

ANITA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

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Anita Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Board of Education		
Chuck Kinzie	President	2013
Julie Williamson	Vice President	2011
Randall Rabe	Board Member	2011
Jeff Gregersen	Board Member	2011
Nick Kauffman	Board Member	2013
School Officials		
Steve Pelzer	Superintendent	2011
Linda Edwards	Board Secretary/ Board Treasurer	2011
Mundt, Franck & Schumacher	Attorney	2011

ANITA COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Anita 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 the Anita Community School District, Anita, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2012 on our consideration of Anita Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required

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by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anita 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 seven 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 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

February 21, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Anita Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,007,073 in fiscal 2010 to \$3,497,650 in fiscal 2011, while General Fund expenditures decreased from \$3,192,965 in fiscal 2010 to \$3,129,280 in fiscal 2011. This resulted in an increase in the District's General Fund balance from a deficit balance of \$35,601 in fiscal 2010 to a positive \$332,769 in fiscal 2011, a 1,034.72% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local and state sources in fiscal 2011. The decrease in expenditures was due primarily to a decrease in the instruction and administration support services functional areas.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Anita Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Anita Community School District acts solely as an agent or custodial for the benefit of those outside of the District.

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Anita Community School District Annual Financial Report

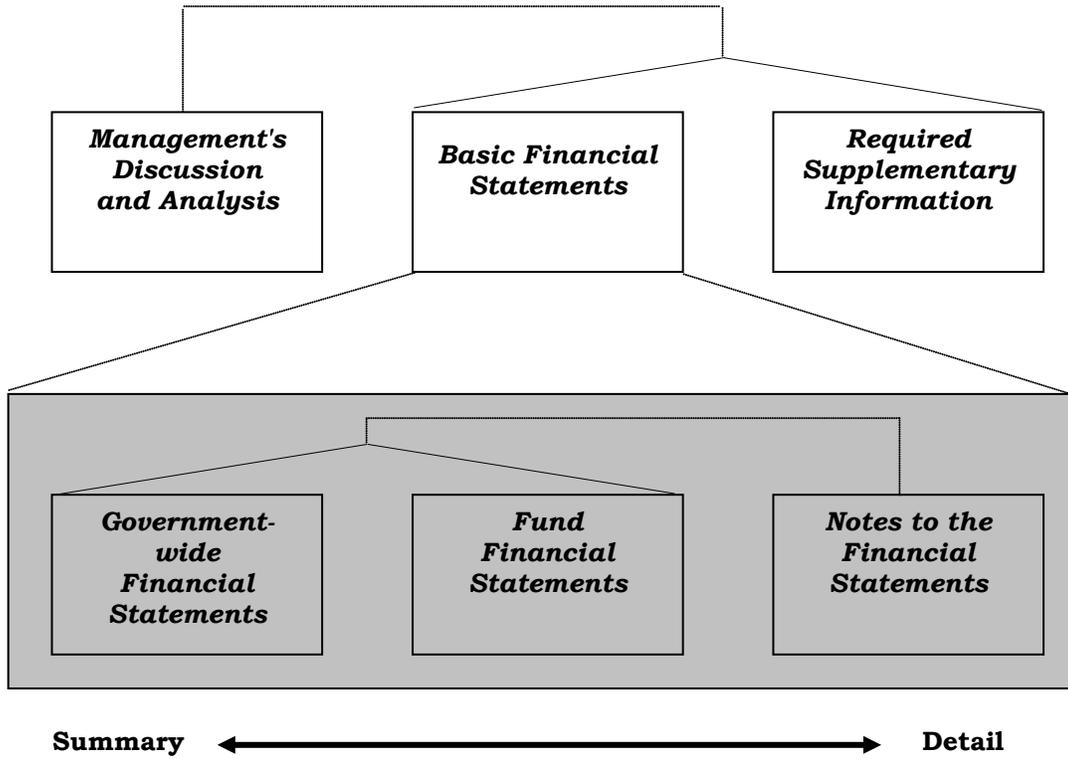


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Agency Fund.

- Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for an alternative school program.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 1,054,684	2,512,897	15,490	25,762	1,070,174	2,538,659	-57.84%
Capital assets	1,904,471	1,983,275	18,619	9,501	1,923,090	1,992,776	-3.50%
Total assets	2,959,155	4,496,172	34,109	35,263	2,993,264	4,531,435	-33.94%
Long-term liabilities	61,066	76,320	0	0	61,066	76,320	-19.99%
Other liabilities	117,127	1,970,005	1,305	2,666	118,432	1,972,671	-94.00%
Total liabilities	178,193	2,046,325	1,305	2,666	179,498	2,048,991	-91.24%
Net assets:							
Invested in capital assets, net of related debt	1,904,471	1,936,205	18,619	9,501	1,923,090	1,945,706	-1.16%
Restricted	514,049	498,344	0	0	514,049	498,344	3.15%
Unrestricted	362,442	15,298	14,185	23,096	376,627	38,394	880.95%
Total net assets	\$ 2,780,962	2,449,847	32,804	32,597	2,813,766	2,482,444	13.35%

The District's combined net assets increased by 13.35%, or \$331,322, from the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$15,705, or 3.15% from the prior year. This increase was primarily due to the increase in fund balance of the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$338,233, or 880.95%. This increase was primarily due to the increase in the fund balance of the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to June 30, 2010.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 381,752	376,458	90,222	85,217	471,974	461,675	2.23%
Operating grants, contributions and restricted interest	350,548	598,934	82,033	71,176	432,581	670,110	-35.45%
Capital grants and contributions	0	20,845	0	0	0	20,845	-100.00%
General revenues:							
Property tax	1,602,337	1,256,548	0	0	1,602,337	1,256,548	27.52%
Income surtax	120,577	118,014	0	0	120,577	118,014	2.17%
Statewide sales, services and use tax	193,682	190,162	0	0	193,682	190,162	1.85%
Unrestricted state grants	1,193,655	868,544	0	0	1,193,655	868,544	37.43%
Nonspecific program federal grants	29,157	0	0	0	29,157	0	100.00%
Unrestricted investment earnings	3,388	15,943	46	47	3,434	15,990	-78.52%
Other	156,594	77,405	1,287	1,075	157,881	78,480	101.17%
Transfers	(10,051)	0	10,051	0	0	0	0.00%
Total revenues and transfers	4,021,639	3,522,853	183,639	157,515	4,205,278	3,680,368	14.26%
Program expenses:							
Governmental activities:							
Instructional	2,375,556	2,302,775	0	0	2,375,556	2,302,775	3.16%
Support services	1,136,979	1,067,964	75	0	1,137,054	1,067,964	6.47%
Non-instructional programs	1,290	0	183,357	149,189	184,647	149,189	23.77%
Other expenses	176,699	279,942	0	0	176,699	279,942	-36.88%
Total expenses	3,690,524	3,650,681	183,432	149,189	3,873,956	3,799,870	1.95%
Changes in net assets	331,115	(127,828)	207	8,326	331,322	(119,502)	-377.25%
Beginning net assets, as restated	2,449,847	2,577,675	32,597	24,271	2,482,444	2,601,946	-4.59%
Ending net assets	\$ 2,780,962	2,449,847	32,804	32,597	2,813,766	2,482,444	13.35%

In fiscal 2011, property tax, unrestricted state grants, charges for services, and operating grants, contributions and restricted interest account for 87.73% of the revenue from governmental activities while charges for service and sales and operating grants, contributions and restricted interest account for 93.80% of the revenue from business type activities.

The District's total revenues were approximately \$4.20 million of which approximately \$4.02 million was for governmental activities and approximately \$0.18 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase in revenues of 14.26% and a 1.95% increase in expenses. Property tax increased by \$345,789 to fund increases in expenditures. The increase in expenses is related to increases in the instructional and support services functional areas.

Governmental Activities

Revenues for governmental activities were \$4,021,639 and expenses were \$3,690,524 for the year ended June 30, 2011.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2011 compared to the year ended June 30, 2010.

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 2,375,556	2,302,775	3.16%	1,785,594	1,415,251	26.17%
Support services	1,136,979	1,067,964	6.46%	1,109,493	1,067,964	3.89%
Non-instructional	1,290	0	100.00%	1,290	0	100.00%
Other expenses	176,699	279,942	-36.88%	61,847	171,229	-63.88%
Totals	\$ 3,690,524	3,650,681	1.09%	2,958,224	2,654,444	11.44%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$381,752.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$350,548.
- The net cost of governmental activities was financed with \$1,602,337 in property tax, \$193,682 in statewide sales, services and use tax, \$120,577 in income surtax, \$1,193,655 in unrestricted state grants, \$29,157 in nonspecific federal grants, \$3,388 in interest income and \$146,543 in other general revenues net of transfers.

Business Type Activities

Revenues of the District's business type activities were \$183,639 and expenses were \$183,432. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Anita 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 balance of \$830,704, above last year's ending fund balance of \$443,299. The primary reason for the increase in combined fund balance in fiscal 2011 is due to the increase in the General Fund balance.

