

CARDINAL OF ELDON 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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Cardinal of Eldon Community School District Officials
Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Mike Kayser	President	2013
Fred Thomas	Vice President	2011
Todd Hart	Board Member	2013
Carol Streeby	Board Member	2011
Mary Campbell	Board Member	2011
School Officials		
Joel Pedersen	Superintendent	2011
Tina Snyder	Board Secretary/Treasurer	2011
Ahlers & Cooney, P.C.	Attorney	2011

CARDINAL OF ELDON 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
Cardinal of Eldon 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 Cardinal of Eldon Community School District, Eldon, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Cardinal of Eldon 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 March 9, 2012 on our consideration of Cardinal of Eldon Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health plan on pages 7 through 15 and 44 through 46 are not required parts of

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cardinal of Eldon 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 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,495,635 in fiscal 2010 to \$6,548,558 in fiscal 2011, while General Fund expenditures increased from \$5,735,114 in fiscal 2010 to \$6,147,250 in fiscal 2011. Revenues exceeded expenditures resulting in an increase in the District's General Fund balance from a balance of \$808,579 in fiscal 2010 to a balance of \$1,209,887 in fiscal 2011.
- The increase in General Fund revenues was attributable to an increase in state sources of revenue in fiscal 2011. The increase in expenditures was due primarily to increased spending in the instruction and support services functional areas.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the district.

