

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

JUNE 30, 2011

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Burlington Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Scott Smith	President	2011
Melanie Richardson	Vice-President	2011
Gary Imthurn	Board Member	2011
Tom Greene	Board Member	2011
Dean Vickstrom	Board Member	2013
Linda Garwood	Board Member	2013
Darven Kendell	Board Member	2013
School Officials		
Jane Evans	Superintendent	2011
Chris Stensland	Director of Business Services	2011
Drew Bracken	Attorney	2011

BURLINGTON 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
Burlington 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 Burlington Community School District, Burlington, Iowa as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as 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 that 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 the Burlington 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 January 24, 2012 on our consideration of the Burlington 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 18 and 46 through 48 are not required parts of the

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Burlington 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 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

NOLTE, CORNMAN & JOHNSON, P.C.

January 24, 2012

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

As management of the Burlington Community School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net assets of governmental activities increased \$5,089,907. This is primarily due to the increase in the property tax and unrestricted state grant revenues during the year and the decrease in the other expenditures functional area as compared to the previous year.
- General revenues accounted for \$40.8 million of the government-wide revenue, or 79.71% percent of all fiscal year 2011 revenues. Program specific revenues in the form of charges for services and grants, and contributions accounted for \$10.4 million or 20.29% percent of total fiscal year 2011 revenues.
- The District had approximately \$46.0 million in expenses related to governmental activities; of which \$10.4 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$40.8 million provided for the remaining costs of these programs.
- The General Fund had \$44.4 million in fiscal year 2011 revenues, which primarily consisted of state aid and property taxes, and \$42.3 million in expenditures. The General Fund's fund balance increased approximately 58.35% during fiscal year 2011, due in part to unexpected grant funds held as a restricted balance.
- The District's solvency ratio increased to approximately 11.07%. The State School Budget Review Committee recommends a solvency ratio of 5% - 10%.
- The District's total bonded debt remained at \$31,790,000. The District will begin making principal payments on its revenue bonds during the 2013 fiscal year.
- Interest rates fell dramatically during the fiscal year. Interest revenue for the fiscal year was reduced approximately \$93,949, due in part to the expenditure of capital bond proceeds

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change that occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, operation of non-instructional services, and capital construction. The business type activities of the District include food services, childcare services, home remodeling, automotive, and a wellness center.

The government-wide financial statements can be found on pages 20 to 21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

comparison between governmental funds and governmental activities. These reconciliations are on pages 23 and 25, respectively.

The District maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Capital Projects, both of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 22 and 24 of this report.

Proprietary funds. Proprietary funds are used to account for activities that are the same as private business activities. Proprietary funds are reported in the same manner as the government-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 one Enterprise Fund: School Nutrition. The District's Internal Service Funds (one type of proprietary fund) are the same as its governmental activities but provide more detail and additional information, such as cash flows. The District has one Internal Service Fund: Self-funded Insurance. The basic proprietary fund financial statements can be found on pages 26 to 28 of this report.

Fiduciary funds. The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds. The District's Private-Purpose Trust Fund accounts for outside donations for scholarships for individual students in this fund. 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 basic fiduciary fund financial statements can be found on pages 29 to 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 44 of this report.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management’s Discussion and Analysis

June 30, 2011

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: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	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	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

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and the funding progress for the retiree health plan. The District adopts an annual expenditure budget for all governmental funds. A budgetary comparison statement and schedule of funding progress for the retiree health plan has been provided as required supplementary information. The required supplementary information can be found on page 46 to 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$57.3 million as of June 30, 2011.

A large portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The government-wide statements also include \$34.5 million in long-term liabilities (see Note 5 on page 39-40); including revenue bonds, early retirement and compensated absences.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

The following table presents a summary of the District's net assets at June 30, 2011 compared to June 30, 2010 (in thousands).

	Governmental Activities		Business Type Activities		Total		Total Change June 30, 2010-11
	June 30,		June 30,		June 30,		
	2010	2011	2010	2011	2010	2011	
Current assets	\$ 42,066	37,113	199	344	42,265	37,457	-11.38%
Capital assets, net	67,148	76,400	100	94	67,248	76,494	13.75%
Total assets	109,214	113,513	299	438	109,513	113,951	4.05%
Current liabilities	21,961	21,697	51	54	22,012	21,751	-1.19%
Long-term liabilities	35,031	34,504	—	—	35,031	34,504	-1.50%
Total liabilities	56,992	56,201	51	54	57,043	56,255	-1.38%
Net assets:							
Invested in capital assets, net of related debt	44,773	44,610	100	94	44,873	44,704	-0.38%
Restricted	6,363	8,922	—	—	6,363	8,922	40.22%
Unrestricted	1,086	3,780	148	290	1,234	4,070	229.82%
Total net assets	\$ 52,222	57,312	248	384	52,470	57,696	9.96%

The following are significant current year transactions that have had an impact on the Statement of Net Assets:

The additions (net of deletions) of \$10,727,722 in capital assets through capital construction, other school improvements, and purchases of furniture, equipment and vehicles were capitalized during the year.

Changes in net assets. The District's total revenues for the fiscal year ended June 30, 2011 were \$53.1 million. The total cost of all programs and services was \$47.9 million. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2011 compared to June 30, 2010 (in thousands).

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

	Government Activities		Business Type Activities		Total District		Total Change
	2010	2011	2010	2011	2010	2011	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 1,399	1,425	532	513	1,931	1,938	0.36%
Operating grants and contributions	11,176	8,950	1,253	1,387	12,429	10,337	-16.83%
Capital grants and contributions	—	—	18	—	18	—	0.00%
General revenues:							
Property taxes	13,104	14,506	—	—	13,104	14,506	10.70%
Sales tax, capital projects	3,763	3,635	—	—	3,763	3,635	-3.40%
Unrestricted investment earnings	111	17	—	—	111	17	-84.68%
Non specific program federal grants	—	667	—	—	—	667	100.00%
Unrestricted state grants	17,872	21,464	—	—	17,872	21,464	20.10%
Other	346	475	64	59	410	534	30.24%
Total revenues	47,771	51,139	1,867	1,959	49,638	53,098	6.97%
Expenses:							
Instructional	29,925	30,123	—	—	29,925	30,123	0.66%
Support services:							
Student	1,751	1,671	—	—	1,751	1,671	-4.57%
Instructional staff	1,125	1,269	—	—	1,125	1,269	12.80%
Administration	4,312	3,989	34	36	4,346	4,025	-7.39%
Operation and maintenance of plant	3,081	3,619	4	12	3,085	3,631	17.70%
Transportation	1,012	1,155	—	—	1,012	1,155	14.13%
Non-instructional programs	36	40	1,670	1,775	1,706	1,815	6.39%
Other expenses:							
Facilities acquisitions	2,383	—	—	—	2,383	—	-100.00%
Long-term debt interest	1,213	1,418	—	—	1,213	1,418	16.90%
AEA flowthrough	1,822	1,882	—	—	1,822	1,882	3.29%
Depreciation(unallocated)	1,416	883	—	—	1,416	883	-37.64%
Total expenses	48,076	46,049	1,708	1,823	49,784	47,872	-3.84%
Change in net assets	(305)	5,090	159	136	(146)	5,226	3679.45%
Beginning net assets	52,527	52,222	89	248	52,616	52,470	-0.28%
Ending net assets	\$ 52,222	57,312	248	384	52,470	57,696	9.96%

Governmental Activities

Unrestricted state grants, property taxes, and sales tax are the primary sources of revenue for the District. Revenues and expenditures were on target with projections with adjustments per known changes during in the year.