Governmental Fund Highlights

- The District's General Fund balance increased from a deficit balance of \$35,601 on June 30, 2010 to a positive \$332,769 on June 30, 2011. The District's General Fund financial position is the product of many factors. An increase in the local and state sources during the year resulted in an increase in total revenues. The decrease in expenditures was due primarily to a decrease in the instruction and administration support services functional areas. The increase in revenues combined with a decrease in expenditures resulted in the increase in fund balance.
- The Capital Projects Fund balance increased during the current year from \$293,305 in fiscal 2010 to \$314,932 in fiscal 2011. The beginning balance was restated as a result of the Physical Plant and Equipment Levy fund reclassification as a Capital Projects Fund account in accordance with GASB Statement No. 54. This increase resulted from the Statewide Sales, Services and Use Tax Fund revenues outpacing expenditures during the year.

Proprietary Fund Highlights

School Nutrition net assets increased from \$32,597 at June 30, 2010 to \$32,804 at June 30, 2011, representing an increase of 0.64%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$69,557 less than budgeted revenues, a variance of 1.63%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional program functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$1,923,090, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 3.50% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$187,345.

The original cost of the District's capital assets was \$4,473,419. Governmental funds account for \$4,415,640 with the remainder of \$57,779 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$358,702 at June 30, 2011, compared to \$395,919 reported at June 30, 2010. This decrease is due to depreciation taken during the year.

Figure A-6							
Capital Assets, Net of Depreciation							
	Governmental		Business-Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 6,643	6,643	0	0	6,643	6,643	0.00%
Buildings	1,442,488	1,481,370	0	0	1,442,488	1,481,370	-2.62%
Land improvements	115,257	108,844	0	0	115,257	108,844	5.89%
Machinery and equipment	340,083	386,418	18,619	9,501	358,702	395,919	-9.40%
Total	\$ 1,904,471	1,983,275	18,619	9,501	1,923,090	1,992,776	-3.50%

Long-Term Debt

At June 30, 2011, the District had \$61,066 in total long-term debt outstanding. This represents a decrease of 19.99% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District has early retirement payable of \$34,986 at June 30, 2011 payable from the Special Revenue, Management Levy Fund.

The District has total outstanding net OPEB liability of \$26,080 at June 30, 2011.

Figure A-7			
Outstanding Long-Term Obligations			
	Total		Total
	School District		Change
	June 30,		June 30,
	2011	2010	2010-11
Computer lease	\$ 0	47,070	-100.00%
Early Retirement	34,986	16,148	116.66%
Net OPEB liability	26,080	13,102	99.05%
Total	\$ 61,066	76,320	-19.99%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- With the District's current financial challenges, the FY 2010 state budget cut of 10% results in a significant decrease in General Fund revenue, shifting funding on property taxes and other revenue sources. As a result of these lost revenues, the District will explore all opportunities to reduce expenditures and/or increase revenues.
- Increased expenditures have been caused by the increased price of gasoline and heating costs. An increase in the security of the high school building has also caused expenditures to increase.
- Inflation and the cost of living increases continue to affect the residents of the District.
- The C & M and Anita Districts passed a reorganization vote in September of 2010 and will become one district July 1, 2011.

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 Edwards, District Secretary, CAM Community School District, 1000 Victory Park Road, Anita, Iowa, 50020.

BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 825,562	9,711	835,273
Receivables:			
Property tax:			
Delinquent	29,248	0	29,248
Income surtax	106,853	0	106,853
Accounts	2,674	0	2,674
Due from other governments	90,347	0	90,347
Inventories	0	5,779	5,779
Capital assets, net of accumulated depreciation	1,904,471	18,619	1,923,090
Total Assets	2,959,155	34,109	2,993,264
Liabilities			
Accounts payable	57,551	0	57,551
Deferred revenue:			
Other	59,576	0	59,576
Unearned revenue	0	1,305	1,305
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	17,045	0	17,045
Portion due after one year:			
Early retirement payable	17,941	0	17,941
Net OPEB liability	26,080	0	26,080
Total Liabilities	178,193	1,305	179,498
Net Assets			
Invested in capital assets, net of related debt	1,904,471	18,619	1,923,090
Restricted for:			
Categorical funding	51,100	0	51,100
Management levy purposes	68,497	0	68,497
Student activities	54,286	0	54,286
Education and recreation purposes	25,234	0	25,234
School infrastructure	231,677	0	231,677
Student activities	83,255	0	83,255
Unrestricted	362,442	14,185	376,627
Total Net Assets	\$ 2,780,962	32,804	2,813,766

