

COLFAX-MINGO 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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Colfax-Mingo Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Mardell Tomlonvic	President	2011
Jeanine Baldwin	Vice President	2013
Jeff Lietz	Board Member	2011
Mike Routh	Board Member	2013
Billie Jo Russell	Board Member	2013
Don Goodman	Board Member	2011
Eric Harmison	Board Member	2011
School Officials		
Tina Ross	Superintendent	2011
Deb Hodgson	District Secretary	2011
Kelly Wilson	District Treasurer	2011
Tom Foley	Attorney	2011



NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Colfax-Mingo Community School District:

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

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Colfax-Mingo Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2012 on our consideration of Colfax-Mingo Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 48 are not required parts of the

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basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Colfax-Mingo Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Colfax-Mingo 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 \$7,332,280 in fiscal 2010 to \$7,860,879 in fiscal 2011, while General Fund expenditures increased from \$7,357,342 in fiscal 2010 to \$7,436,537 in fiscal 2011. This resulted in an increase in the District's General Fund balance from \$664,756 in fiscal 2010 to a balance of \$1,089,098 in fiscal 2011, a 63.83% increase from the prior year.
- The increase in General Fund revenues was mainly attributable to an increase in state sources in fiscal 2011. The increase in expenditures was due primarily to an increase in negotiated salaries and benefits.

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 Colfax-Mingo 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 Colfax-Mingo 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 Colfax-Mingo Community School District acts solely as an agent or custodian 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 funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