Instruction constitutes the largest portion of expenditures at \$30.1 million or 62.9%. The District offers a wide array of programs including general education, special education, vocational and college preparatory classes. The purely administrative activities of the District accounted for 8.4% of total costs.

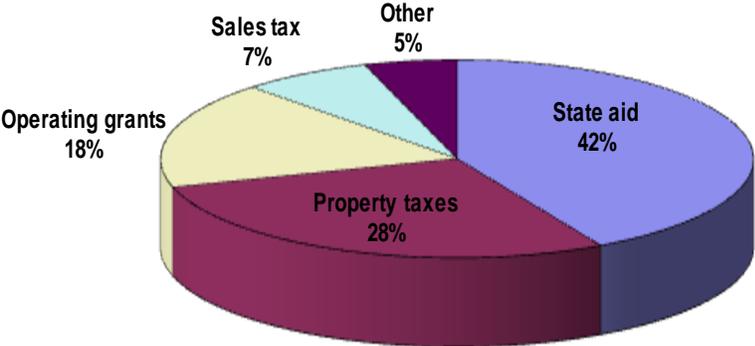
BURLINGTON COMMUNITY SCHOOL DISTRICT

Management’s Discussion and Analysis

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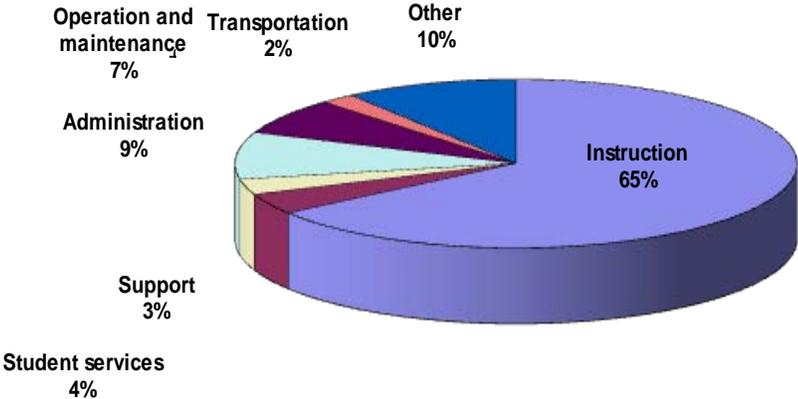
□

Revenue - Governmental Activities



□

Expenses - Governmental Activities



BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

The following table presents the cost of the District's functional activities (in thousands). The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	Total Expenses			Net (Expense) Revenue		
	2010	2011	% Change	2010	2011	% Change
Instructional	\$ 29,925	30,123	0.66%	(19,221)	(21,679)	12.79%
Support services:						
Student services	1,751	1,671	-4.57%	(1,751)	(1,671)	-4.57%
Instructional staff services	1,125	1,269	12.80%	(1,125)	(1,269)	12.80%
Administration services	4,312	3,989	-7.49%	(4,312)	(3,987)	-7.54%
Operation and maintenance	3,081	3,619	17.46%	(3,081)	(3,600)	16.85%
Transportation services	1,012	1,155	14.13%	(962)	(1,127)	17.15%
Non-instructional programs	36	40	11.11%	(36)	(40)	11.11%
Other expenditures:						
Facilities acquisitions	2,383	—	-100.00%	(2,383)	—	-100.00%
Long-term debt interest	1,213	1,418	16.90%	(1,213)	(1,418)	16.90%
AEA flowthrough	1,822	1,882	3.29%	—	—	—
Depreciation(unallocated)	1,416	883	-37.64%	(1,416)	(883)	-37.64%
Total expenses	\$ 48,076	46,049	-4.22%	(35,500)	(35,674)	0.49%

- The cost of all governmental activities this year was \$46.0 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$9.0 million.
- Net cost of governmental activities (\$35.7) was financed by general revenues, which are made up of primarily property and sales tax (\$18.1 million), state aid (\$21.5 million), and nonspecific program federal grants (0.7 million). Investment earnings and miscellaneous sources accounted for \$0.5 million.

Business type Activities

Revenues of the District's business type activities were \$1.96 million and expenses were \$1.82 million. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, providing meals for Notre Dame Catholic Schools, and federal and state reimbursements.

The School Nutrition primary expenses are staff, food and commodities. The District's free and reduced participation increased during fiscal year, again due to the employment climate of the District. The School Nutrition fund had an increase in net assets of \$136,222 for fiscal year 2011.

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2011

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$2,173,604. The General Fund balance is nonspendable, assigned, unsigned or restricted to indicate that it is not available for spending because it has already been restricted as follows:

- \$156,454 for At Risk Supplemental Weighting
- \$4,008 for Market Factor Incentives
- \$10,694 for Beginning Teacher Mentoring
- \$77,785 for Gifted and Talented
- \$18,668 for Dropout and Dropout Prevention
- \$60,533 for Additional Salary, Professional Development
- \$1,960 for Beginning Administrator Mentoring Program
- \$186,353 for Model Core Curriculum
- \$285,518 for Salary Improvement Program
- \$223 for State Decategorization Grant
- \$40,568 for Statewide Voluntary Preschool
- \$97,623 for Home School Assistance Program

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. 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 the GAAP basis. 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. Since the District does not adopt a budget for individual funds, budgets for the General Fund and other governmental funds are not presented in the budgetary comparison on pages 46 and 47.

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Management's Discussion and Analysis

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Legal Budgetary Highlights

The District's total actual receipts were \$758,064 more than the total budgeted receipts, a variance of 1.45% for the reasons noted above.

Total expenditures were approximately \$3.18 million less than total budgeted expenditures, a variance of 5.21%. Because of uncertainty with mandated changes by the Department of Education, the budget was increased in certain areas, but not reduced in other areas.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the District had invested \$76.5 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$10,741,132 from last year, primarily due to the construction and renovation projects in the District's ten-year construction plan. Currently the District has construction taking place at the Southwest Middle School building. Total depreciation expense for the year was \$1,666,404.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended June 30, 2011 (in thousands).

	Governmental Activities		Business type Activities		Total		% Change
	2010	2011	2010	2011	2010	2011	
Land and improvements	\$ 3,052	3,017	—	—	3,052	3,017	-1.15%
Buildings and improvements	56,747	55,898	—	—	56,747	55,898	-1.50%
Vehicles, furniture and equipment	3,323	3,515	100	94	3,423	3,609	5.43%
Construction in progress	4,026	13,970	—	—	4,026	13,970	246.99%
Total	\$ 67,148	76,400	100	94	67,248	76,494	13.75%

Additional information on the District's capital assets can be found in Note 4 on pages 38 of this report.

Debt Administration. At year-end, the District had \$34,503,864 in other long-term debt outstanding, of which \$1,100,307 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2011.

