\$ 93,503</u>
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	\$ (6,855)	\$ 14,162	\$ 7,307
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
(Increase) in accounts receivable	-	(8,444)	(8,444)
Decrease in prepaid expenses	340	-	340
Increase in accounts payable	144	1,088	1,232
Increase (decrease) in salaries and benefits payable	873	(281)	592
Increase in interfund payable	-	13,428	13,428
Increase in deferred revenue	390	-	390
(Decrease) in compensated absences	-	(97)	(97)
Net cash provided by (used by) operating activities	<u>\$ (5,108)</u>	<u>\$ 19,856</u>	<u>\$ 14,748</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Annual	\$ 1,798	\$ 12,648	\$ 5,648	\$ 8,798
Middle School Student Council	12,741	28,482	32,224	8,999
Class of:				
2010	609	67	676	-
2011	3,076	9,323	9,527	2,872
2012	-	7,387	4,254	3,133
Drama	807	583	273	1,117
Spanish Club	1,625	1,176	551	2,250
French Club	1,408	1,518	1,899	1,027
Interact Club	3,658	454	-	4,112
High School Art Club	2,631	3,043	4,026	1,648
Cheerleaders	336	14,854	15,190	-
Archery Club	1,174	20,761	17,141	4,794
Future Farmers of America	28,567	77,119	67,998	37,688
Instrumental Music	602	4,583	2,484	2,701
MS Instrumental Music	7,690	50	6,253	1,487
High School Music Trip Fund	7	-	-	7
General Athletics	-	19,471	18,853	618
Middle School Concessions	4,314	1,328	4,195	1,447
Dance Squad	7	7,918	7,577	348
Football	454	33,648	33,435	667
Boys Soccer	1,095	3,391	2,877	1,609
Girls Soccer	356	1,979	1,607	728
Baseball	14	11,625	8,942	2,697
Softball	1,729	13,186	13,102	1,813
Girls Track	1,105	5,099	5,442	762
Boys Track	1,865	5,810	6,898	777
Boys Golf	362	5,123	4,420	1,065
Wrestling	753	5,235	5,010	978
Cross Country	2,539	4,155	3,607	3,087
Girls Golf	213	1,411	1,410	214
Volleyball	3,306	9,233	6,316	6,223
Girls Basketball	510	9,257	9,661	106
Boys Basketball	2,243	10,594	12,299	538
Vocal Music	3,080	5,940	5,105	3,915
Musicals	2,135	1,715	1,788	2,062
Strawberry Hill - Miscellaneous	35,639	34,189	32,923	36,905
Strawberry Hill Service Project	27	-	-	27

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Science Club	\$ 364	\$ 187	\$ -	\$ 551
Weight Room	1,597	200	855	942
ELP/SCI Store	2,195	1,742	1,872	2,065
Trapshoot Club	132	-	-	132
Parent Partner	25	-	-	25
Student Success Store	61	-	10	51
Vending Machine	5,316	12,642	10,503	7,455
Veterans Day	331	919	679	571
NHS Fundraiser	30	-	-	30
Wellness - Raiders Race	-	3,436	1,582	1,854
<b>Total</b>	<b>\$ 138,526</b>	<b>\$ 391,481</b>	<b>\$ 369,112</b>	<b>\$ 160,895</b>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2011

	<u>Empowerment Fund</u>	<u>Music Boosters</u>	<u>ACS Celebrates</u>	<u>Total</u>
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 58,557	\$ 4,604	\$ 2,161	\$ 65,322
<b>Additions:</b>				
Early Childhood Program	27,240	-	-	27,240
School Ready Children	16,471	-	-	16,471
Preschool Tuition Assistance	59,017	-	-	59,017
Quality Improvement	33,622	-	-	33,622
Family Support	91,747	-	-	91,747
Interest	196	-	-	196
Fees	-	2,651	-	2,651
Contributions	-	-	930	930
Total additions	<u>228,293</u>	<u>2,651</u>	<u>930</u>	<u>231,874</u>
<b>Deductions:</b>				
Agency remittances:				
Trusts paid out	<u>206,159</u>	<u>4,858</u>	<u>458</u>	<u>211,475</u>
Balances end of year	<u>\$ 80,691</u>	<u>\$ 2,397</u>	<u>\$ 2,633</u>	<u>\$ 85,721</u>

See accompanying independent auditor's report.

ANAMOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2011	2010	2009	2008
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 5,321,932	\$ 5,004,626	\$ 5,039,189	\$ 4,749,517
Tuition	754,048	720,134	779,802	735,736
Other	908,735	618,388	675,294	697,412
Intermediate sources	11,506	12,927	8,569	200
State sources	7,124,354	6,449,066	7,465,867	7,592,452
Federal sources	663,530	1,378,869	736,779	778,013
<b>Total revenues</b>	<b>\$ 14,784,105</b>	<b>\$ 14,184,010</b>	<b>\$ 14,705,500</b>	<b>\$ 14,553,330</b>
<b>Expenditures:</b>				
Instruction	\$ 8,852,480	\$ 8,748,111	\$ 9,009,836	\$ 8,763,429
Support services:				
Student services	439,047	465,885	479,442	705,492
Instructional staff services	483,010	484,960	521,540	611,574
Administration services	1,755,379	1,265,152	1,106,262	1,118,882
Operation and maintenance of plant services	969,777	957,346	967,248	936,804
Transportation services	598,511	617,689	592,731	683,384
Non-instructional programs	-	-	-	32,000
Other expenditures:				
Facilities acquisition	1,506,504	186,973	74,688	108,081
Long-term debt:				
Principal	-	18,800	1,028,800	1,198,800
Interest and fiscal charges	39,766	12,408	41,394	102,846
AEA flowthrough	530,928	526,833	490,841	484,508
<b>Total expenditures</b>	<b>\$ 15,175,402</b>	<b>\$ 13,284,157</b>	<b>\$ 14,312,782</b>	<b>\$ 14,745,800</b>

See accompanying independent auditor's report.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	4,512,425	\$ 4,335,162	\$ 4,167,435
	651,467	537,216	491,171
	732,767	630,334	496,660
	-	-	-
	6,625,602	6,324,145	5,920,355
	<u>867,161</u>	<u>927,975</u>	<u>862,619</u>
\$	<u><u>13,389,422</u></u>	<u><u>12,754,832</u></u>	<u><u>11,938,240</u></u>
\$	7,960,603	\$ 7,359,279	\$ 6,731,909
	757,234	830,925	675,119
	559,333	398,139	347,346
	1,025,053	920,025	816,421
	869,900	883,972	740,929
	697,788	596,839	540,503
	-	-	28,781
	668,331	197,203	140,819
	1,037,600	1,000,000	304,000
	158,507	216,741	231,535
	<u>432,227</u>	<u>403,084</u>	<u>378,516</u>
\$	<u><u>14,166,576</u></u>	<u><u>12,806,207</u></u>	<u><u>10,935,878</u></u>

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 24,492
National School Lunch Program	10.555	FY 11	199,685
National School Lunch Program (non-cash)	10.555	FY 11	42,460
			<u>266,637</u>
Team Nutrition Grants	10.574	FY 11	<u>408</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0234G	<u>126,168</u>
Improving Teacher Quality State Grants	84.367	FY 11	<u>48,250</u>
Grants for State Assessments and Related Activities	84.369	FY 11	<u>8,288</u>
State Fiscal Stabilization Fund Cluster Programs:			
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	FY 11	68,325
ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	FY 11	60,943
			<u>129,268</u>
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	FY 11	71,222
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY 10	30,296
			<u>101,518</u>
Career and Technical Education - Basic Grants to States	84.048	FY 11	<u>10,166</u>
Total			<u>\$ 690,703</u>

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011

Basis of Presentation –

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

See accompanying independent auditor's report.

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

To the Board of Education of  
Anamosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Anamosa Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 13, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anamosa 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 Anamosa Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Anamosa Community School District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Anamosa Community School District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Anamosa Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Anamosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Anamosa Community School District and other parties to whom Anamosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Anamosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa  
December 13, 2011

*Hunt + Associates, P.C.*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of  
Anamosa Community School District:

Compliance

We have audited Anamosa Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Anamosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Anamosa Community School District's management. Our responsibility is to express an opinion on Anamosa Community School District's compliance based on our audit.

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

In our opinion, Anamosa Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. During our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Anamosa Community School District and other parties to whom Anamosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa  
December 13, 2011

*Hunt + Associates, P.C.*

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over 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 were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Anamosa Community School District qualified as a low-risk auditee.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, did not exceed the amounts budgeted.
- IV-B-11 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Lowell Tiedt, Board President	Officiating	\$ 515
Connie McKean, Board Member	Substitute Teacher	2,404
Amanda Hackney, Dance Coach Owner of Jones County Spirits and Almost Famous Dance Studio	Dance and cheerleading supplies and choreography	7,495

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the Board Members do not appear to represent conflicts of interest since the cumulative amount for each individual was less than \$2,500 for the fiscal year.

In accordance with an Attorney General’s opinion dated November 9, 1976, the transaction with the Dance Coach does not appear to represent a conflict of interest.

- IV-E-11 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 ensure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

- IV-I-11 Deposits and Investments – A resolution naming official depositories has been adopted by the Board of Education. However, Fidelity Bank and Ohnward Bank were not listed in the resolution.
- Recommendation – The Board should update the depository resolution to include all depositories used by the District as required by Chapter 12C.2 of the Code of Iowa.
- Response – We approved a new depository resolution which included these banks in September 2011.
- Conclusion – Response accepted.
- IV-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

ANAMOSA COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

IV-L-11 Statewide Sales and Services Tax (continued)

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. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$	1,073,237
Revenues/transfers in:		
Sales tax revenues	\$	920,744
Other local revenues		69,181
Issuance of long-term debt		9,000,000
Transfers from other funds:		
Debt Service Fund		71,940
		10,061,865
Expenditures/transfers out:		
School infrastructure construction		1,303,796
Land purchased		645,371
Equipment		67,252
Other		96,749
Transfers to other funds:		
Debt Service Fund		239,457
		2,352,625
Ending balance	\$	8,782,477

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.