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,439,718	185,581	133,242	(1,120,895)	0	(1,120,895)
Special	442,024	44,103	13,967	(383,954)	0	(383,954)
Other	493,814	152,068	61,001	(280,745)	0	(280,745)
	<u>2,375,556</u>	<u>381,752</u>	<u>208,210</u>	<u>(1,785,594)</u>	<u>0</u>	<u>(1,785,594)</u>
Support services:						
Student	41,414	0	0	(41,414)	0	(41,414)
Instructional staff	133,540	0	6,848	(126,692)	0	(126,692)
Administration	372,949	0	19,788	(353,161)	0	(353,161)
Operation and maintenance of plant	285,794	0	850	(284,944)	0	(284,944)
Transportation	303,282	0	0	(303,282)	0	(303,282)
	<u>1,136,979</u>	<u>0</u>	<u>27,486</u>	<u>(1,109,493)</u>	<u>0</u>	<u>(1,109,493)</u>
Non-instructional programs:						
Food service operations	1,290	0	0	(1,290)	0	(1,290)
Other expenditures:						
AEA flowthrough	114,852	0	114,852	0	0	0
Depreciation(unallocated)*	61,847	0	0	(61,847)	0	(61,847)
	<u>176,699</u>	<u>0</u>	<u>114,852</u>	<u>(61,847)</u>	<u>0</u>	<u>(61,847)</u>
Total governmental activities	3,690,524	381,752	350,548	(2,958,224)	0	(2,958,224)
Business Type activities:						
Support services:						
Administration	75	0	0	0	(75)	(75)
Non-instructional programs:						
Food service operations	183,357	90,222	82,033	0	(11,102)	(11,102)
Total business type activities	183,432	90,222	82,033	0	(11,177)	(11,177)
Total	<u>\$ 3,873,956</u>	<u>471,974</u>	<u>432,581</u>	<u>(2,958,224)</u>	<u>(11,177)</u>	<u>(2,969,401)</u>
General revenues and transfers:						
Local tax for:						
General purposes			\$ 1,493,243	0		1,493,243
Capital outlay			109,094	0		109,094
Income surtax			120,577	0		120,577
Statewide sales, services and use tax			193,682	0		193,682
Unrestricted state grants			1,193,655	0		1,193,655
Nonspecific program federal grants			29,157	0		29,157
Unrestricted investment earnings			3,388	46		3,434
Other			156,594	1,287		157,881
Transfers			(10,051)	10,051		0
Total general revenues and transfers			<u>3,289,339</u>	<u>11,384</u>		<u>3,300,723</u>
Changes in net assets			331,115	207		331,322
Net assets beginning of year			2,449,847	32,597		2,482,444
Net assets end of year			<u>\$ 2,780,962</u>	<u>32,804</u>		<u>2,813,766</u>

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$ 364,083	279,259	182,220	825,562
Receivables:				
Property tax:				
Delinquent	26,710	1,755	783	29,248
Income surtax	106,853	0	0	106,853
Accounts	2,674	0	0	2,674
Due from other governments	56,429	33,918	0	90,347
Total Assets	\$ 556,749	314,932	183,003	1,054,684
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 57,551	0	0	57,551
Deferred revenue:				
Income surtax	106,853	0	0	106,853
Other	59,576	0	0	59,576
Total liabilities	223,980	0	0	223,980
Fund balances:				
Restricted for:				
Categorical funding	51,100	0	0	51,100
Management levy purposes	0	0	103,483	103,483
Student activities	0	0	54,286	54,286
Education and recreation purposes	0	0	25,234	25,234
School infrastructure	0	231,677	0	231,677
Student activities	0	83,255	0	83,255
Unassigned	281,669	0	0	281,669
Total fund balances	332,769	314,932	183,003	830,704
Total Liabilities and Fund Balances	\$ 556,749	314,932	183,003	1,054,684

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA 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(page 20)	\$ 830,704
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,904,471
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	106,853
Long-term liabilities, including early retirement payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(61,066)</u>
Net assets of governmental activites(page 18)	<u><u>\$ 2,780,962</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,576,681	289,801	42,854	1,909,336
Tuition	223,022	0	0	223,022
Other	129,620	33,986	161,126	324,732
Intermediate sources	7,179	0	0	7,179
State sources	1,405,967	6	3	1,405,976
Federal sources	154,185	0	0	154,185
Total revenues	3,496,654	323,793	203,983	4,024,430
Expenditures:				
Current:				
Instruction:				
Regular	1,321,895	55,909	21,444	1,399,248
Special	436,802	0	3,440	440,242
Other	348,664	0	143,744	492,408
	2,107,361	55,909	168,628	2,331,898
Support services:				
Student	40,473	0	860	41,333
Instructional staff	60,927	64,046	860	125,833
Administration	349,777	7,394	11,374	368,545
Operation and maintenance of plant	261,235	488	17,840	279,563
Transportation	194,655	53,223	5,398	253,276
	907,067	125,151	36,332	1,068,550
Non-instructional programs:				
Food service operations	0	0	1,290	1,290
Other expenditures:				
Facilities acquisitions	0	74,036	325	74,361
Long-term debt:				
Principal	0	0	47,070	47,070
AEA flowthrough	114,852	0	0	114,852
	114,852	74,036	47,395	236,283
Total expenditures	3,129,280	255,096	253,645	3,638,021
Excess(Deficiency) of revenues over (under) expenditures	367,374	68,697	(49,662)	386,409
Other financing sources(uses):				
Transfer in	0	0	47,070	47,070
Transfer out	0	(47,070)	0	(47,070)
Proceeds from disposal of assets	996	0	0	996
Total other financing sources(uses)	996	(47,070)	47,070	996
Net change in fund balances	368,370	21,627	(2,592)	387,405
Fund balances beginning of year, as restated	(35,601)	293,305	185,595	443,299
Fund balances end of year	\$ 332,769	314,932	183,003	830,704