	Amount		% Change
	2010	2011	
Revenue Bonds	\$ 31,790,000	31,790,000	0.0%
Early Retirement	3,124,021	2,569,659	-17.7%
Compensated Absences	117,277	144,205	23.0%
Total	\$ 35,031,298	34,503,864	-1.5%

BURLINGTON COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

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State statutes currently limit the amount of general obligation debt a district may issue to 5% of its total assessed valuation. The current debt limitation for the District is \$42,885,740 which is more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 5 on page 39 to 40 of this report.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The 2011 General Assembly established allowable growth at 2% for school districts for the 2012-2013 fiscal year.
- The district will receive \$722,719 in one time federal stimulus funds from the Educational Jobs Funding. These funds can be used to recall, retain, or hire new employees to provide early childhood, elementary, or secondary educational and related services at the school building level. The district has two years to expend the funds.
- Allowable growth has not been set for the 2013-2014 school year. The Governor has recommended the re-direction of the state appropriation for state class size funds (\$314,991).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Office, Burlington Community School District, 1429 West Avenue, Burlington, Iowa 52601.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 20,779,598	296,177	21,075,775
Receivables:			
Property tax:			
Delinquent	231,924	0	231,924
Succeeding year	13,861,403	0	13,861,403
Accounts	81,130	394	81,524
Due from other governments	1,452,103	500	1,452,603
Prepaid expenses	7,727	0	7,727
Inventories	0	42,563	42,563
Net OPEB asset	699,167	4,079	703,246
Capital assets, net of accumulated depreciation	76,399,978	94,215	76,494,193
TOTAL ASSETS	113,513,030	437,928	113,950,958
LIABILITIES			
Accounts payable	2,168,919	986	2,169,905
Retainage payable	606,139	0	606,139
Salaries and benefits payable	4,282,639	32,541	4,315,180
Due to other governments	55,307	0	55,307
Deferred revenue:			
Succeeding year property tax	13,861,403	0	13,861,403
Other	722,720	3,857	726,577
Unearned revenue	0	14,039	14,039
Long-term liabilities:			
Portion due within one year:			
Early retirement	956,102	0	956,102
Compensated absences	144,205	2,905	147,110
Portion due after one year:			
Revenue bonds payable	31,790,000	0	31,790,000
Early retirement	1,613,557	0	1,613,557
TOTAL LIABILITIES	56,200,991	54,328	56,255,319
NET ASSETS			
Invested in capital assets, net of related debt	44,609,978	94,215	44,704,193
Restricted for:			
Categorical funding	940,387	0	940,387
School infrastructure	2,251,394	0	2,251,394
Physical plant and equipment	890,519	0	890,519
Debt service	4,271,368	0	4,271,368
Student activities	466,092	0	466,092
Support trust purposes	102,167	0	102,167
Unrestricted	3,780,134	289,385	4,069,519
TOTAL NET ASSETS	\$ 57,312,039	383,600	57,695,639

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 18,338,767	519,551	2,980,047	(14,839,169)	0	(14,839,169)
Special	7,537,060	430,624	1,826,564	(5,279,872)	0	(5,279,872)
Other	4,246,979	469,184	2,218,100	(1,559,695)	0	(1,559,695)
	<u>30,122,806</u>	<u>1,419,359</u>	<u>7,024,711</u>	<u>(21,678,736)</u>	<u>0</u>	<u>(21,678,736)</u>
Support services:						
Student	1,670,880	0	0	(1,670,880)	0	(1,670,880)
Instructional staff	1,268,808	0	0	(1,268,808)	0	(1,268,808)
Administration	3,988,891	0	1,500	(3,987,391)	0	(3,987,391)
Operation and maintenance of plant	3,618,572	0	18,617	(3,599,955)	0	(3,599,955)
Transportation	1,155,180	5,382	22,689	(1,127,109)	0	(1,127,109)
	<u>11,702,331</u>	<u>5,382</u>	<u>42,806</u>	<u>(11,654,143)</u>	<u>0</u>	<u>(11,654,143)</u>
Non-instructional programs:						
Food service operations	13,527	0	0	(13,527)	0	(13,527)
Community service and education operations	26,517	0	0	(26,517)	0	(26,517)
	<u>40,044</u>	<u>0</u>	<u>0</u>	<u>(40,044)</u>	<u>0</u>	<u>(40,044)</u>
Other expenses:						
Long-term debt interest	1,418,345	0	0	(1,418,345)	0	(1,418,345)
AEA flowthrough	1,882,597	0	1,882,597	0	0	0
Depreciation(unallocated)*	883,267	0	0	(883,267)	0	(883,267)
	<u>4,184,209</u>	<u>0</u>	<u>1,882,597</u>	<u>(2,301,612)</u>	<u>0</u>	<u>(2,301,612)</u>
Total governmental activities	<u>46,049,390</u>	<u>1,424,741</u>	<u>8,950,114</u>	<u>(35,674,535)</u>	<u>0</u>	<u>(35,674,535)</u>
Business type activities:						
Support services:						
Administration	35,826	0	0	0	(35,826)	(35,826)
Operation and maintenance of plant	12,196	0	0	0	(12,196)	(12,196)
	<u>48,022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(48,022)</u>	<u>(48,022)</u>
Non-instructional programs:						
Food services operations	1,774,676	512,464	1,387,325	0	125,113	125,113
Total business type activities	<u>1,822,698</u>	<u>512,464</u>	<u>1,387,325</u>	<u>0</u>	<u>77,091</u>	<u>77,091</u>
Total	<u>\$ 47,872,088</u>	<u>1,937,205</u>	<u>10,337,439</u>	<u>(35,674,535)</u>	<u>77,091</u>	<u>(35,597,444)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 13,646,982	0	13,646,982
Capital outlay				859,415	0	859,415
Statewide sales, services and use tax				3,635,028	0	3,635,028
Unrestricted state grants				21,464,276	0	21,464,276
Nonspecific program federal grants				666,896	0	666,896
Unrestricted investment earnings				17,090	95	17,185
Other				474,755	59,036	533,791
Total general revenues				<u>40,764,442</u>	<u>59,131</u>	<u>40,823,573</u>
Changes in net assets				5,089,907	136,222	5,226,129
Net assets beginning of year				52,222,132	247,378	52,469,510
Net assets end of year				<u>\$ 57,312,039</u>	<u>383,600</u>	<u>57,695,639</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 10,549,211	3,832,595	4,980,541	1,222,034	20,584,381
Receivables:					
Property tax					
Delinquent	195,403	13,212	0	23,309	231,924
Succeeding year	11,535,124	876,282	0	1,449,997	13,861,403
Accounts	81,087	0	0	43	81,130
Due from other governments	885,826	566,187	0	90	1,452,103
Prepaid expenses	6,750	0	0	977	7,727
Total assets	\$ 23,253,401	5,288,276	4,980,541	2,696,450	36,218,668
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 758,865	663,942	709,173	36,939	2,168,919
Retainage payable	0	606,139	0	0	606,139
Salaries and benefits payable	4,282,639	0	0	0	4,282,639
Due to other governments	55,307	0	0	0	55,307
Deferred revenue:					
Succeeding year property tax	11,535,124	876,282	0	1,449,997	13,861,403
Other	722,720	0	0	0	722,720
Total liabilities	17,354,655	2,146,363	709,173	1,486,936	21,697,127
Fund balances:					
Nonspendable	6,750	0	0	977	7,727
Restricted for:					
Categorical funding	940,387	0	0	0	940,387
School infrastructure	0	2,251,394	0	0	2,251,394
Physical plant and equipment	0	890,519	0	0	890,519
Debt service	0	0	4,271,368	0	4,271,368
Management levy purposes	0	0	0	640,278	640,278
Student activities	0	0	0	466,092	466,092
Support trust purposes	0	0	0	102,167	102,167
Assigned for special purposes	31,918	0	0	0	31,918
Unassigned	4,919,691	0	0	0	4,919,691
Total fund balances	5,898,746	3,141,913	4,271,368	1,209,514	14,521,541
Total liabilities and fund balances	\$ 23,253,401	5,288,276	4,980,541	2,696,450	36,218,668

SEE NOTES TO FINANCIAL STATEMENTS.