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

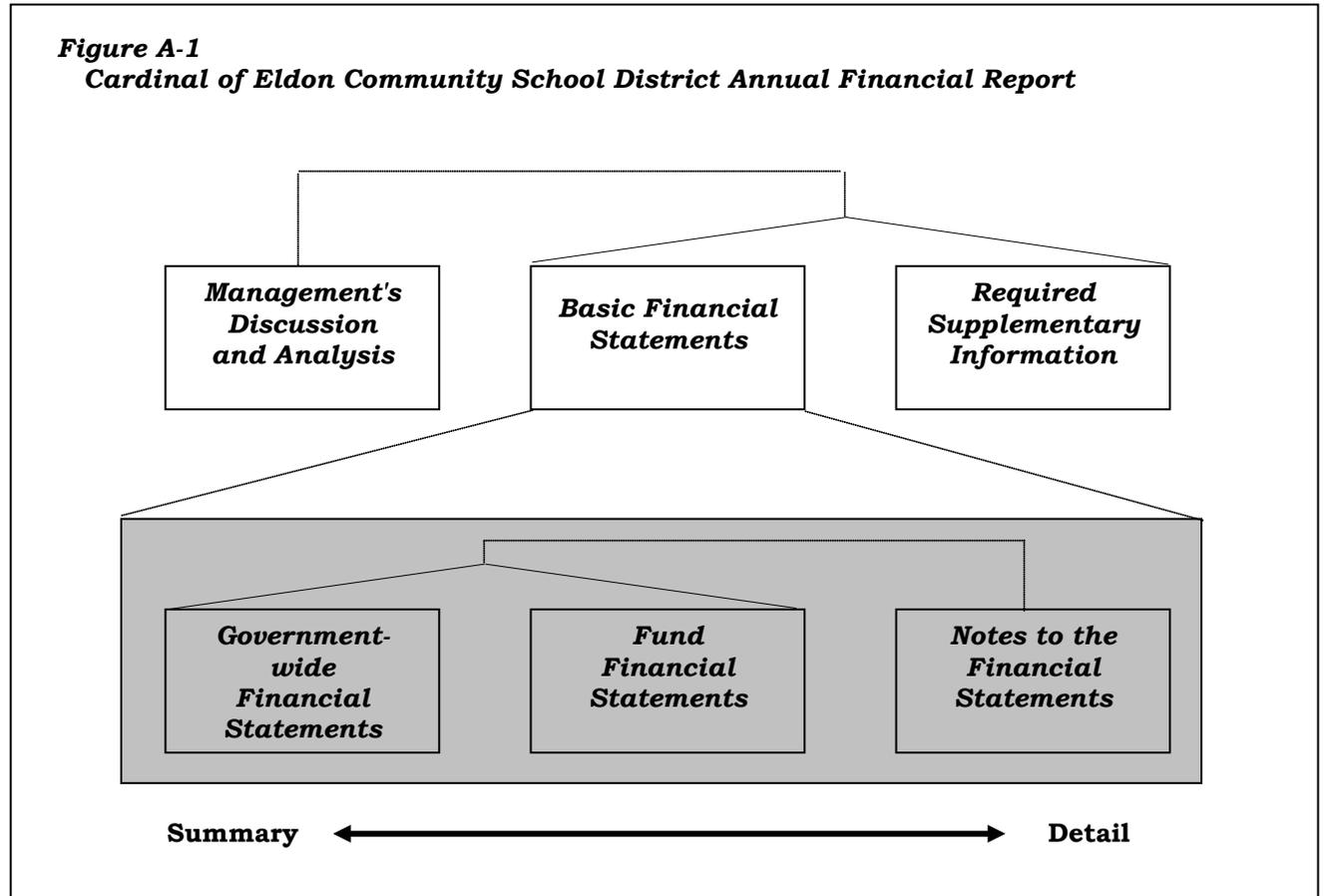


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 5,056,921	4,412,692	23,997	10,813	5,080,918	4,423,505	14.86%
Capital assets	3,060,357	2,879,440	16,734	20,285	3,077,091	2,899,725	6.12%
Total assets	<u>8,117,278</u>	<u>7,292,132</u>	<u>40,731</u>	<u>31,098</u>	<u>8,158,009</u>	<u>7,323,230</u>	<u>11.40%</u>
Long-term obligations	402,973	575,991	993	-	403,966	575,991	-29.87%
Other liabilities	2,805,893	2,710,782	16,712	16,323	2,822,605	2,727,105	3.50%
Total liabilities	<u>3,208,866</u>	<u>3,286,773</u>	<u>17,705</u>	<u>16,323</u>	<u>3,226,571</u>	<u>3,303,096</u>	<u>-2.32%</u>
Net assets:							
Invested in capital assets, net of related debt	2,884,968	2,435,661	16,734	20,285	2,901,702	2,455,946	18.15%
Restricted	930,197	864,084	-	-	930,197	864,084	7.65%
Unrestricted	1,093,247	705,614	6,292	(5,510)	1,099,539	700,104	57.05%
Total net assets	<u>\$ 4,908,412</u>	<u>4,005,359</u>	<u>23,026</u>	<u>14,775</u>	<u>4,931,438</u>	<u>4,020,134</u>	<u>22.67%</u>

The District’s combined net assets increased by 22.67%, or \$911,304 over the prior year. The largest portion of the District’s net assets is the invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased \$66,113, or 7.65% over the prior year. This increase is due in part to the improvement in the Capital Projects: Physical Plant and Equipment Levy Fund balance.

Unrestricted net assets - the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased \$399,435, or 57.05% compared to the prior year. The increase in unrestricted net assets was primarily the result of the increase in the General Fund balance.

Figure A-4 shows the changes in net assets for the years ended June 30, 2011 and 2010.

	Figure A-4 Changes in Net Assets						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 679,732	823,870	105,746	100,377	785,478	924,247	-15.01%
Operating grants, contributions and restricted interest	705,113	1,571,033	220,829	190,558	925,942	1,761,591	-47.44%
Capital grants, contributions and restricted interest	25,000	-	-	-	25,000	-	100.00%
General revenues:							
Property tax	2,031,248	1,845,477	-	-	2,031,248	1,845,477	10.07%
Income surtax	241,639	170,993	-	-	241,639	170,993	41.32%
Statewide sales, services and use tax	496,454	457,459	-	-	496,454	457,459	8.52%
Unrestricted state grants	3,222,286	2,519,318	-	-	3,222,286	2,519,318	27.90%
Nonspecific program federal grants	149,869	-	-	-	149,869	-	100.00%
Other	208,680	138,662	-	-	208,680	138,662	50.50%
Total revenues	<u>7,760,021</u>	<u>7,526,812</u>	<u>326,575</u>	<u>290,935</u>	<u>8,086,596</u>	<u>7,817,747</u>	<u>3.44%</u>
Program expenses:							
Instructional	4,516,201	4,232,718	-	-	4,516,201	4,232,718	6.70%
Support services	1,961,966	1,811,792	-	-	1,961,966	1,811,792	8.29%
Non-instructional programs	-	-	318,324	315,621	318,324	315,621	0.86%
Other expenses	378,801	403,164	-	-	378,801	403,164	-6.04%
Total expenses	<u>6,856,968</u>	<u>6,447,674</u>	<u>318,324</u>	<u>315,621</u>	<u>7,175,292</u>	<u>6,763,295</u>	<u>6.09%</u>
Change in net assets	903,053	1,079,138	8,251	(24,686)	911,304	1,054,452	13.58%
Net assets beginning of year, as restated	<u>4,005,359</u>	<u>2,926,221</u>	<u>14,775</u>	<u>39,461</u>	<u>4,020,134</u>	<u>2,965,682</u>	<u>35.56%</u>
Net assets end of year	<u>\$ 4,908,412</u>	<u>4,005,359</u>	<u>23,026</u>	<u>14,775</u>	<u>4,931,438</u>	<u>4,020,134</u>	<u>22.67%</u>

In fiscal 2011, property tax and unrestricted state grants account for 67.70% of the revenue from governmental activities while charges for services and operating grants and contributions account for 100.00% of the revenue from business type activities.

The District's total revenues were approximately \$8.09 million, of which approximately \$7.76 million was for governmental activities and approximately \$0.33 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.44% increase in revenues and a 6.09% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$7,760,021 and expenses were \$6,856,968.

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

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 4,516,201	4,232,718	6.70%	3,419,471	2,087,489	63.81%
Support services	1,961,966	1,811,792	8.29%	1,899,926	1,811,235	4.90%
Other expenses	378,801	403,164	-6.04%	127,726	154,047	-17.09%
Totals	<u>\$ 6,856,968</u>	<u>6,447,674</u>	<u>6.35%</u>	<u>5,447,123</u>	<u>4,052,771</u>	<u>34.40%</u>

- The cost financed by users of the District's programs was \$679,732.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$730,113.
- The net cost of governmental activities was financed with \$2,272,887 in local tax, \$496,454 in statewide sales, services and use tax, \$3,222,286 in unrestricted state grants, \$149,869 in nonspecific program federal grants, \$5,889 in interest income, and \$202,791 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$326,575 and expenses were \$318,324. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,012,941, compared to last year's ending fund balances of \$1,543,676. The primary reason for the increase in combined fund balances was the improvement in the General Fund balance.