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA 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(page 22) \$ 387,405

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

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

Expenditures for capital assets	\$ 110,083	
Depreciation expense	(185,118)	
Loss on disposal of assets	(3,769)	(78,804)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 47,070

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 7,260

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	(18,838)	
Other postemployment benefits	(12,978)	(31,816)

Changes in net assets of governmental activities(page 19) \$ 331,115

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	School Nutrition
Assets	
Cash and pooled investments	\$ 9,711
Inventories	5,779
Capital assets, net of accumulated depreciation	18,619
Total Assets	34,109
 Liabilities	
Unearned revenue	1,305
Total Liabilities	1,305
 Net Assets	
Invested in capital assets	18,619
Unrestricted	14,185
Total Net Assets	\$ 32,804

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 90,222
Miscellaneous	1,287
Total operating revenues	91,509
Operating expenses:	
Support services:	
Administration:	
Services	75
Non-instructional programs:	
Food service operations:	
Salaries	73,696
Benefits	13,298
Services	1,752
Supplies	92,384
Depreciation	2,227
	183,357
Total operating expenses	183,432
Operating loss	(91,923)
Non-operating revenues	
State sources	1,371
Federal sources	80,662
Interest on investments	46
Total non-operating revenues	82,079
Change in net assets before other financing sources	(9,844)
Other financing sources:	
Capital contributions	10,051
Change in net assets	207
Net assets beginning of year	32,597
Net assets end of year	\$ 32,804

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 90,598
Cash received from miscellaneous sources	1,287
Cash payments to employees for services	(88,676)
Cash payments to suppliers for goods or services	(77,939)
Net cash used in operating activities	(74,730)
Cash flows from non-capital financing activities:	
State grants received	1,371
Federal grants received	69,691
Net cash provided by non-capital financing activities	71,062
Cash flows from investing activities:	
Interest on investments	46
Cash flows from capital financing activities:	
Purchase of assets	(1,294)
Net decrease in cash and cash equivalents	(4,916)
Cash and cash equivalents at beginning of year	14,627
Cash and cash equivalents at end of year	\$ 9,711
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (91,923)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	10,971
Depreciation	2,227
Decrease in inventories	5,356
Decrease in accounts payable	(55)
Decrease in salaries and benefits payable	(1,682)
Increase in unearned revenue	376
Net cash used in operating activities	\$ (74,730)
Non-cash investing, capital and related financing activities:	
During the year ended June 30, 2011, the District received Federal commodities valued at \$10,971.	
During the year ended June 30, 2011, the District received \$9,563 in contributed capital from the Capital Projects Fund and \$488 from the PPEL Fund.	

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,175
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	1,175
Change in net assets	0
Net assets beginning of year	0
Net assets end of year	\$ 0

SEE NOTES TO BASIC FINANCIAL STATEMENTS

ANITA COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies

The Anita Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the city of Anita, Iowa, and the predominate agricultural territory in Cass, Adair and Audubon Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District's proprietary fund is the School Nutrition Fund. The Nutrition fund is used to account for the food service operations 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 which require income earned to be used to benefit individuals through scholarship awards.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

Property Tax Receivable - Property tax in the governmental funds 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. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	50,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 as well as property tax receivables and other receivables not collected within sixty days after year end.

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

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

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

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

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 imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits 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 Direct Government Obligations Portfolio which are valued at an amortized cost of \$73,867 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) **Interfund Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statwide Sales, Services and Use Tax	\$ <u>47,070</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for payments of the computer lease.