BURLINGTON 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 22)	\$ 14,521,541
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	76,399,978
Blending of the Internal Service Fund to be reflected at an entity-wide basis.	195,217
Other postemployment benefits are not yet available to finance expenditures of the current fiscal period.	699,167
Long-term liabilities, including revenue bonds payable, compensated absences, and early retirement, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(34,503,864)</u>
Net assets of governmental activities(page 20)	<u><u>\$ 57,312,039</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 12,192,589	4,494,443	0	1,454,393	18,141,425
Tuition	844,437	0	0	0	844,437
Other	482,394	110,745	47,792	595,746	1,236,677
State sources	26,762,799	667	0	1,196	26,764,662
Federal sources	4,152,096	0	0	0	4,152,096
Total revenues	44,434,315	4,605,855	47,792	2,051,335	51,139,297
Expenditures:					
Current:					
Instruction:					
Regular	17,966,374	0	0	1,033,949	19,000,323
Special	7,537,060	0	0	0	7,537,060
Other	3,797,613	0	0	477,079	4,274,692
	29,301,047	0	0	1,511,028	30,812,075
Support services:					
Student	1,681,582	0	0	8,680	1,690,262
Instructional staff	1,353,936	0	0	3,529	1,357,465
Administration	4,068,844	0	0	138,352	4,207,196
Operation and maintenance of plant	3,004,693	77,106	0	142,403	3,224,202
Transportation	941,495	188,196	0	51,829	1,181,520
	11,050,550	265,302	0	344,793	11,660,645
Non-instructional programs:					
Food service operations	0	0	0	13,172	13,172
Community service and education operations	26,517	0	0	0	26,517
	26,517	0	0	13,172	39,689
Other expenditures:					
Facilities acquisitions	0	10,350,553	0	0	10,350,553
Long-term debt:					
Interest and fiscal charges	0	0	1,418,345	0	1,418,345
AEA flowthrough	1,882,597	0	0	0	1,882,597
	1,882,597	10,350,553	1,418,345	0	13,651,495
Total expenditures	42,260,711	10,615,855	1,418,345	1,868,993	56,163,904
Excess(Deficiency)of revenues over(under) expenditures	2,173,604	(6,010,000)	(1,370,553)	182,342	(5,024,607)
Other financing sources(uses):					
Transfers in	0	0	1,416,095	0	1,416,095
Transfers out	0	(1,416,095)	0	0	(1,416,095)
Total other financing sources(uses)	0	(1,416,095)	1,416,095	0	0
Net change in fund balances	2,173,604	(7,426,095)	45,542	182,342	(5,024,607)
Fund balance beginning of year, as restated	3,725,142	10,568,008	4,225,826	1,027,172	19,546,148
Fund balance end of year	\$ 5,898,746	3,141,913	4,271,368	1,209,514	14,521,541

SEE NOTES TO FINANCIAL STATEMENTS.

BURLINGTON 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 24) \$ (5,024,607)

**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 Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures, depreciation expense, and loss on disposal in the current year are as follows:

Expenditures for capital assets	\$ 10,902,447	
Depreciation expense	(1,647,036)	
Loss on disposal of capital assets	<u>(3,589)</u>	9,251,822

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

Early retirement	\$ 554,362	
Compensated absences	(26,928)	
Other postemployment benefits	<u>632,957</u>	1,160,391

Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis. (297,699)

Changes in net assets of governmental activities(page 21) \$ 5,089,907

SEE NOTES TO FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business Type	
	Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 296,177	195,217
Accounts receivable	394	0
Due from other governments	500	0
Inventories	42,563	0
Net OPEB asset	4,079	0
Total current assets	343,713	195,217
Non-current assets:		
Capital assets:		
Machinery and equipment, net of accumulated depreciation	94,215	0
Total non-current assets	94,215	0
Total assets	437,928	195,217
Liabilities		
Accounts payable	986	0
Salaries and benefits payable	32,541	0
Unearned revenue	14,039	0
Deferred revenue:		
Other	3,857	0
Total current liabilities	51,423	0
Long-term liabilities:		
Compensated absences	2,905	0
Total long-term liabilities	2,905	0
Total liabilities	54,328	0
Net assets		
Investment in capital assets	94,215	0
Unrestricted	289,385	195,217
Total net assets	\$ 383,600	195,217

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Operating revenues:		
Local sources:		
Charges for services	\$ 512,464	6,772,123
Miscellaneous	59,036	0
Total operating revenues	<u>571,500</u>	<u>6,772,123</u>
Operating expenses:		
Support services:		
Administration:		
Salaries	13,046	0
Benefits	5,536	0
Services	16,848	0
Supplies	396	0
	<u>35,826</u>	<u>0</u>
Operation and maintenance of plant:		
Salaries	4,718	0
Benefits	685	0
Services	6,793	0
	<u>12,196</u>	<u>0</u>
Total support services	<u>48,022</u>	<u>0</u>
Non-instructional programs:		
Food service operations:		
Salaries	594,958	0
Benefits	131,341	0
Services	220	0
Supplies	1,028,789	0
Depreciation	19,368	0
	<u>1,774,676</u>	<u>0</u>
Other enterprise operations:		
Benefits	0	7,074,889
Total non-instructional programs	<u>1,774,676</u>	<u>7,074,889</u>
Total operating expenses	<u>1,822,698</u>	<u>7,074,889</u>
Operating loss	<u>(1,251,198)</u>	<u>(302,766)</u>
Non-operating revenues:		
State sources	17,459	0
Federal sources	1,369,866	5,067
Interest income	95	0
Total non-operating revenues	<u>1,387,420</u>	<u>5,067</u>
Changes in net assets	136,222	(297,699)
Net assets beginning of year	<u>247,378</u>	<u>492,916</u>
Net assets end of year	<u>\$ 383,600</u>	<u>195,217</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 521,212	0
Cash received from miscellaneous operating activities	59,036	6,772,123
Cash payments to employees for services	(750,360)	0
Cash payments to suppliers for goods or services	(939,494)	(7,074,889)
Net cash used in operating activities	<u>(1,109,606)</u>	<u>(302,766)</u>
Cash flows from non-capital financing activities:		
State grants received	17,459	0
Federal grants received	1,257,182	5,067
Net cash provided by non-capital financing activities	<u>1,274,641</u>	<u>5,067</u>
Cash flows from capital activities:		
Acquisition of assets	(14,282)	0
Cash flows from investing activities:		
Interest on investments	95	0
Net increase(decrease) in cash and cash equivalents	150,848	(297,699)
Cash and cash equivalents at beginning of year	145,329	492,916
Cash and cash equivalents at end of year	<u>\$ 296,177</u>	<u>195,217</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,251,198)	(302,766)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Commodities consumed	112,184	0
Depreciation	19,368	0
Decrease in inventories	10,688	0
Increase in accounts receivable	(394)	0
Decrease in accounts payable	(9,320)	0
Increase in salaries and benefits payable	5,595	0
Increase in deferred revenue	9,142	0
Decrease in compensated absences	(1,978)	0
Decrease in other postemployment benefits	(3,693)	0
Net cash used in operating activities	<u>\$ (1,109,606)</u>	<u>(302,766)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$112,184.

SEE NOTES TO FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Private Purpose Trust Scholarship
ASSETS	
Cash and pooled investments	\$ 90,559
Accounts receivable	18
TOTAL ASSETS	<u>90,577</u>
LIABILITIES	<u>0</u>
NET ASSETS	
Reserved for scholarships	<u>\$ 90,577</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BURLINGTON 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	\$ 6,547
Interest income	906
Other	1,302
TOTAL ADDITIONS	8,755
DEDUCTIONS:	
Support services:	
Administration:	
Services	2,750
Non-instructional programs:	
Other enterprise operations:	
Benefits	8,010
Services	86
Supplies	135,098
TOTAL DEDUCTIONS	143,194
Change in net assets	(137,189)
Net assets beginning of year	227,766
Net assets end of year	\$ 90,577

SEE NOTES TO FINANCIAL STATEMENTS.