Governmental Fund Highlights

- The District's General Fund balance increased from a balance of \$808,579 on June 30, 2010 to \$1,209,887 on June 30, 2011. The District's improving General Fund financial position is the product of many factors. An increase in local tax and state sources of revenue during the year resulted in an increase in total revenues. Although expenditures also increased when compared to the previous year, revenues exceeded expenditures causing the increase in fund balance.
- The Capital Projects Fund improved from a restated balance of \$395,502 at the beginning of fiscal year 2011 to \$397,247 at the end of fiscal year 2011. The beginning balance was restated as a result of the Physical Plant and Equipment Levy Fund reclassification as a Capital Projects Fund account in accordance with GASB Statement No. 54. The Statewide Sales, Services and Use Tax Fund revenues increased \$54,912 and expenses increased \$264,227 when compared to the previous year. Physical Plant and Equipment Levy Fund revenues increased \$21,004 and expenses decreased \$36,150 when compared to the previous year.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$14,775 at June 30, 2010 to \$23,026 at June 30, 2011. Revenues increased \$35,640 while expenses increased only \$2,703 when compared to the previous fiscal year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Cardinal of Eldon Community School District amended its budget one time to reflect increased costs in the non-instructional programs functional area.

The District's revenues were \$118,450 less than budgeted revenues, a variance of 1.46%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$3,077,091, net of accumulated depreciation, in a broad range of capital assets, including buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 6.12% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$194,757.

The original cost of the District's capital assets was \$7,046,364. Governmental funds account for \$6,904,818 with the remainder of \$141,546 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$102,133 at June 30, 2011, compared to \$0 reported at June 30, 2010. The increase represents costs incurred for the central office remodel and playground projects, which were not completed before year end.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Construction in progress	\$ 102,133	-	-	-	102,133	-	100.00%
Buildings	2,397,105	2,335,660	-	-	2,397,105	2,335,660	2.63%
Land improvements	420,237	363,880	-	-	420,237	363,880	15.49%
Machinery and equipment	140,882	179,900	16,734	20,285	157,616	200,185	-21.26%
Total	\$ 3,060,357	2,879,440	16,734	20,285	3,077,091	2,899,725	6.12%

Long-Term Debt

At June 30, 2011, the District had \$403,966 in long-term debt outstanding. This represents a decrease of 29.87%, or \$172,025 from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had total outstanding general obligation bonds payable of \$5,000 at June 30, 2011. This amount has been outstanding since 1995.

The District had total outstanding computer leases payable of \$170,389 at June 30, 2011.

The District had total outstanding early retirement payable of \$67,010 at June 30, 2011.

The District has total outstanding net OPEB liability of \$161,567 at June 30, 2011.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
General obligation	\$ 5,000	5,000	-	-	5,000	5,000	0.00%
Capital loan notes	-	125,000	-	-	-	125,000	-100.00%
Computer lease	170,389	340,779	-	-	170,389	340,779	-50.00%
Early retirement	67,010	21,212	-	-	67,010	21,212	215.91%
Net OPEB liability	160,574	84,000	993	-	161,567	84,000	92.34%
Total	\$ 402,973	575,991	993	-	403,966	575,991	-29.87%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The budget guarantee (whereby Districts are guaranteed 100% of their current budget for the upcoming year) is being phased out over a ten-year period beginning in fiscal year 2004.
- Low allowable growth over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tina Snyder, Board Secretary/Treasurer, Cardinal of Eldon Community School District, 4045 Ashland Road, Eldon, Iowa, 52554.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,430,057	18,575	2,448,632
Receivables:			
Property tax:			
Delinquent	58,439	-	58,439
Succeeding year	2,112,370	-	2,112,370
Income surtax	238,087	-	238,087
Accounts	3,900	3,277	7,177
Due from other governments	214,068	-	214,068
Inventories	-	2,145	2,145
Capital assets, net of accumulated depreciation	3,060,357	16,734	3,077,091
Total assets	8,117,278	40,731	8,158,009
Liabilities			
Accounts payable	47,749	-	47,749
Salaries and benefits payable	604,871	16,712	621,583
Deferred revenue:			
Succeeding year property tax	2,112,370	-	2,112,370
Other	40,903	-	40,903
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	5,000	-	5,000
Computer lease	170,389	-	170,389
Early retirement payable	19,527	-	19,527
Portion due after one year:			
Early retirement payable	47,483	-	47,483
Net OPEB liability	160,574	993	161,567
Total liabilities	3,208,866	17,705	3,226,571
Net Assets			
Invested in capital assets, net of related debt	2,884,968	16,734	2,901,702
Restricted for:			
Categorical funding	190,517	-	190,517
Management levy purposes	206,463	-	206,463
Student activities	135,970	-	135,970
School infrastructure	306,765	-	306,765
Physical plant and equipment	90,482	-	90,482
Unrestricted	1,093,247	6,292	1,099,539
Total assets	\$ 4,908,412	23,026	4,931,438