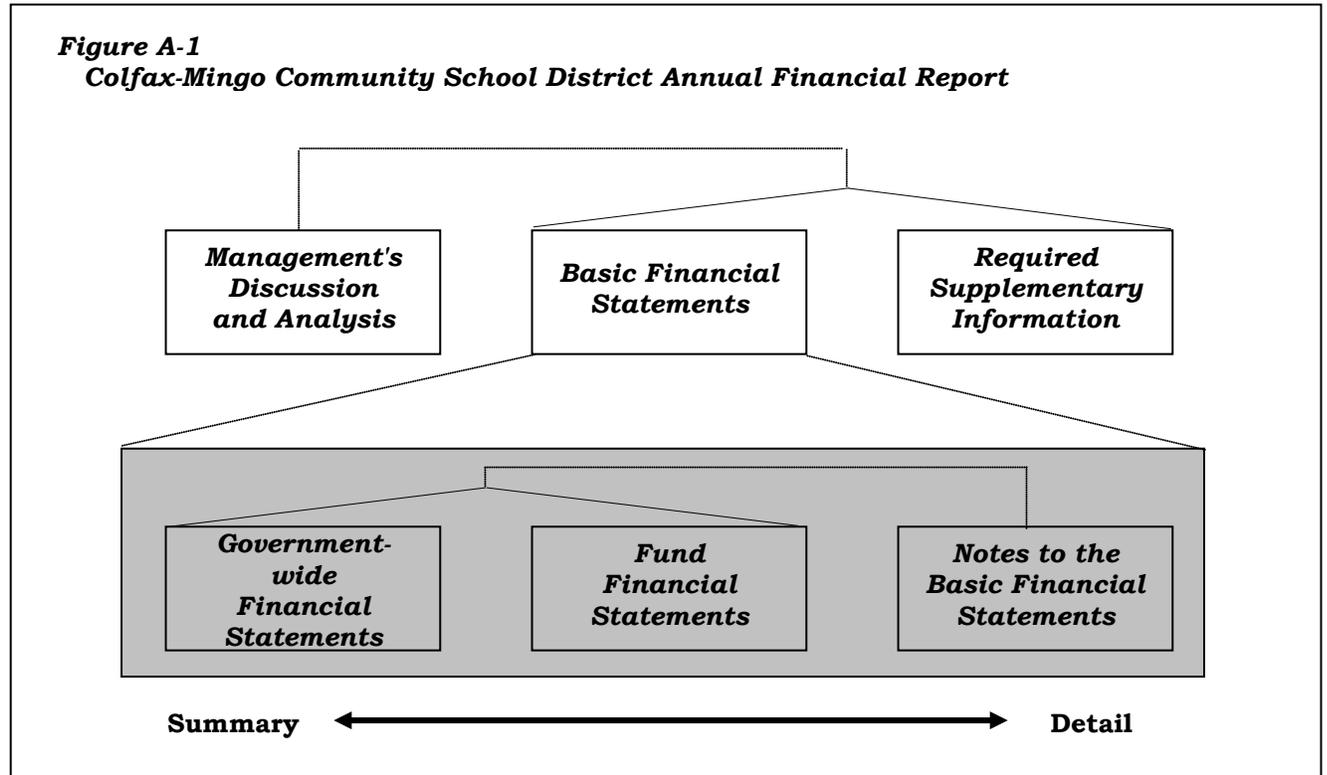


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 the 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.
- 3) *Fiduciary funds:* The District is a trustee, or fiduciary, for assets that belong to others. These funds includes the Private Purpose Trust Fund and Agency Fund.
 - Private Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

- Agency Funds - These are funds through which the District administers and accounts for certain revenue collected for other groups.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 6,145,338	5,543,856	65,976	53,840	6,211,314	5,597,696	10.96%
Capital assets	10,729,918	11,044,533	25,165	28,585	10,755,083	11,073,118	-2.87%
Total assets	16,875,256	16,588,389	91,141	82,425	16,966,397	16,670,814	1.77%
Long-term liabilities	7,021,596	7,687,876	3,855	1,880	7,025,451	7,689,756	-8.64%
Other liabilities	3,795,168	3,817,843	149,935	147,063	3,945,103	3,964,906	-0.50%
Total liabilities	10,816,764	11,505,719	153,790	148,943	10,970,554	11,654,662	-5.87%
Net assets:							
Invested in capital assets, net of related debt	3,899,007	3,541,428	25,165	28,585	3,924,172	3,570,013	9.92%
Restricted	1,421,395	1,050,112	0	0	1,421,395	1,050,112	35.36%
Unrestricted	738,090	491,130	(87,814)	(95,103)	650,276	396,027	64.20%
Total net assets	\$ 6,058,492	5,082,670	(62,649)	(66,518)	5,995,843	5,016,152	19.53%

The District's combined net assets increased by 19.53%, or \$979,691, under the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents 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 \$371,283, or 35.36% over the prior year. The increase in restricted net assets is mainly attributable to an increase in the amount of categorical funding carryover as compared to the previous year and an increase in the Management Levy Fund balance.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$254,249, or 64.20%. The increase in unrestricted net assets is mainly due to the increase in General Fund balance.

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

Figure A-4
Changes of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 255,788	235,613	195,490	202,195	451,278	437,808	3.08%
Operating grants and contributions and restricted interest	912,768	1,595,348	187,030	187,375	1,099,798	1,782,723	-38.31%
Capital grants and contributions and restricted interest	84,422	0	0	0	84,422	0	100.00%
General revenues:							
Property tax	2,987,246	2,764,647	0	0	2,987,246	2,764,647	8.05%
Income surtax	167,556	289,775	0	0	167,556	289,775	-42.18%
Statewide sales, services and use tax	538,931	522,852	0	0	538,931	522,852	3.08%
Unrestricted state grants	4,117,072	3,294,193	0	0	4,117,072	3,294,193	24.98%
Nonspecific program federal grants	336,069	0	0	0	336,069	0	100.00%
Unrestricted investment earnings	2,675	23,465	158	224	2,833	23,689	-88.04%
Other general revenues	47,849	70,001	4,584	2,498	52,433	72,499	-27.68%
Total revenues	9,450,376	8,795,894	387,262	392,292	9,837,638	9,188,186	7.07%
Program expenses:							
Governmental activities:							
Instructional	5,512,433	5,213,500	0	0	5,512,433	5,213,500	5.73%
Support services	2,124,648	2,145,941	10	37	2,124,658	2,145,978	-0.99%
Non-instructional programs	0	0	383,383	397,988	383,383	397,988	-3.67%
Other expenses	837,473	978,910	0	0	837,473	978,910	-14.45%
Total expenses	8,474,554	8,338,351	383,393	398,025	8,857,947	8,736,376	1.39%
Changes in net assets	975,822	457,543	3,869	(5,733)	979,691	451,810	116.84%
Net assets beginning of year, as restated	5,082,670	4,625,127	(66,518)	(60,785)	5,016,152	4,564,342	9.90%
Net assets end of year	\$ 6,058,492	5,082,670	(62,649)	(66,518)	5,995,843	5,016,152	19.53%

In fiscal 2011, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 82.65% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 98.78% of the revenue from business type activities.