BURLINGTON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

The Burlington 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. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Burlington, Iowa, and the predominate agricultural territory in Des Moines 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, Burlington 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 Burlington 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 Des Moines County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which

normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Internal Service Fund, Self-funded Insurance. The School Nutrition Fund is used to account for the food service operations of the District. The Self-funded Insurance Fund is used to account for employee and board contributions for health insurance premiums.

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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, equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 500
Buildings	500
Land improvements	500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

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

Due to Other Governments - Due to other governments represents amounts due to the State of Iowa, local educational agencies, and other governments.

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 receivable 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 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 Statement of Net Assets in the Enterprise, School Nutrition Fund.

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

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

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be intact or are not expected to be converted to cash.

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.

Assigned - Amounts the Board intends to use for specific purposes.

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.

(2) Cash and Pooled Investments

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

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

At June 30, 2011 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$14,687,669 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 1,416,095</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's revenue bond indebtedness.

(4) Capital Assets

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

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,875,843	0	0	2,875,843
Construction in progress	4,026,371	9,943,308	0	13,969,679
Total capital assets not being depreciated	<u>6,902,214</u>	<u>9,943,308</u>	<u>0</u>	<u>16,845,522</u>
Capital assets being depreciated:				
Buildings	69,669,224	0	0	69,669,224
Land improvements	686,290	0	0	686,290
Machinery and equipment	14,914,939	959,139	174,725	15,699,353
Total capital assets being depreciated	<u>85,270,453</u>	<u>959,139</u>	<u>174,725</u>	<u>86,054,867</u>
Less accumulated depreciation for:				
Buildings	12,921,942	848,952	0	13,770,894
Land improvements	510,486	34,315	0	544,801
Machinery and equipment	11,592,083	763,769	171,136	12,184,716
Total accumulated depreciation	<u>25,024,511</u>	<u>1,647,036</u>	<u>171,136</u>	<u>26,500,411</u>
Total capital assets being depreciated, net	<u>60,245,942</u>	<u>(687,897)</u>	<u>3,589</u>	<u>59,554,456</u>
Governmental activities capital assets, net	<u>\$ 67,148,156</u>	<u>9,255,411</u>	<u>3,589</u>	<u>76,399,978</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 527,655	14,282	872	541,065
Less accumulated depreciation	428,354	19,368	872	446,850
Business type activities capital assets, net	<u>\$ 99,301</u>	<u>(5,086)</u>	<u>0</u>	<u>94,215</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 433,809
Support services:	
Student	142
Administration	60,066
Operation and maintenance	78,458
Transportation	191,294
	<u>763,769</u>
Unallocated depreciation	<u>883,267</u>
Total governmental activities depreciation expense	<u>\$ 1,647,036</u>
Business type activities:	
Food services	<u>\$ 19,368</u>

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue Bonds	\$ 31,790,000	0	0	31,790,000	0
Early Retirement	3,124,021	404,988	959,350	2,569,659	956,102
Compensated Absences	117,277	144,205	117,277	144,205	144,205
Total	\$ 35,031,298	549,193	1,076,627	34,503,864	1,100,307

Revenue Bonds

Details of the District's June 30, 2011 revenue bonded indebtedness is as follows:

Bond issue of March 1, 2009 Series A				Bond issue of March 1, 2009 Series B			
Year Ending June 30,	Interest Rate	Principal	Interest	Year Ending June 30,	Interest Rate	Principal	Interest
2012	5.00 %	\$ 0	500,064	2012	4.96 %	\$ 0	421,514
2013	5.00	0	500,064	2013	4.96	0	421,514
2014	5.00	0	500,064	2014	4.96	0	421,514
2015	5.00	0	500,064	2015	4.96	0	421,514
2016	5.00	0	500,064	2016	4.96	0	421,514
2017-2021	5.00	0	2,500,320	2017-2021	4.96	0	2,107,570
2022-2026	4.38-4.90	4,205,000	1,967,821	2022-2026	4.60-4.90	4,160,000	1,655,717
2027-2030	5.00-5.35	5,795,000	645,146	2027-2030	5.00-5.15	4,340,000	454,168
Total		\$ 10,000,000	7,613,607			\$ 8,500,000	6,325,025

Bond issue of December 1, 2009 Series C				Total		
Year Ending June 30,	Interest Rate	Principal	Interest	Principal	Interest	Total
2012	3.70 %	\$ 0	492,268	\$ 0	1,413,846	1,413,846
2013	3.70	715,000	492,268	715,000	1,413,846	2,128,846
2014	3.00	1,455,000	459,942	1,455,000	1,381,520	2,836,520
2015	3.00-3.50	1,470,000	416,218	1,470,000	1,337,796	2,807,796
2016	3.50	1,500,000	366,330	1,500,000	1,287,908	2,787,908
2017-2021	3.50-4.25	7,550,000	939,888	7,550,000	5,547,778	13,097,778
2022-2026	4.25-4.50	600,000	35,263	8,965,000	3,658,801	12,623,801
2027-2030	-	0	0	10,135,000	1,099,314	11,234,314
Total		\$ 13,290,000	3,202,177	\$ 31,790,000	17,140,809	48,930,809

The District has pledged future statewide sales, services and use tax revenues to repay the \$18,500,000 and \$13,290,000 of bonds issued on March 1, 2009 and December 1, 2009, respectively. The bonds were issued for the purpose of building and furnishing a new middle school, and refunding outstanding project notes issued for said purpose. The bonds are payable solely from the proceeds of statewide sales, services and use tax revenues received by the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require 39 percent of statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$48,930,809. For the current year interest of \$1,418,345 was paid on the bonds and total statewide sales, services and use tax revenues were \$3,635,028.

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

- a) \$3,179,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Early Retirement

The District offers a voluntary early retirement plan to its full-time licensed employees and to non-licensed supervisors on the administration team who have been employed on regular contracts during the fiscal 2011 year. Eligible employees must be at least age fifty-five and have completed ten consecutive years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. Employees that have District insurance benefits may continue benefits upon retirement. The District will contribute the lesser of the premium for single coverage or two percent of the employee's salary as of the last day of fiscal 2011. Coverage on the District's plan will cease upon employee nonpayment of the balance of any outstanding premiums, death of the employee or once the employee has reached the eligible age for Medicare. Early retirement benefits paid during the year ended June 30, 2011, totaled \$959,350.

(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 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 \$1,664,199, \$1,629,609 and \$1,535,325, 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 and prescription drug benefits for retirees and their spouses. There are 401 active and 118 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 benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 468,977
Interest on net OPEB obligation	(1,998)
Adjustment to annual required contribution	<u>3,348</u>
Annual OPEB cost	470,327
Contributions made	(1,106,977)
Increase in net OPEB obligation	<u>(636,650)</u>
Net OPEB obligation beginning of year	<u>(66,596)</u>
Net OPEB obligation end of year	<u>\$ (703,246)</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. 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 \$1,106,977 to the medical plan. Plan members eligible for benefits contributed \$711,577, or 39.13% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 771,679	97.67 %	\$ 17,960
2010	771,378	110.96 %	(66,596)
2011	470,327	235.36 %	(703,246)

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$5,853,640, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,853,640. The covered payroll (annual payroll of active employees covered by the plan) was \$22,082,453, and the ratio of the UAAL to covered payroll was 26.5%. 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 event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 3% discount rate based on the District's funding policy. The projected annual medical trend rate is 8%. The

ultimate medical trend rate is 4%. The medical trend rate is reduced 1% each year until reaching the 4% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed based upon recent Burlington Community School District experience. Termination probabilities were based upon national termination studies performed by the Society of Actuaries and were adjusted to reflect the recent lower termination rates experienced by Burlington Community School District.