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON 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	Operating Grants, and Restricted Contributions Interest	Capital Grants, and Restricted Contributions Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,481,165	384,303	103,500	-	(1,993,362)	-	(1,993,362)
Special	893,304	61,860	80,857	-	(750,587)	-	(750,587)
Other	1,141,732	233,569	232,641	-	(675,522)	-	(675,522)
	<u>4,516,201</u>	<u>679,732</u>	<u>416,998</u>	<u>-</u>	<u>(3,419,471)</u>	<u>-</u>	<u>(3,419,471)</u>
Support services:							
Student	159,622	-	36,724	-	(122,898)	-	(122,898)
Instructional staff	157,579	-	-	-	(157,579)	-	(157,579)
Administration	789,511	-	-	-	(789,511)	-	(789,511)
Operation and maintenance of plant	524,556	-	-	25,000	(499,556)	-	(499,556)
Transportation	330,698	-	316	-	(330,382)	-	(330,382)
	<u>1,961,966</u>	<u>-</u>	<u>37,040</u>	<u>25,000</u>	<u>(1,899,926)</u>	<u>-</u>	<u>(1,899,926)</u>
Other expenditures:							
Long-term debt interest	5,835	-	-	-	(5,835)	-	(5,835)
AEA flowthrough	251,075	-	251,075	-	-	-	-
Depreciation(unallocated)*	121,891	-	-	-	(121,891)	-	(121,891)
	<u>378,801</u>	<u>-</u>	<u>251,075</u>	<u>-</u>	<u>(127,726)</u>	<u>-</u>	<u>(127,726)</u>
Total governmental activities	6,856,968	679,732	705,113	25,000	(5,447,123)	-	(5,447,123)
Business Type activities:							
Non-instructional programs:							
Nutrition services	318,324	105,746	220,829	-	-	8,251	8,251
Total business type activities	<u>318,324</u>	<u>105,746</u>	<u>220,829</u>	<u>-</u>	<u>-</u>	<u>8,251</u>	<u>8,251</u>
Total	\$ <u>7,175,292</u>	<u>785,478</u>	<u>925,942</u>	<u>25,000</u>	<u>(5,447,123)</u>	<u>8,251</u>	<u>(5,438,872)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 1,836,703	-		1,836,703
Capital outlay				194,545	-		194,545
Income surtax				241,639	-		241,639
Statewide sales, services and use tax				496,454	-		496,454
Unrestricted state grants				3,222,286	-		3,222,286
Nonspecific program federal grants				149,869	-		149,869
Unrestricted investment earnings				5,889	-		5,889
Other general revenues				202,791	-		202,791
Total general revenues				<u>6,350,176</u>	<u>-</u>		<u>6,350,176</u>
Changes in net assets				903,053	8,251		911,304
Net assets beginning of year				4,005,359	14,775		4,020,134
Net assets end of year				<u>\$ 4,908,412</u>	<u>23,026</u>		<u>4,931,438</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	Capital			Total
	General	Projects	Nonmajor	
Assets				
Cash and pooled investments	\$ 1,719,842	308,724	401,491	2,430,057
Receivables:				
Property tax:				
Delinquent	48,526	5,597	4,316	58,439
Succeeding year	1,764,496	202,874	145,000	2,112,370
Income surtax	238,087	-	-	238,087
Accounts	3,900	-	-	3,900
Due from other governments	131,142	82,926	-	214,068
Total assets	\$ 3,905,993	600,121	550,807	5,056,921
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 47,749	-	-	47,749
Salaries and benefits payable	604,871	-	-	604,871
Deferred revenue:				
Succeeding year property tax	1,764,496	202,874	145,000	2,112,370
Income surtax	238,087	-	-	238,087
Other	40,903	-	-	40,903
Total liabilities	2,696,106	202,874	145,000	3,043,980
Fund Balances:				
Restricted for:				
Categorical funding	190,517	-	-	190,517
Management levy purposes	-	-	273,473	273,473
Student activities	-	-	135,970	135,970
School infrastructure	-	306,765	-	306,765
Physical plant and equipment	-	90,482	-	90,482
Unassigned:				
General	1,019,370	-	-	1,019,370
Student activities	-	-	(3,636)	(3,636)
Total fund balances	1,209,887	397,247	405,807	2,012,941
Total liabilities and fund balances	\$ 3,905,993	600,121	550,807	5,056,921

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances of governmental funds(page 20) \$ 2,012,941

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 3,060,357

Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period. 238,087

Long-term liabilities, including bonds payable, computer leases payable, early retirement payable, and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (402,973)

Net assets of governmental activities(page 18) \$ 4,908,412

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,848,961	690,999	150,018	2,689,978
Tuition	386,679	-	-	386,679
Other	235,650	25,664	240,419	501,733
State sources	3,612,696	-	-	3,612,696
Federal sources	464,572	25,000	-	489,572
Total revenues	<u>6,548,558</u>	<u>741,663</u>	<u>390,437</u>	<u>7,680,658</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,379,348	-	18,401	2,397,749
Special	879,489	-	-	879,489
Other	893,354	-	232,109	1,125,463
	<u>4,152,191</u>	<u>-</u>	<u>250,510</u>	<u>4,402,701</u>
Support services:				
Student	156,450	-	-	156,450
Instructional staff	153,504	-	-	153,504
Administration	713,232	-	65,300	778,532
Operation and maintenance of plant	410,427	-	-	410,427
Transportation	276,293	-	8,415	284,708
	<u>1,709,906</u>	<u>-</u>	<u>73,715</u>	<u>1,783,621</u>
Other expenditures:				
Facilities acquisitions	-	472,281	-	472,281
Long-term debt:				
Principal	-	-	295,390	295,390
Interest and fiscal charges	-	-	6,325	6,325
AEA flowthrough	251,075	-	-	251,075
	<u>251,075</u>	<u>472,281</u>	<u>301,715</u>	<u>1,025,071</u>
Total expenditures	<u>6,113,172</u>	<u>472,281</u>	<u>625,940</u>	<u>7,211,393</u>
Excess(deficiency) of revenues over(under) expenditures	435,386	269,382	(235,503)	469,265
Other financing sources(uses):				
Transfers in	-	-	301,715	301,715
Transfers out	(34,078)	(267,637)	-	(301,715)
Total other financing sources(uses)	<u>(34,078)</u>	<u>(267,637)</u>	<u>301,715</u>	<u>-</u>
Net change in fund balances	401,308	1,745	66,212	469,265
Fund balances beginning of year, as restated	808,579	395,502	339,595	1,543,676
Fund balances end of year	<u>\$ 1,209,887</u>	<u>397,247</u>	<u>405,807</u>	<u>2,012,941</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds(page 22) \$ 469,265

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

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

Expenditures for capital assets	\$ 372,123	
Depreciation expense	<u>(191,206)</u>	180,917