The District's total revenues were \$9,837,638 of which \$9,450,376 was for governmental activities and \$387,262 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 7.07% increase in revenues and a 1.39% increase in expenses. Property tax increased \$222,599 to fund the increase in expenditures. The increase in expenditures can be attributed to increases in negotiated salaries and benefits as well as increases in program expenditures funded by grants.

Governmental Activities

Revenues for governmental activities were \$9,450,376 and expenses were \$8,474,554.

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

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	\$ 5,512,433	5,213,500	5.73%	4,671,825	3,706,848	26.03%
Support services	2,124,648	2,145,941	-0.99%	2,032,947	2,143,121	-5.14%
Other expenses	837,473	978,910	-14.45%	516,804	657,421	-21.39%
Totals	<u>\$ 8,474,554</u>	<u>8,338,351</u>	<u>1.63%</u>	<u>7,221,576</u>	<u>6,507,390</u>	<u>10.97%</u>

- The cost financed by users of the District's programs was \$255,788.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$997,190.
- The net cost of governmental activities was financed with \$2,987,246 in property tax, \$167,556 in income surtax, \$528,931 in statewide sales, services and use tax, \$4,117,072 in unrestricted state grants, \$336,069 in nonspecific program federal grants, \$2,675 in interest income and \$47,849 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$387,262 and expenses were \$383,393. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,173,188, above last year's ending fund balance of \$1,545,087. The primary reason for the increase in combined fund balances can be attributable to the increase in fund balance for the General Fund and Management Levy Fund.

Governmental Fund Highlights

- The District's increasing General Fund financial position is the product of many factors. The increase in revenues was more than the increase in expenditures, thus ensuring the increase in General Fund balance from \$664,756 to \$1,089,098.
- The Debt Service Fund balance increased from \$755,031 at June 30, 2010 to \$797,030 at June 30, 2011 through normal course of transactions made during the year.

Proprietary Fund Highlights

The Proprietary Funds net assets increased from a deficit \$66,518 at June 30, 2010 to a deficit \$62,649 at June 30, 2011, representing an increase of 5.82%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$300,247 more than budgeted revenues, a variance of 3.14%. Other than intermediate sources, the most significant variance resulted from the District receiving more in federal sources than originally anticipated partly because of funds received from the American Recovery and Reinvestment Act.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the instructional, non-instructional programs and other expenditures functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$10,755,083, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.87% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$328,935.

The original cost of the District's capital assets was \$15,440,600. Governmental funds account for \$15,271,279 with the remainder of \$169,321 in the Proprietary funds.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$196,561 at June 30, 2010, compared to \$154,014 reported at June 30, 2011.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 123,219	123,219	0	0	123,219	123,219	0.00%
Buildings	10,391,622	10,653,244	0	0	10,391,622	10,653,244	-2.46%
Land improvements	86,228	100,094	0	0	86,228	100,094	-13.85%
Machinery and equipment	128,849	167,976	25,165	28,585	154,014	196,561	-21.65%
Total	\$ 10,729,918	11,044,533	25,165	28,585	10,755,083	11,073,118	-2.87%