Projected claim costs of the medical plan are \$776 per month for retirees at the weighted average age 62. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

Burlington 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. 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 \$1,882,597 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) Construction Commitment

The District has entered into contracts totaling \$17,265,436 for construction of the Southwest Middle School building. As of June 30, 2011, costs of \$13,969,679 had been incurred against the contracts. The balance of \$3,295,757 remaining at June 30, 2011 will be paid as work on the project progresses.

(11) Categorical Funding

Categorical funding balances for the District as of June 30, 2011 were as follows:

Project	Amount
At-Risk Supplemental Weighting	\$ 156,454
Market Factor Incentives	4,008
Beginning Teacher Mentoring	10,694
Gifted and Talented	77,785
Dropout and Dropout Prevention	18,668
Professional Development	60,533
Beginning Administrator and Mentoring	1,960
Model Core Curriculum	186,353
Salary Improvement	285,518
State Decategorization Grant	223
Statewide Voluntary Preschool	40,568
Home School Assistance Program	97,623
Total	<u>\$ 940,387</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 reclassification is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 9,561,403	\$ 1,006,605
Change in fund type classification per implementation of GASB Statement No. 54	<u>1,006,605</u>	<u>(1,006,605)</u>
Balance July 1, 2010 as restated	<u>\$ 10,568,008</u>	<u>\$ 0</u>

REQUIRED SUPPLEMENTARY INFORMATION

BURLINGTON 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	\$ 20,222,539	571,595	20,794,134	20,593,518	20,593,518	200,616
State sources	26,764,662	17,459	26,782,121	27,831,635	27,831,635	(1,049,514)
Federal sources	4,152,096	1,369,866	5,521,962	3,915,000	3,915,000	1,606,962
Total revenues	51,139,297	1,958,920	53,098,217	52,340,153	52,340,153	758,064
Expenditures/Expenses:						
Instruction	30,812,075	0	30,812,075	32,296,916	32,296,916	1,484,841
Support services	11,660,645	48,022	11,708,667	11,847,002	11,847,002	138,335
Non-instructional programs	39,689	1,774,676	1,814,365	1,755,301	1,955,301	140,936
Other expenditures	13,651,495	0	13,651,495	14,071,935	15,071,935	1,420,440
Total expenditures/expenses	56,163,904	1,822,698	57,986,602	59,971,154	61,171,154	3,184,552
Excess(Deficiency) of revenues over(under) expenditures/expenses	(5,024,607)	136,222	(4,888,385)	(7,631,001)	(8,831,001)	3,942,616
Other financing sources, net	0	0	0	10,000	10,000	(10,000)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(5,024,607)	136,222	(4,888,385)	(7,621,001)	(8,821,001)	3,932,616
Balance beginning of year	19,546,148	247,378	19,793,526	16,385,039	16,385,039	3,408,487
Balance end of year	\$ 14,521,541	383,600	14,905,141	8,764,038	7,564,038	7,341,103

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON 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 a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2011, the District adopted one budget amendment increasing budgeted expenditures by \$1,200,000.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
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)
2009	July 1, 2008	\$ 0	\$ 7,818,097	\$ 7,818,097	0.00	% \$ 19,546,207	40.00 %
2010	July 1, 2008	0	7,818,097	7,818,097	0.00	% 19,707,358	39.67 %
2011	July 1, 2010	0	5,853,640	5,853,640	0.00	% 22,082,453	26.51 %

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.

OTHER SUPPLEMENTARY INFORMATION

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

	Special Revenue			
	Manage- ment Levy	Student Activity	Support Trust	Total
Assets				
Cash and pooled investments	\$ 629,210	490,700	102,124	1,222,034
Receivables:				
Property tax				
Delinquent	23,309	0	0	23,309
Succeeding year	1,449,997	0	0	1,449,997
Accounts	0	0	43	43
Due from other governments	90	0	0	90
Prepaid expenses	0	977	0	977
Total assets	\$ 2,102,606	491,677	102,167	2,696,450
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 12,331	24,608	0	36,939
Deferred revenue:				
Succeeding year property tax	1,449,997	0	0	1,449,997
Total liabilities	1,462,328	24,608	0	1,486,936
Fund balances:				
Nonspendable	0	977	0	977
Restricted for:				
Management levy purposes	640,278	0	0	640,278
Student activities	0	466,092	0	466,092
Support trust purposes	0	0	102,167	102,167
Total fund balances	640,278	467,069	102,167	1,209,514
Total liabilities and fund balances	\$ 2,102,606	491,677	102,167	2,696,450

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			
	Manage- ment Levy	Student Activity	Support Trust	Total
Revenues:				
Local sources:				
Local tax	\$ 1,454,393	0	0	1,454,393
Other	26,229	467,350	102,167	595,746
State sources	1,196	0	0	1,196
Total revenues	<u>1,481,818</u>	<u>467,350</u>	<u>102,167</u>	<u>2,051,335</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,033,949	0	0	1,033,949
Other	0	477,079	0	477,079
Support services:				
Student	8,680	0	0	8,680
Instructional staff	3,529	0	0	3,529
Administration	138,229	123	0	138,352
Operation and maintenance of plant	142,403	0	0	142,403
Transportation	51,829	0	0	51,829
Non-instructional programs:				
Food service operations	13,172	0	0	13,172
Total expenditures	<u>1,391,791</u>	<u>477,202</u>	<u>0</u>	<u>1,868,993</u>
Net change in fund balances	90,027	(9,852)	102,167	182,342
Fund balances beginning of year, as restated	<u>550,251</u>	<u>476,921</u>	<u>0</u>	<u>1,027,172</u>
Fund balances end of year	<u>\$ 640,278</u>	<u>467,069</u>	<u>102,167</u>	<u>1,209,514</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales & Services Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 2,934,796	897,799	3,832,595
Receivables:			
Succeeding year	0	876,282	876,282
Delinquent	0	13,212	13,212
Due from other governments	566,137	50	566,187
Total assets	\$ 3,500,933	1,787,343	5,288,276
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 643,400	20,542	663,942
Retainage payable	606,139	0	606,139
Deferred revenue			
Succeeding year property tax	0	876,282	876,282
Total liabilities	1,249,539	896,824	2,146,363
Fund balances:			
Restricted for:			
School infrastructure	2,251,394	0	2,251,394
Physical plant and equipment	0	890,519	890,519
Total fund balances	2,251,394	890,519	3,141,913
Total liabilities and fund balances	\$ 3,500,933	1,787,343	5,288,276