(4) 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
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,643	0	0	6,643
Total capital assets not being depreciated	<u>6,643</u>	<u>0</u>	<u>0</u>	<u>6,643</u>
Capital assets being depreciated:				
Buildings	3,104,869	17,478	2,465	3,119,882
Land improvements	132,029	15,668	3,117	144,580
Machinery and equipment	1,122,141	76,937	54,543	1,144,535
Total capital assets being depreciated	<u>4,359,039</u>	<u>110,083</u>	<u>60,125</u>	<u>4,408,997</u>
Less accumulated depreciation for:				
Buildings	1,623,499	54,617	722	1,677,394
Land improvements	23,185	7,229	1,091	29,323
Machinery and equipment	735,723	123,272	54,543	804,452
Total accumulated depreciation	<u>2,382,407</u>	<u>185,118</u>	<u>56,356</u>	<u>2,511,169</u>
Total capital assets being depreciated, net	<u>1,976,632</u>	<u>(75,035)</u>	<u>3,769</u>	<u>1,897,828</u>
Governmental activities capital assets, net	<u>\$ 1,983,275</u>	<u>(75,035)</u>	<u>3,769</u>	<u>1,904,471</u>
Business Type activities:				
Machinery and equipment	\$ 46,434	11,345	0	57,779
Less accumulated depreciation	36,933	2,227	0	39,160
Business Type activities capital assets, net	<u>\$ 9,501</u>	<u>9,118</u>	<u>0</u>	<u>18,619</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 26,613
Special	0
Other	2,506
Support services:	
Instructional staff	22,628
Administration	2,058
Operation and maintenance	19,829
Transportation	49,637
Unallocated depreciation	<u>61,847</u>
Total governmental activities depreciation expense	<u>\$ 185,118</u>
Business Type activities:	
Food service operations	<u>\$ 2,227</u>

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance			Balance	Due
	Beginning			End of	Within
	of Year	Additions	Deletions	Year	One Year
Computer lease	\$ 47,070	0	47,070	0	0
Early Retirement	16,148	26,912	8,074	34,986	17,045
Net OPEB liability	13,102	12,978	0	26,080	0
	<u>\$ 76,320</u>	<u>39,890</u>	<u>55,144</u>	<u>61,066</u>	<u>17,045</u>

Early Retirement

The District offered a voluntary early retirement plan to its certified employees that are at least 55 years of age. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are based on the employee's remaining sick leave days multiplied by a dollar amount based on the date of resignation. The liability will be paid out of the Special Revenue, Management Levy Fund. During the year ended June 30, 2011, the District paid early retirement benefits of \$8,074.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$120,918, \$97,002, and \$102,985, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 35 active and 1 retired member in the plan. Participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize 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	\$ 15,428
Interest on net OPEB obligation	328
Adjustment to annual required contribution	<u>(1,340)</u>
Annual OPEB cost	14,416
Contributions made	<u>(1,438)</u>
Increase in net OPEB obligation	12,978
Net OPEB obligation beginning of year	13,102
Net OPEB obligation end of year	<u><u>\$ 26,080</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 \$1,438 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 June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 14,283	8.27%	\$ 13,102
2011	14,416	9.98%	26,080

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 \$130,137, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$130,137. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1.295 million and the ratio of the UAAL to covered payroll was 10.04%. 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, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

(8) Risk Management

Anita 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$114,852 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.

(10) Certified Budget

During the year ended June 30, 2011, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

(11) Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Statewide voluntary preschool	\$ 11,463
Professional development	20,063
Model core curriculum	12,085
Salary improvement	2,531
Home school assistance program (HSAP)	<u>4,958</u>
Total	<u>\$ 51,100</u>

(12) 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	\$ 178,429	114,876
Change in fund type classifications per implementation of GASB Statement No. 54	<u>114,876</u>	<u>(114,876)</u>
Balances July 1, 2010, as restated	<u>\$ 293,305</u>	<u>0</u>

(13) Reorganization of Districts

On September 14, 2010, residents of the Anita Community School District and residents from the Cumberland and Messina Community School District voted and passed a resolution to merge. The reorganization of the two Districts will become effective on July 1, 2011.

ANITA COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

ANITA COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES
 AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2011

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 2,457,090	91,555	2,548,645	2,645,971	2,645,971	(97,326)
Intermediate sources	7,179	0	7,179	37,000	37,000	(29,821)
State sources	1,405,976	1,371	1,407,347	1,452,604	1,452,604	(45,257)
Federal sources	154,185	80,662	234,847	132,000	132,000	102,847
Total revenues	4,024,430	173,588	4,198,018	4,267,575	4,267,575	(69,557)
Expenditures/Expenses:						
Instruction	2,331,898	0	2,331,898	2,819,603	2,819,603	487,705
Support services	1,068,550	75	1,068,625	1,447,680	1,447,680	379,055
Non-instructional programs	1,290	183,357	184,647	174,621	174,621	(10,026)
Other expenditures	236,283	0	236,283	260,427	260,427	24,144
Total expenditures/expenses	3,638,021	183,432	3,821,453	4,702,331	4,702,331	880,878
Excess(Deficiency) of revenues over(under) expenditures/expenses	386,409	(9,844)	376,565	(434,756)	(434,756)	811,321
Other financing sources, net	996	10,051	11,047	0	0	11,047
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	387,405	207	387,612	(434,756)	(434,756)	822,368
Balance beginning of year	443,299	32,597	475,896	572,173	572,173	(96,277)
Balance end of year	\$ 830,704	32,804	863,508	137,417	137,417	726,091