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 295,390

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 490

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	(45,798)	
Other postemployment benefits	<u>(76,574)</u>	(122,372)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 79,363

Changes in net assets of governmental activities(page 19) \$ 903,053

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>School</u> <u>Nutrition</u>
Assets	
Cash and cash equivalents	\$ 18,575
Accounts receivable	3,277
Inventories	2,145
Capital assets, net of accumulated depreciation	<u>16,734</u>
Total assets	<u>40,731</u>
Liabilities	
Salaries and benefits payable	16,712
Net OPEB liability	<u>993</u>
Total liabilities	<u>17,705</u>
Net Assets	
Invested in capital assets	16,734
Unrestricted	<u>6,292</u>
Total net assets	<u>\$ 23,026</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 105,746
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	85,255
Benefits	21,111
Services	624
Supplies	206,783
Other	1,000
Depreciation	3,551
Total operating expenses	318,324
Operating loss	(212,578)
Non-operating revenues:	
State sources	3,216
Federal sources	217,613
Total non-operating revenues	220,829
Change in net assets	8,251
Net assets at beginning of year	14,775
Net assets end of year	\$ 23,026

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>School</u> <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 108,100
Cash payments to employees for services	(104,984)
Cash payments to suppliers for goods or services	(201,131)
Net cash used in operating activities	<u>(198,015)</u>
Cash flows from non-capital financing activities:	
State grants received	3,216
Federal grants received	209,127
Net cash provided by non-capital financing activities	<u>212,343</u>
Net increase in cash and cash equivalents	14,328
Cash and cash equivalents at beginning of year	<u>4,247</u>
Cash and cash equivalents at end of year	<u>\$ 18,575</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (212,578)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	8,486
Depreciation	3,551
Increase in inventories	(1,210)
Decrease in accounts receivable	2,354
Increase in salaries and benefits payable	389
Increase in other postemployment benefits liability	993
Net cash used in operating activities	<u>\$ (198,015)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2011, the District received \$8,486 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust
	Scholarship
Assets	
Cash and cash equivalents	\$ 53,549
Liabilities	-
Net Assets	
Restricted for scholarships	\$ 53,549

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest income	\$ 1,766
Deductions:	
Instruction:	
Regular	2,185
Non-instructional programs:	
Scholarships awarded	250
Total deductions	2,435
Change in net assets	(669)
Net assets beginning of year	54,218
Net assets end of year	\$ 53,549

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies

The Cardinal of Eldon 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 Eldon, Iowa, and the predominate agricultural territory in Jefferson, Wapello, Davis, and Van Buren Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Cardinal of Eldon 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 Cardinal of Eldon Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jefferson, Wapello, Davis, and Van Buren 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 support.

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

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

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

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

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

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

The District reports the following major governmental fund:

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 used to account for all resources used in the acquisition and construction of capital facilities and other capital projects.

The District's proprietary fund is the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB

pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Equity

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

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

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, 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 and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	2,000
Land improvements	2,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

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

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current

period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

Unearned Revenues - 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 Proprietary, School Nutrition Fund.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2011 were entirely covered by federal depository insurance or 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 \$1,839,475 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: Physical Plant and Equipment Levy	\$ 131,325
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	136,312
Debt Service	General	<u>34,078</u>
Total		<u>\$ 301,715</u>

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

(4) Iowa School Cash Anticipation Program (ISCAP)

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

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the LIBOR rate plus 120 basis points. During the year ended June 30, 2011, the District had no borrowings or repayments.

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	102,133	-	102,133
Total capital assets not being depreciated	-	102,133	-	102,133
Capital assets being depreciated:				
Buildings	4,191,332	148,506	-	4,339,838
Land improvements	1,022,844	91,187	-	1,114,031
Machinery and equipment	1,321,681	30,297	3,162	1,348,816
Total capital assets being depreciated	6,535,857	269,990	3,162	6,802,685
Less accumulated depreciation for:				
Buildings	1,855,672	87,061	-	1,942,733
Land improvements	658,964	34,830	-	693,794
Machinery and equipment	1,141,781	69,315	3,162	1,207,934
Total accumulated depreciation	3,656,417	191,206	3,162	3,844,461
Total capital assets being depreciated, net	2,879,440	78,784	-	2,958,224
Governmental activities capital assets, net	\$ 2,879,440	180,917	-	3,060,357
Business type activities:				
Machinery and equipment	\$ 141,546	-	-	141,546
Less accumulated depreciation	121,261	3,551	-	124,812
Business type activities capital assets, net	\$ 20,285	(3,551)	-	16,734

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 3,251
Other	11,506
Support services:	
Instructional staff	2,750
Administration	934
Operation and maintenance of plant	6,373
Transportation	44,501
	<u>69,315</u>
Unallocated depreciation	<u>121,891</u>
Total governmental activities depreciation expense	\$ <u>191,206</u>
Business type activities:	
Food services	\$ <u>3,551</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation	\$ 5,000	-	-	5,000	5,000
Capital loan notes	125,000	-	125,000	-	-
Computer lease	340,779	-	170,390	170,389	170,389
Early retirement	21,212	54,902	9,104	67,010	19,527
Net OPEB liability	84,000	76,574	-	160,574	-
Total	\$ 575,991	131,476	304,494	402,973	194,916
Business type activities:					
Net OPEB liability	\$ -	993	-	993	-

General Obligation

Details of the District's June 30, 2011 General Obligation bonds indebtedness is as follows:

Year Ending June 30,	Interest Rate	Bond issue dated March 1,1983		
		Principal	Interest	Total
1995	8.60%	\$ 5,000	1,935	6,935