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON 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 Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 3,635,028	859,415	4,494,443
Other	109,793	952	110,745
State sources	0	667	667
Total revenues	<u>3,744,821</u>	<u>861,034</u>	<u>4,605,855</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	0	77,106	77,106
Transportation	0	188,196	188,196
Other expenditures:			
Facilities acquisitions	9,638,735	711,818	10,350,553
Total expenditures	<u>9,638,735</u>	<u>977,120</u>	<u>10,615,855</u>
Deficiency of revenues under expenditures	(5,893,914)	(116,086)	(6,010,000)
Other financing uses:			
Transfer out	(1,416,095)	0	(1,416,095)
Total other financing sources	<u>(1,416,095)</u>	<u>0</u>	<u>(1,416,095)</u>
Deficiency of revenues under expenditures and other financing uses	(7,310,009)	(116,086)	(7,426,095)
Fund balances beginning of year, as restated	<u>9,561,403</u>	<u>1,006,605</u>	<u>10,568,008</u>
Fund balances end of year	<u>\$ 2,251,394</u>	<u>890,519</u>	<u>3,141,913</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON 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
UNIVERSITY HIGH SCHOOL:				
ACTIVITY	540	0	329	211
SENIOR HIGH SCHOOL:				
ACTIVITY	12,808	1,448	5,871	8,385
DRAMA	574	4,270	4,844	0
CHORAL	3,175	3,611	1,188	5,598
PURPLE AIRES	3,006	0	0	3,006
ORCHESTRA/CHAMBER	5,432	8,909	6,762	7,579
BAND/COLOR GUARD	3,456	73,908	77,364	0
JAZZ BAND	301	0	0	301
MUSIC/DRAMA	5,556	1,518	1,290	5,784
MIDDLE SCHOOL ATHLETICS	9,029	17,416	16,117	10,328
FUTURE GRAYHOUND BBALL	5,097	0	0	5,097
GENERAL ATHLETICS	104,247	50,940	54,672	100,515
CHEERLEADERS	779	4,296	1,589	3,486
FUTURE GRAYHOUND SWIMMING	8,490	650	458	8,682
ART CLUB	7,813	200	2,599	5,414
KIWANIS KEY CLUB	465	3,043	3,292	216
PURPLE AND GRAY	295	0	109	186
INTERNATIONAL CLUB	1	1,798	1,475	324
PATHFINDER	48,297	26,672	49,853	25,116
ECOLOGY CLUB	2,764	0	226	2,538
SADD	2,633	0	837	1,796
VARSITY CLUB	6,213	19,127	17,529	7,811
RENAISSANCE SCHOLARSHIP	35	0	0	35
RENAISSANCE STORE	97	16,478	16,575	0
CLASS OF 2006	403	6,339	4,057	2,685
CLASS OF 2007	25	0	0	25
CLASS OF 2010	14,273	0	0	14,273
CLASS OF 2011	2,743	366	2,383	726
NATIONAL HONOR SOCIETY	546	170	214	502
STUDENT COUNCIL	23,414	27,431	23,252	27,593
HERO	1,708	960	1,230	1,438
IA CLUB	794	0	0	794
TECHNOLOGY STUDENT	3,186	4,876	5,559	2,503
DECA	2,959	110	480	2,589
BPA CLUB	121	0	0	121
SELF-CONTAINED FUNDRAISER	263	0	0	263

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
BOYS ATHLETICS:				
BASKETBALL	43,891	19,820	21,488	42,223
FOOTBALL	32,601	45,406	24,687	53,320
SWIMMING	1,869	5,886	2,533	5,222
WRESTLING	3,619	7,602	10,291	930
TRACK	2,534	4,660	6,124	1,070
CROSS COUNTRY TRACK	1,206	5,740	5,040	1,906
BASEBALL	0	17,549	17,549	0
TENNIS	194	1,225	748	671
GOLF	1,023	1,510	1,380	1,153
SOCCER	1,310	3,479	4,053	736
GIRLS ATHLETICS:				
SOCCER	0	5,628	3,813	1,815
BASKETBALL	21,970	9,051	10,899	20,122
VOLLEYBALL	6,881	6,696	7,094	6,483
SWIMMING	7,959	4,280	2,608	9,631
SOFTBALL	185	16,804	16,989	0
TRACK	0	6,547	4,453	2,094
TENNIS	586	211	797	0
GOLF	2,520	1,155	1,112	2,563
TOTAL HIGH SCHOOL	396,538	437,785	441,483	397,263
JAMES MADISON	20,865	10,662	13,601	17,926
OAK STREET	14,884	8,996	8,234	15,646
CENTRAL AVENUE	1,528	0	0	1,528
CORSE	2,280	396	433	2,243
BLACK HAWK	6,474	2,814	3,861	5,427
GRIMES	7,636	907	1,879	6,664
NORTH HILL	1,329	824	104	2,049
PERKINS	730	0	1	729
SUNNYSIDE	11,309	4,966	7,277	8,998
Total	\$ 476,921	467,350	477,202	467,069

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS, PRIVATE PURPOSE TRUST ACCOUNTS
YEAR ENDED JUNE 30, 2011

Account	Beginning Net Assets	Additions	Deductions	Ending Net Assets
NEEDY STUDENT	\$ 0	1,203	1,203	0
MISC CENTRAL OFFICE	3,444	0	3,444	0
MARIE WEDERTZ MUSICAL	5,235	0	5,235	0
GUEGLER TRUST	10,069	0	10,069	0
JOHN H WITTE FOUNDATION	50,572	0	50,572	0
ED FOUNDATION SP. PROGRAM	12,718	0	12,718	0
EARLY RETIREE INSURANCE	8,010	0	8,010	0
CONNER TRUST FUND	244	587	500	331
ADM BLDG POP FUND	689	0	689	0
BLACK HAWK PTA	1,645	0	1,645	0
BLACK HAWK POP FUND	3,565	0	3,565	0
BH BOX TOP FUND	887	0	887	0
CORSE PTA	86	0	86	0
CORSE POP FUND	303	0	303	0
GRIMES LANDSCAPING	22	0	22	0
GRIMES TEACER ACT	87	0	87	0
GRIMES POP FUND	1,391	0	1,391	0
GRIMES BOXTOPS	836	0	836	0
NORTH HILL PTA	37	0	37	0
NORTH HILL ART GRANT	50	0	50	0
NORTH HILL POP FUND	151	0	151	0
SUNNYSIDE EDUCATION	87	0	87	0
SUNNYSIDE POP FUND	4,889	0	4,889	0
JAMES MADISON POP FUND	106	0	106	0
HORACE MANN WORLD CLASS	402	0	402	0
OAK STREET POP FUND	595	0	595	0
BHS ADAMS EX SCH	32,650	546	0	33,196
BHS RENAISSANCE	500	0	473	27
BHS WAGNER MEMORIAL	1,595	0	1,595	0
BHS E BEDELL MEMORIAL	1,059	10	0	1,069
BHS HABERICHTER MEMORIAL	788	14	49	753
BHS F STIEFEL MEMORIAL	785	0	785	0
BHS MINORITY SCHOLARSHIP	2,563	0	2,563	0
BHS JOHANNSEN SCHOLARSHIP	10,757	572	0	11,329
BHS PERRINE SCHOLARSHIP	2,670	17	149	2,538
WEHMAN SCHOLARSHIP	4,518	83	0	4,601
BHS W DUKE FIELD IMP	11,575	0	11,575	0
BHS SPECIAL ASSEMBLIES	345	0	345	0
BHS STUDENT COUNCIL SCHOOL	3,952	4,156	1,850	6,258

Account	Beginning			Ending
	Net Assets	Additions	Deductions	Net Assets
BHS ECOLOGY SCHOOL	334	338	0	672
BHS GREYHOUND GOLD	3,603	0	3,603	0
BHS MUSIC PATRONS	2,059	0	2,059	0
BHS HUPPENBAUER SCIENCE	10,384	164	0	10,548
BHS COOPER IND	1,491	0	1,491	0
BHS MUSIC CLASS 56	102	0	102	0
BHS BERQUIST MUSIC	17,817	0	0	17,817
BHS ATH TRACK MAINTENANCE	3,737	0	3,737	0
BHS J FRANKLIN	1,488	350	400	1,438
BHS ROD BELL ENRICHMENT	5,861	0	5,861	0
BHS POP FUND	1,013	715	1,728	0
Total	\$ 227,766	8,755	145,944	90,577