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

ANITA 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 comparison for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. 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 ended June 30, 2011, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

ANITA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended Jne 30,	Actuarial Valuation Date	Actuarial Vaule of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 130	130	0.0%	\$ 1,330	9.77%
2011	July 1, 2009	-	130	130	0.0%	1,295	10.04%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

OTHER SUPPLEMENTARY INFORMATION

ANITA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue Funds			
	Public			Total
	Manage- ment Levy	Student Activity	Education and Recreation Levy	
Assets				
Cash and pooled investments	\$ 102,937	54,286	24,997	182,220
Receivables:				
Property tax:				
Delinquent	546	0	237	783
Total Assets	\$ 103,483	54,286	25,234	183,003
Liabilities and Fund Balances				
Liabilities:	\$ 0	0	0	0
Fund balances:				
Restricted for:				
Management levy purposes	103,483	0	0	103,483
Student activities	0	54,286	0	54,286
Education and recreation purposes	0	0	25,234	25,234
Total fund balances	103,483	54,286	25,234	183,003
Total Liabilities and Fund Balances	\$ 103,483	54,286	25,234	183,003

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

ANITA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Public Education and Recreation Levy	Total Special Revenue Funds	Debt Service	
Revenues:						
Local sources:						
Local tax	\$ 29,879	0	12,975	42,854	0	42,854
Other	4,950	151,929	4,247	161,126	0	161,126
State sources	2	0	1	3	0	3
Total revenues	34,831	151,929	17,223	203,983	0	203,983
Expenditures:						
Current:						
Instruction:						
Regular	18,266	0	3,178	21,444	0	21,444
Special	3,440	0	0	3,440	0	3,440
Other	860	142,884	0	143,744	0	143,744
Support services:						
Student	860	0	0	860	0	860
Instructional staff	860	0	0	860	0	860
Administration	11,374	0	0	11,374	0	11,374
Operation and maintenance of plant	16,890	0	950	17,840	0	17,840
Transportation	5,340	0	58	5,398	0	5,398
Non-instructional programs						
Food service operations	1,290	0	0	1,290	0	1,290
Other expenditures:						
Facilities acquisitions	0	0	325	325	0	325
Long-term debt:						
Principal	0	0	0	0	47,070	47,070
Total expenditures	59,180	142,884	4,511	206,575	47,070	253,645
Excess(Deficiency) of revenues over (under) expenditures	(24,349)	9,045	12,712	(2,592)	(47,070)	(49,662)
Other financing sources:						
Transfer in	0	0	0	0	47,070	47,070
Net change in fund balances	(24,349)	9,045	12,712	(2,592)	0	(2,592)
Fund balances beginning of year, as restated	127,832	45,241	12,522	185,595	0	185,595
Fund balances end of year	\$ 103,483	54,286	25,234	183,003	0	183,003

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

ANITA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 197,759	81,500	279,259
Receivables:			
Property tax:			
Delinquent	0	1,755	1,755
Due from other governments	33,918	0	33,918
Total Assets	\$ 231,677	83,255	314,932
Liabilities and Fund Balances			
Liabilities:	\$ 0	0	0
Fund balances:			
Restricted for:			
School infrastructure	231,677	0	231,677
Student activities	0	83,255	83,255
Total fund balances	231,677	83,255	314,932
Total Liabilities and Fund Balances	\$ 231,677	83,255	314,932

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

ANITA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 193,682	96,119	289,801
Other	443	33,543	33,986
State sources	0	6	6
Total revenues	<u>194,125</u>	<u>129,668</u>	<u>323,793</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,245	50,664	55,909
Support services:			
Instructional staff	4,555	59,491	64,046
Administration	0	7,394	7,394
Operation and maintenance of plant	0	488	488
Transportation	53,223	0	53,223
Other expenditures:			
Facilities acquisitions	30,784	43,252	74,036
Total expenditures	<u>93,807</u>	<u>161,289</u>	<u>255,096</u>
Excess(Deficiency) of revenues over (under) expenditures	100,318	(31,621)	68,697
Other financing uses:			
Transfer out	(47,070)	0	(47,070)
Net change in fund balances	53,248	(31,621)	21,627
Fund balances beginning of year, as restated	178,429	114,876	293,305
Fund balances end of year	<u>\$ 231,677</u>	<u>83,255</u>	<u>314,932</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