Long-Term Debt

At year-end, the District had \$7,017,283 in general obligation bond, revenue bond and other long-term debt outstanding. This represents a decrease of 8.75% from last years balance of \$7,689,756. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
General obligation bonds	\$ 5,705,000	6,020,000	0	0	5,705,000	6,020,000	-5.23%
Revenue bonds	1,115,000	1,455,000	0	0	1,115,000	1,455,000	-23.37%
Bus lease	10,911	21,272	0	0	10,911	21,272	-48.71%
Lighting loan	0	6,833	0	0	0	6,833	-100.00%
Compensated absences	97,251	96,550	0	0	97,251	96,550	0.73%
Early retirement	0	46,632	0	0	0	46,632	-100.00%
Net OPEB liability	85,266	41,589	3,855	1,880	89,121	43,469	105.02%
Total	\$ 7,013,428	7,687,876	3,855	1,880	7,017,283	7,689,756	-8.75%

The District had \$5,705,000 in general obligation bonds outstanding at June 30, 2011.

The District had \$1,115,000 in revenue bonds outstanding at June 30, 2011 payable from the Capital Projects: Statewide Sales Services and Use Tax Fund.

The District had a bus lease payable of \$10,911 at June 30, 2011 payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had compensated absences payable of \$97,251 at June 30, 2011 payable from the General Fund.

The District also has a net OPEB liability of \$89,121 at June 30, 2011.

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:

- Low allowable growth over several years and enrollment decreases may negatively impact the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget. The district's cash balance will support short term funding shortfalls from the state.
- The national recession that has adversely impacted the state of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid (allowable growth) to schools will be based on the condition of the state and national economies. Given the current financial status of the State of Iowa, there is a possibility that the state aid rate will be reduced for the fiscal 2010 year.

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 Deb Hodgson, Board Secretary, Colfax-Mingo Community School District, 1000 North Walnut, Colfax, Iowa, 50054.

BASIC FINANCIAL STATEMENTS

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,266,976	56,328	2,323,304
Receivables:			
Property tax:			
Delinquent	67,273	0	67,273
Succeeding year	2,981,803	0	2,981,803
Income surtax	231,366	0	231,366
Accounts	84	0	84
Due from other funds	144,218	0	144,218
Due from other governments	453,618	0	453,618
Inventories	0	9,648	9,648
Capital assets, net of accumulated depreciation	10,729,918	25,165	10,755,083
TOTAL ASSETS	16,875,256	91,141	16,966,397
LIABILITIES			
Due to other funds	0	144,218	144,218
Accounts payable	125,051	0	125,051
Salaries and benefits payable	480,854	2,807	483,661
Interest payable	54,384	0	54,384
Deferred revenue:			
Succeeding year property tax	2,981,803	0	2,981,803
Other	153,076	0	153,076
Unearned revenue	0	2,910	2,910
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	340,000	0	340,000
Revenue bond payable	360,000	0	360,000
Bus lease payable	10,911	0	10,911
Compensated absences payable	105,419	0	105,419
Portion due after one year:			
General obligation bonds payable	5,365,000	0	5,365,000
Revenue bond payable	755,000	0	755,000
Net OPEB liability	85,266	3,855	89,121
TOTAL LIABILITIES	10,816,764	153,790	10,970,554
NET ASSETS			
Invested in capital assets, net of related debt	3,899,007	25,165	3,924,172
Restricted for:			
Categorical funding	304,319	0	304,319
Debt service	797,030	0	797,030
Management levy purposes	153,193	0	153,193
Student activities	54,665	0	54,665
School infrastructure	112,188	0	112,188
Unrestricted	738,090	(87,814)	650,276
TOTAL NET ASSETS	\$ 6,058,492	(62,649)	5,995,843