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON 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	\$ 18,141,425	16,866,587	16,638,519	16,463,709	16,354,075	15,911,175	14,817,806	14,437,893
Tuition	844,437	775,253	877,646	756,547	751,509	724,325	629,047	400,164
Other	1,236,677	1,113,665	1,462,413	2,045,590	1,640,911	1,473,875	1,258,664	1,378,640
Intermediate sources	0	0	11,245	0	0	0	1,023	7,334
State sources	26,764,662	22,741,368	25,981,710	25,541,514	23,427,059	21,905,926	21,108,794	20,775,596
Federal sources	4,152,096	6,271,850	3,143,931	2,023,399	1,985,958	1,879,744	1,974,177	1,772,182
Total	\$ 51,139,297	47,768,723	48,115,464	46,830,759	44,159,512	41,895,045	39,789,511	38,771,809
Expenditures:								
Instruction:								
Regular	\$ 19,000,323	19,278,925	19,065,852	17,869,515	16,573,349	16,027,162	15,527,182	16,072,939
Special	7,537,060	7,262,052	7,026,127	6,863,234	6,563,641	6,197,518	5,993,163	7,665,529
Other	4,274,692	4,375,497	3,840,035	3,771,575	3,715,980	3,736,274	3,640,329	1,798,760
Support services:								
Student	1,690,262	1,761,886	1,740,967	1,555,284	1,241,861	1,063,366	983,854	960,997
Instructional staff	1,357,465	1,054,141	953,983	976,213	982,040	968,943	1,329,455	898,928
Administration	4,207,196	4,315,120	4,413,901	4,253,989	4,158,656	3,606,556	2,960,920	2,488,485
Operation and maintenance of plant	3,224,202	3,052,580	3,103,472	3,068,225	2,924,652	3,472,421	2,923,220	2,828,457
Transportation	1,181,520	1,030,181	1,095,899	1,089,385	943,801	885,422	842,986	772,312
Other support	0	0	0	0	0	0	0	188,782
Non-instructional programs	39,689	36,378	28,231	133,491	124,655	151,791	284,079	447,661
Other expenditures:								
Facilities acquisitions	10,350,553	6,462,340	13,971,730	11,456,273	3,078,934	2,763,922	4,000,995	8,400,264
Long-term debt:								
Principal	0	0	20,557,713	1,800,319	1,741,957	9,818,011	980,000	655,000
Interest and fiscal charges	1,418,345	1,520,176	1,263,199	547,319	178,587	314,009	338,113	298,387
AEA flow-through	1,882,597	1,821,651	1,640,819	1,569,795	1,481,857	1,383,688	1,376,228	1,399,050
Total	\$ 56,163,904	51,970,927	78,701,928	54,954,617	43,709,970	50,389,083	41,180,524	44,875,551

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DIRECT:			
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 11	\$ <u>5,351</u>
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	10.170	FY 11	<u>143</u>
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	223,768
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	1,087,636 *
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 11	<u>8,392</u>
			<u>1,319,796</u>
TEAM NUTRITION GRANTS	10.574	FY 11	<u>700</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 11	<u>49,227</u>
U.S. DEPARTMENT OF THE INTERIOR:			
IOWA DEPARTMENT OF NATURAL RESOURCES:			
SPORT FISH RESTORATION PROGRAM	15.605	FY 11	<u>500</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	0882-C	1,121,688
TITLE I SCHOOLS IN NEED OF ASSISTANCE	84.010	FY 11	10,900
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	84,815
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 11	<u>427,699</u>
			<u>1,645,102</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 11	<u>77,411</u>
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 11	<u>6,042</u>
ADVANCED PLACEMENT PROGRAM	84.330	FY 11	<u>627</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 11	<u>320,713</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 11	<u>26,936</u>
STATE FISCAL STABILIZATION FUND CLUSTER:			
STATE FISCAL STABILIZATION FUND - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	244,148
STATE FISCAL STABILIZATION FUND - GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	<u>217,768</u>
			<u>461,916</u>

* - Includes \$112,184 of non-cash awards.

BURLINGTON COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT (CONTINUED):			
DEPARTMENT OF EDUCATION (CONTINUED):			
EDUCATION JOBS FUNDING	84.410	FY 11	<u>204,980</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 11	266,543
SPECIAL EDUCATION - GRANTS TO STATES, RECOVERY ACT	84.391	FY 10	<u>191,889</u>
			<u>458,432</u>
TOTAL			<u>\$ 4,577,876</u>

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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
Burlington 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 Burlington 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 January 24, 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 Burlington 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 Burlington Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Burlington Community School District's internal control over financial reporting.

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

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. We did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses, as defined above. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be significant deficiency.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Burlington Community School District and other parties to whom Burlington 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 Burlington Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

January 24, 2012

NOLTE, CORNMAN & JOHNSON, P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50209-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Program and Internal Control
over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Burlington Community School District

Compliance

We have audited the compliance of Burlington Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Burlington Community School District's major federal programs for the year ended June 30, 2011. Burlington 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 Burlington Community School District's management. Our responsibility is to express an opinion on Burlington 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 Burlington 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 Burlington Community School District's compliance with those requirements.

In our opinion, Burlington 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 Burlington Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Burlington 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, 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 Burlington Community School District's internal control over compliance.

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Burlington Community School District and other parties to whom Burlington 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.

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.

January 24, 2012

BURLINGTON 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) A significant deficiency in internal control over financial reporting were noted.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Individual:
 - CFDA Number 84.367 - Improving Teacher Quality State Grants
 - Clustered:
 - CFDA Number 84.010 - Title I Grant to Local Educational Agencies
 - CFDA Number 84.389 - Title I Grant to Local Educational Agencies, Recovery Act

 - CFDA Number 84.027 - Special Education - Grants to States
 - CFDA Number 84.391 - Special Education - Grants to States, Recovery Act

 - CFDA Number 84.394 - State Fiscal Stabilization Fund - Education State Grants, Recovery Act
 - CFDA Number 84.397 - State Fiscal Stabilization Fund - Government Services, Recovery Act

 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Burlington Community School District qualified as a low-risk auditee.

BURLINGTON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Internal Controls over the Purchase Order and Receipting Process - It was noted during the District's year-end procedures an instance where an employee ordered equipment for personal use. In addition this employee failed to deposit cash receipts from registration fees marked as collected on Infinite Campus.

Recommendation - Although the District's internal controls identified these items in a timely manner, the following procedures should be implemented.

1. Building Administrators should review the District's Business Procedures Manual to ensure they are in compliance with District policies regarding receipting and purchases.
2. The District should ensure all employees are aware of the purchase order process, which requires the signature of the building administrator prior to the ordering of goods.
3. Student fees should be reconciled to Infinite Campus throughout year.
4. District Administrators should review monthly financial reports provided for them.
5. The Business Office should ensure all buildings are using pre-numbered receipts and reconcile copies of the receipts attached to deposit slips for sequential order.

Response - All of these actions were put in place at the beginning of the 2011-2012 school year. All personnel responsible for business transactions were provided with a copy of the Business Procedures Manual. A signed confirmation of the receipt of the manual and their responsibility for reading and complying with the manual was placed in each personnel folder. Each month, the Administrators responsible for building, department, and or grant budgets must return an acknowledgement of receipt of their budget reports and their review of them to the Business Office.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

BURLINGTON 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 - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.
- IV-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.
- 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 - No business transactions between the District and District officials were noted.
- 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 insure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-11 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were reported as resident students was overstated by 1.0 students.
- Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter.
- Conclusion - Response accepted.
- IV-H-11 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-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.
- IV-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. 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		\$ 9,561,403
Revenues:		
Sales tax revenues	\$ 3,635,028	
Other local revenues	<u>109,793</u>	<u>3,744,821</u>
		13,306,224
Expenditures/transfers out:		
School infrastructure construction	\$ 9,417,557	
Equipment	52,432	
Other	168,746	
Transfers to other funds:		
Debt service fund	<u>1,416,095</u>	<u>11,054,830</u>
Ending balance		<u><u>\$ 2,251,394</u></u>

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