Computer Lease

During the year ended June 30, 2010, the District entered into a computer lease with Apple Inc. Details of the District's June 30, 2011 computer lease indebtedness are as follows:

Year Ending June 30,	Principal
2012	<u>\$170,389</u>

Early Retirement

The District offers a voluntary early retirement plan to its Licensed employees. Eligible employees must be at least fifty-five and licensed employees must have completed ten years of continuous service as a full-time licensed employee to the District. Licensed employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible licensed employee is the licensed employee will receive credit for their first ten years of continuous service and will receive the difference between their placement on the tenth step of their educational lane on the salary schedule and the base salary for the current year. In addition to this amount the individual will be reimbursed at the rate of \$50 per day for each unused accumulated sick day to the maximum of one hundred twenty days. Early retirement benefits paid during the year totaled \$9,104.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$219,486, \$209,010 and \$205,306 respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and dental benefits for retirees and their spouses. There are 64 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize 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 County's net OPEB obligation:

Annual required contribution	\$ 144,000
Interest on net OPEB obligation	3,780
Adjustment to annual required contribution	(3,213)
Annual OPEB cost	<u>144,567</u>
Contributions made	(67,000)
Increase in net OPEB obligation	<u>77,567</u>
Net OPEB obligation beginning of year	84,000
Net OPEB obligation end of year	<u><u>\$ 161,567</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the 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 \$67,000 to the medical plan. Plan members receiving benefits contributed \$83,000, or 55.3% 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
2010	\$ 144,000	41.7%	\$ 84,000
2011	144,567	46.3%	161,567

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1.072 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.072 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2.554 million and the ratio of the UAAL to covered payroll was 42.0%.

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

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

As of July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced of 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific based. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of Jun 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$1,126 per month for retirees less than age 65 and \$1,126 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is a member in the Iowa School Employees Benefits Association(ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical and dental.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2011 were \$560,451.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$251,075 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.

(11) Budget Overexpenditure

During the year ended June 30, 2011, District expenditures in the other expenditures functional area exceeded the budgeted amount.

(12) Deficit Fund Balance

The Student Activity Fund had a deficit unassigned fund balance of \$3,636.

(13) Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Gifted and Talented Programs	\$ 8,212
Beginning Teacher Mentoring and Induction Program	5,890
Teacher Salary Supplement	137,037
Professional Development for Model Core Curriculum	15,997
Professional Development	23,381
	<hr/>
Total	\$ 190,517

(14) Accounting Change/Restatement

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

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously stated	\$ 369,723	25,779
Change in fund type classification per implementation of GASB Statement No. 54	25,779	(25,779)
	<hr/>	<hr/>
Balances July 1, 2010, as restated	\$ 395,502	-

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

CARDINAL OF ELDON 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
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,578,390	105,746	3,684,136	3,670,322	3,670,322	13,814
State sources	3,612,696	3,216	3,615,912	3,962,361	3,962,361	(346,449)
Federal sources	489,572	217,613	707,185	493,000	493,000	214,185
Total revenues	<u>7,680,658</u>	<u>326,575</u>	<u>8,007,233</u>	<u>8,125,683</u>	<u>8,125,683</u>	<u>(118,450)</u>
Expenditures/Expenses:						
Instruction	4,402,701	-	4,402,701	5,086,205	5,086,205	683,504
Support services	1,783,621	-	1,783,621	2,410,000	2,410,000	626,379
Non-instructional programs	-	318,324	318,324	313,461	400,000	81,676
Other expenditures	1,025,071	-	1,025,071	898,383	898,383	(126,688)
Total expenditures/expenses	<u>7,211,393</u>	<u>318,324</u>	<u>7,529,717</u>	<u>8,708,049</u>	<u>8,794,588</u>	<u>1,264,871</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	469,265	8,251	477,516	(582,366)	(668,905)	1,146,421
Balances beginning of year	<u>1,543,676</u>	<u>14,775</u>	<u>1,558,451</u>	<u>322,117</u>	<u>322,117</u>	<u>1,236,334</u>
Balances end of year	<u>\$ 2,012,941</u>	<u>23,026</u>	<u>2,035,967</u>	<u>(260,249)</u>	<u>(346,788)</u>	<u>2,382,755</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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 or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$86,539.

During the year ended June 30, 2011, expenditures in the other expenditures functional area exceeded the amounts budgeted.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a
			Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 1,072	1,072	0.0%	\$ 2,550	42.0%
2011	July 1, 2009	-	1,072	1,072	0.0%	2,554	42.0%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OTHER SUPPLEMENTARY INFORMATION

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 269,157	132,334	401,491
Receivables:			
Property tax:			
Delinquent	4,316	-	4,316
Succeeding year	145,000	-	145,000
Total assets	\$ 418,473	132,334	550,807
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 145,000	-	145,000
Fund Balances:			
Restricted for:			
Management levy purposes	273,473	-	273,473
Student activities	-	135,970	135,970
Unassigned	-	(3,636)	(3,636)
Total fund balances	273,473	132,334	405,807
Total liabilities and fund balances	\$ 418,473	132,334	550,807