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants, Charges for Services		Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
		Interest	Interest				
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 3,141,060	156,061	63,381	0	(2,921,618)	0	(2,921,618)
Special	1,109,636	30,344	160,181	0	(919,111)	0	(919,111)
Other	1,261,737	68,812	361,829	0	(831,096)	0	(831,096)
	<u>5,512,433</u>	<u>255,217</u>	<u>585,391</u>	<u>0</u>	<u>(4,671,825)</u>	<u>0</u>	<u>(4,671,825)</u>
Support services:							
Student	92,197	0	0	0	(92,197)	0	(92,197)
Instructional staff	78,310	0	5,031	0	(73,279)	0	(73,279)
Administration	855,323	0	0	0	(855,323)	0	(855,323)
Operation and maintenance							
of plant	751,180	0	0	84,422	(666,758)	0	(666,758)
Transportation	347,638	571	1,677	0	(345,390)	0	(345,390)
	<u>2,124,648</u>	<u>571</u>	<u>6,708</u>	<u>84,422</u>	<u>(2,032,947)</u>	<u>0</u>	<u>(2,032,947)</u>
Other expenses:							
Long-term debt interest	241,316	0	0	0	(241,316)	0	(241,316)
AEA flowthrough	320,669	0	320,669	0	0	0	0
Depreciation(unallocated)*	275,488	0	0	0	(275,488)	0	(275,488)
	<u>837,473</u>	<u>0</u>	<u>320,669</u>	<u>0</u>	<u>(516,804)</u>	<u>0</u>	<u>(516,804)</u>
Total governmental activities	8,474,554	255,788	912,768	84,422	(7,221,576)	0	(7,221,576)
Business type activities:							
Support services:							
Administration	10	0	0	0	0	(10)	(10)
Non-instructional programs:							
Nutrition services	383,383	195,490	187,030	0	0	(863)	(863)
Total business type activities	<u>383,393</u>	<u>195,490</u>	<u>187,030</u>	<u>0</u>	<u>0</u>	<u>(873)</u>	<u>(873)</u>
Total	\$ <u>8,857,947</u>	<u>451,278</u>	<u>1,099,798</u>	<u>84,422</u>	<u>(7,221,576)</u>	<u>(873)</u>	<u>(7,222,449)</u>
General Revenues:							
Property tax for:							
General purposes				\$ 2,402,704	0	2,402,704	
Debt service				531,217	0	531,217	
Capital outlay				53,325	0	53,325	
Income surtax				167,556	0	167,556	
Statewide sales, services and use tax				538,931	0	538,931	
Unrestricted state grants				4,117,072	0	4,117,072	
Nonspecific program federal grants				336,069	0	336,069	
Unrestricted investment earnings				2,675	158	2,833	
Other general revenues				47,849	4,584	52,433	
Total general revenues				<u>8,197,398</u>	<u>4,742</u>	<u>8,202,140</u>	
Changes in net assets				975,822	3,869	979,691	
Net assets beginning of year				5,082,670	(66,518)	5,016,152	
Net assets end of year				<u>\$ 6,058,492</u>	<u>(62,649)</u>	<u>5,995,843</u>	

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Debt Service	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 1,434,702	619,778	212,496	2,266,976
Receivables:				
Property tax:				
Delinquent	47,559	12,318	7,396	67,273
Succeeding year	2,200,297	525,646	255,860	2,981,803
Income surtax	231,366	0	0	231,366
Accounts	84	0	0	84
Due from other funds	144,218	164,934	100,000	409,152
Due from other governments	204,262	0	249,356	453,618
TOTAL ASSETS	\$ 4,262,488	1,322,676	825,108	6,410,272
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 0	0	264,934	264,934
Accounts payable	107,797	0	17,254	125,051
Salaries and benefits payable	480,854	0	0	480,854
Deferred revenue:				
Succeeding year property tax	2,200,297	525,646	255,860	2,981,803
Income surtax	231,366	0	0	231,366
Other	153,076	0	0	153,076
Total liabilities	3,173,390	525,646	538,048	4,237,084
Fund balances:				
Restricted for:				
Categorical funding	304,319	0	0	304,319
Debt service	0	797,030	0	797,030
Management levy purposes	0	0	153,193	153,193
Student activities	0	0	54,665	54,665
School infrastructure	0	0	112,188	112,188
Unassigned:				
General	784,779	0	0	784,779
Student activities	0	0	(30,064)	(30,064)
Physical plant and equipment	0	0	(2,922)	(2,922)
Total fund balances	1,089,098	797,030	287,060	2,173,188
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,262,488	1,322,676	825,108	6,410,272