ANITA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletics	\$ 14,350	41,023	44,729	10,644
Athletic Students	1,372	3,921	4,033	1,260
Cheerleaders	421	1,907	2,223	105
NFL/Q & S	4,215	5,001	5,863	3,353
FFA	802	37,985	37,633	1,154
Graduating Classes	13,191	33,046	22,951	23,286
Yearbook	4,555	8,928	5,280	8,203
Interest/Inactive Accounts	388	1,072	1,101	359
Juice/Pop Account	1,155	3,835	4,186	804
NHS/Student Council	599	2,881	1,973	1,507
Academic Clubs	1,498	1,146	779	1,865
Track Club Concessions	15	0	15	0
Elementary Accounts	2,680	11,184	12,118	1,746
 Total	 \$ 45,241	 151,929	 142,884	 54,286

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

ANITA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 0	8,945	8,945	0
Liabilities				
Due to other groups	\$ 0	8,945	8,945	0

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 1,909,336	1,552,875	1,460,467	1,237,083	1,211,430	1,181,277	1,083,074	1,019,143
Tuition	223,022	232,886	282,046	324,134	168,781	154,186	234,501	228,444
Other	324,732	239,329	277,400	231,172	280,183	246,391	267,982	259,823
Intermediate sources	7,179	15,123	34,997	5,687	8,149	9,152	8,336	8,501
State sources	1,405,976	1,162,643	1,288,532	1,333,013	1,525,542	1,441,469	1,413,456	1,243,062
Federal sources	154,185	307,836	140,127	110,494	198,448	123,564	166,590	226,247
Total	\$ 4,024,430	3,510,692	3,483,569	3,241,583	3,392,533	3,156,039	3,173,939	2,985,220
Expenditures:								
Current:								
Instruction:								
Regular	\$ 1,399,248	1,292,153	1,347,397	1,295,420	1,107,877	1,067,190	1,250,804	1,332,693
Special	440,242	590,370	396,935	363,302	462,615	407,609	321,014	360,844
Other	492,408	411,369	543,237	448,041	526,610	492,865	564,976	358,266
Support services:								
Student	41,333	16,251	42,481	43,735	64,431	68,305	53,601	41,595
Instructional staff	125,833	89,828	228,994	111,006	186,025	67,102	96,163	59,972
Administration	368,545	451,026	389,122	385,952	311,326	276,408	287,390	281,365
Operation and maintenance of plant	279,563	315,182	289,612	304,436	266,717	252,971	239,164	214,094
Transportation	253,276	167,651	174,049	245,942	269,909	170,033	181,682	108,074
Central	0	0	0	0	0	0	0	954
Non-instructional programs	1,290	0	0	0	0	288	9,951	3,425
Other expenditures:								
Facilities acquisitions	74,361	174,540	265,973	32,019	61,650	165,748	47,563	63,857
Long-term debt:								
Principal	47,070	47,070	0	0	0	0	0	0
AEA flow-through	114,852	108,713	96,148	93,124	91,765	89,801	89,219	90,188
Total	\$ 3,638,021	3,664,153	3,773,948	3,322,977	3,348,925	3,058,320	3,141,527	2,915,327

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

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

To the Board of Education of the
Anita 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 Anita 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 February 21, 2012. 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 Anita Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Anita Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Anita Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-11 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anita Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the 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.

Anita Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Anita 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 Anita Community School District and other parties to whom Anita 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 Anita 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

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

February 21, 2012

ANITA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - We will continue to review our procedures and segregate duties where possible.

Conclusion - Response accepted.

ANITA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part II: Other Findings Related to Required Statutory Reporting

II-A-11 Certified Budget - Expenditures for the year ended June 30, 2011 exceeded the certified budget amounts in the non-instructional programs functional area.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - In the future, we will amend our budget before expenditures exceed the budget.

Conclusion - Response accepted.

II-B-11 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-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.

II-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
Nick Kaufmann, Board Member Wife works as a contracted District nurse	Nurse	\$ 500

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

II-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 insure that the coverage is adequate for current operations.

II-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-11 Certified Enrollment - We noted no variance in the basic enrollment data certified to the Department of Education.

II-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-11 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

- II-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.
- II-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance noted with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. 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		\$	178,429
Revenues/transfers in:			
Sales tax revenues	\$	193,682	
Other local revenues		443	194,125
			<u>372,554</u>
Expenditures/transfers out:			
School infrastructure construction	\$	27,779	
Equipment		65,623	
Other		405	
Transfers to other funds:			
Debt service fund		47,070	140,877
			<u>140,877</u>
Ending balance		\$	<u>231,677</u>

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.