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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	Total	Debt Service	Total Nonmajor
Revenues:					
Local sources:					
Local tax	\$ 150,018	-	150,018	-	150,018
Other	8,285	232,134	240,419	-	240,419
Total revenues	158,303	232,134	390,437	-	390,437
Expenditures:					
Current:					
Instruction:					
Regular	18,401	-	18,401	-	18,401
Other	-	232,109	232,109	-	232,109
	18,401	232,109	250,510	-	250,510
Support services:					
Administration	65,300	-	65,300	-	65,300
Transportation	8,415	-	8,415	-	8,415
	73,715	-	73,715	-	73,715
Other expenditures:					
Long-term debt:					
Principal	-	-	-	295,390	295,390
Interest	-	-	-	6,325	6,325
	-	-	-	301,715	301,715
Total expenditures	92,116	232,109	324,225	301,715	625,940
Excess(deficiency) of revenues over(under) expenditures	66,187	25	66,212	(301,715)	(235,503)
Other financing sources:					
Transfers in	-	-	-	301,715	301,715
Net change in fund balances	66,187	25	66,212	-	66,212
Fund balances beginning of year, as restated	207,286	132,309	339,595	-	339,595
Fund balances end of year	\$ 273,473	132,334	405,807	-	405,807

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2011

	Capital Projects			
	Statewide Sales, Services and Use Tax	Building Projects	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	\$ 223,128	711	84,885	308,724
Receivables:				
Property tax:				
Delinquent	-	-	5,597	5,597
Succeeding year	-	-	202,874	202,874
Due from other governments	82,926	-	-	82,926
Total assets	\$ 306,054	711	293,356	600,121
Liabilities and Fund Balances				
Liabilities:				
Succeeding year property tax	\$ -	-	202,874	202,874
Fund balances:				
Restricted for:				
School infrastructure	306,054	711	-	306,765
Physical plant and equipment	-	-	90,482	90,482
Total fund balances	306,054	711	90,482	397,247
Total liabilities and fund balances	\$ 306,054	711	293,356	600,121

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Building Projects	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 496,454	-	194,545	690,999
Other	24,181	-	1,483	25,664
Federal sources	25,000	-	-	25,000
Total revenues	545,635	-	196,028	741,663
Expenditures:				
Other expenditures:				
Facilities acquisitions	472,281	-	-	472,281
Excess of revenues over expenditures	73,354	-	196,028	269,382
Other financing uses:				
Transfers out	(136,312)	-	(131,325)	(267,637)
Net change in fund balances	(62,958)	-	64,703	1,745
Fund balances beginning of year, as restated	369,012	711	25,779	395,502
Fund balances end of year	\$ 306,054	711	90,482	397,247

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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
Concessions	\$ 15,182	1,276	90	16,368
Football club	961	6,485	6,271	1,175
Drama	1,109	1,006	521	1,594
Music	8	808	467	349
Vocal	3,118	5,045	7,042	1,121
Season tickets	20,553	4,784	3,252	22,085
Girls Track Club	1,101	2,008	2,143	966
Boys basketball	3,232	3,058	3,914	2,376
Football	2,063	6,376	3,960	4,479
Baseball	-	3,059	3,059	-
Boys track	508	2,030	2,009	529
Wrestling	784	2,031	1,867	948
Girls basketball	3,687	4,862	4,974	3,575
Volleyball	418	2,471	1,930	959
Softball	-	6,798	6,798	-
Girls track	1,175	1,906	1,592	1,489
Yearbook	(5,759)	10,929	8,806	(3,636)
Baseball club	(291)	1,402	910	201
Art club	804	-	-	804
Caps and gowns	31	-	-	31
Cheerleaders	1,297	227	1,415	109
General activity	11,704	858	858	11,704
Sophomore	213	155	178	190
Freshman	35	44	-	79
Seniors	5,962	1,741	-	7,703
Juniors	3,097	11,334	11,591	2,840
Girls baseball club	1,186	3,130	4,204	112
Library club	951	-	88	863
National honor society	86	-	-	86
JH trip fund	14,165	56,698	55,587	15,276
FFA	485	684	1,104	65
8th grade dues	79	-	79	-
Softball club	448	3,997	3,955	490
HS student council	1,766	5,720	5,488	1,998
Volleyball club	931	5,299	4,543	1,687
Wrestling club	2,181	11,947	9,805	4,323
Foreign language club	320	52	52	320
Boys basketball club	1,469	218	741	946

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
JH student council	1,236	116	32	1,320
Effort honor role	197	-	-	197
JH Softball	730	-	-	730
Elementary music	469	2,904	-	3,373
Elementary yearbook	1,155	760	1,149	766
Elementary concessions	7,180	818	7,998	-
Elementary library fund	31	-	31	-
TAG	24	-	-	24
Patriotism day	1,879	-	60	1,819
JH cheerleading	501	180	186	495
Wrestling cheerleading	97	-	97	-
Weight room club	620	1,211	146	1,685
A club	7,985	22,622	22,984	7,623
Music boosters	14,259	32,009	38,386	7,882
FCCLA	64	-	-	64
Dance and drill	340	-	-	340
Interest	-	398	368	30
Investments	82	16	-	98
Football cheerleading	360	2,662	1,379	1,643
Archery club	35	-	-	35
Flag corp	6	-	-	6
Total	\$ 132,309	232,134	232,109	132,334

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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	\$ 2,689,978	2,461,639	2,447,699	2,125,457	1,946,426	2,000,954	1,958,913	1,750,121
Tuition	386,679	392,400	260,015	310,638	202,536	136,657	161,180	178,302
Other	501,733	570,132	504,749	449,606	414,059	389,077	426,484	420,220
State sources	3,612,696	3,295,213	3,756,251	3,818,424	3,520,413	3,361,618	3,154,278	2,892,651
Federal sources	489,572	795,138	260,834	220,338	215,168	240,156	243,582	168,971
Total	\$ 7,680,658	7,514,522	7,229,548	6,924,463	6,298,602	6,128,462	5,944,437	5,410,265
Expenditures:								
Instruction:								
Regular	\$ 2,397,749	2,505,063	2,363,404	2,316,023	2,098,677	2,468,967	2,417,405	2,275,334
Special	879,489	1,124,563	866,255	861,924	903,023	974,648	693,037	863,801
Other	1,125,463	520,244	946,487	1,081,030	1,031,130	704,381	832,922	491,027
Support services:								
Student	156,450	113,684	149,593	139,142	142,842	125,741	149,717	144,869
Instructional staff	153,504	186,561	917,079	235,689	228,787	198,643	25,942	3,462
Administration	778,532	736,879	722,909	744,771	695,910	726,219	687,027	658,292
Operation and maintenance of plant	410,427	459,020	392,274	399,678	400,112	330,961	340,082	346,895
Transportation	284,708	316,796	297,923	283,734	354,127	370,615	315,315	231,964
Other	-	1,854	-	-	-	-	-	-
Non-instructional:								
Community service & other								
enterprise operations	-	-	-	-	-	-	14,985	-
Operation of non-instructional programs	-	-	-	-	-	3,931	150	-
Other expenditures:								
Facilities acquisitions	472,281	30,450	347,032	305,226	349,243	228,548	130,737	106,448
Long Term Debt:								
Principal	295,390	295,390	285,390	110,000	105,000	100,000	206,389	166,183
Interest and fiscal charges	6,325	12,025	17,200	21,585	25,995	30,045	34,445	44,247
AEA flow-through	251,075	249,117	230,908	224,738	207,648	196,840	188,353	184,562
Total	\$ 7,211,393	6,551,646	7,536,454	6,723,540	6,542,494	6,459,539	6,036,506	5,517,084

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY11	57,554
National School Lunch Program	10.555	FY11	160,059 *
			<u>217,613</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY11	102,863
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY11	32,984
			<u>135,847</u>
Career and Technical Education - Basic Grants to States	84.048	FY11	13,813
Fund for the Improvement of Education	84.215	FY11	25,000
Parental Information and Resource Centers	84.310	FY11	11,039
Improving Teacher Quality State Grants	84.367	FY11	32,523
Grants for State Assessment and Related Activities	84.369	FY11	3,900
State Fiscal Stabilization Fund Cluster:			
ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants, Recovery Act	84.394	FY11	33,044
ARRA - State Fiscal Stabilization Fund (SFSF)- Government Services, Recovery Act	84.397	FY11	29,473
			<u>62,517</u>
Education Jobs Fund	84.410	FY11	87,352
Area Education Agency:			
Special Education - Grants to States	84.027	FY11	33,654
Total			<u>\$ 623,258</u>

* - Includes \$8,486 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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
Cardinal of Eldon 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 Cardinal of Eldon Community School District 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 March 9, 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 Cardinal of Eldon Community School District internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Cardinal of Eldon Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cardinal of Eldon Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cardinal of Eldon 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.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2012

NOLTE, CORNMAN & JOHNSON P.C.

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

To the Board of Education of the
Cardinal of Eldon Community School District:

Compliance

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

In our opinion, Cardinal of Eldon 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 Cardinal of Eldon 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 Cardinal of Eldon Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cardinal of Eldon Community School District's internal control over compliance.

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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. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2012

CARDINAL OF ELDON 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 material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major Programs were as follows:
 - Clustered Programs:
 - Nutrition Cluster
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - Title I, Part A Cluster
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 - ARRA - Title I Grants to Local Educational Agencies, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Cardinal Community School District did not qualify as a low-risk auditee.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND SCHEDULED 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 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - We will investigate alternatives and implement if possible.

Conclusion - Response accepted.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2011
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
CFDA Number 84.389: ARRA – Title I Grants to Local Educational Agencies, Recovery Act
Federal Award Year: 2011
U.S. Department of Education
Passed through the Iowa Department of Education

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

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

Response - We will investigate alternatives and implement if possible.

Conclusion - Response accepted.

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

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District expenditures for the year ended June 30, 2011 exceeded the amounts budgeted in the other expenditures functional area.

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

Response - In the future, we will amend the budget in accordance with Chapter 24.9 of the Code of Iowa before expenditures are allowed to exceed the budget.

Conclusion - Response accepted.

IV-B-11 Questionable Disbursements - We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Response - The District will no longer purchase personal clothing items for employees.

Conclusion - Response accepted.

IV-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 Business Transactions - Business transactions between the District and District officials or employees are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Margaret Metcalf, Bus Driver Owner of RPMS Graphics	Supplies	\$13,721
Tina Snyder, Board Secretary Spouse owns Snyder Construction	Purchased services	\$58,455

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

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

IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to 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 variances in the basic enrollment data certified to the Department of Education. The total number of students certified was overstated by 5.0 students.

Recommendation - The Iowa Department of Education and the Department of Management should be contacted to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted

IV-H-11 Supplementary Weighting - No variances 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 and Services Tax - No instances of non-compliance noted with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax 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		\$ 369,012	
Revenues:			
Sales tax revenues	\$ 496,454		
Other local revenues	24,181		
Federal revenues	<u>25,000</u>	<u>545,635</u>	
			914,647
Expenditures/transfers out:			
School infrastructure construction	\$ 145,690		
Equipment	59,511		
Other	267,080		
Transfers to other funds:			
Debt service fund	<u>136,312</u>	<u>608,593</u>	
Ending Balance			<u>\$ 306,054</u>

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

IV-M-11 Financial Condition - During our audit we noted the Student Activity Fund contained one negative account balance of \$3,636.

Recommendation - The District should continue to monitor this account and investigate alternatives to eliminate the deficit.

Response - We will continue to monitor this account and explore ways to eliminate the deficit balance.

Conclusion - Response accepted.