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO 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)	\$ 2,173,188
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.	10,729,918
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	231,366
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(54,384)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, bus lease payable, compensated absences, 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.	(7,021,596)
Net assets of governmental activities(page 18)	<u><u>\$ 6,058,492</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Debt Service	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,332,955	531,217	867,762	3,731,934
Tuition	143,637	0	0	143,637
Other	74,927	503	143,332	218,762
Intermediate sources	11,000	0	0	11,000
State sources	4,623,922	284	178	4,624,384
Federal sources	674,438	0	84,422	758,860
Total revenues	<u>7,860,879</u>	<u>532,004</u>	<u>1,095,694</u>	<u>9,488,577</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,108,660	0	0	3,108,660
Special	1,092,652	0	0	1,092,652
Other	1,126,299	0	129,948	1,256,247
	<u>5,327,611</u>	<u>0</u>	<u>129,948</u>	<u>5,457,559</u>
Support services:				
Student	91,613	0	0	91,613
Instructional staff	75,841	0	0	75,841
Administration	697,084	0	188,857	885,941
Operation and maintenance of plant	588,179	0	7,100	595,279
Transportation	335,540	0	0	335,540
	<u>1,788,257</u>	<u>0</u>	<u>195,957</u>	<u>1,984,214</u>
Other expenditures:				
Facilities acquisitions	0	0	150,267	150,267
Long-term debt:				
Principal	0	672,194	0	672,194
Interest and fiscal charges	0	275,573	0	275,573
AEA flowthrough	320,669	0	0	320,669
	<u>320,669</u>	<u>947,767</u>	<u>150,267</u>	<u>1,418,703</u>
Total expenditures	<u>7,436,537</u>	<u>947,767</u>	<u>476,172</u>	<u>8,860,476</u>
Excess(Deficiency) of revenues over(under) expenditures	424,342	(415,763)	619,522	628,101
Other financing sources(uses):				
Transfer in	0	457,762	0	457,762
Transfer out	0	0	(457,762)	(457,762)
Total other financing sources(uses)	<u>0</u>	<u>457,762</u>	<u>(457,762)</u>	<u>0</u>
Net change in fund balances	424,342	41,999	161,760	628,101
Fund balance beginning of year, as restated	664,756	755,031	125,300	1,545,087
Fund balance end of year	<u>\$ 1,089,098</u>	<u>797,030</u>	<u>287,060</u>	<u>2,173,188</u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO 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)		\$ 628,101
 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:		
Capital outlays	\$ 10,900	
Depreciation expense	<u>(325,515)</u>	(314,615)
 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.		
		672,194
 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.		
		34,257
 Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		
		(38,201)
 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.		
Compensated absences	(8,869)	
Early retirement	46,632	
Other postemployment benefits	<u>(43,677)</u>	<u>(5,914)</u>
Changes in net assets of governmental activities(page 19)		<u><u>\$ 975,822</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	School Nutrition
ASSETS	
Cash and pooled investments	\$ 56,328
Inventories	9,648
Capital assets, net of accumulated depreciation	25,165
TOTAL ASSETS	91,141
 LIABILITIES	
Interfund payable	144,218
Salaries and benefits payable	2,807
Unearned revenue	2,910
Net OPEB liability	3,855
TOTAL LIABILITIES	153,790
 NET ASSETS	
Invested in capital assets	25,165
Unrestricted	(87,814)
TOTAL NET ASSETS	\$ (62,649)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 195,490
Miscellaneous	4,584
TOTAL OPERATING REVENUES	200,074
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	10
Non-instructional programs:	
Food service operations:	
Salaries	135,661
Benefits	58,885
Services	17,341
Supplies	168,076
Depreciation	3,420
Total non-instructional programs	383,383
TOTAL OPERATING EXPENSES	383,393
OPERATING LOSS	(183,319)
NON-OPERATING REVENUES:	
State sources	3,177
Federal sources	183,853
Interest income	158
TOTAL NON-OPERATING REVENUES	187,188
Change in net assets	3,869
Net assets beginning of year	(66,518)
Net assets end of year	\$ (62,649)

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 195,555
Cash received from miscellaneous	4,584
Cash payments to employees for services	(189,764)
Cash payments to suppliers for goods or services	(165,206)
Net cash used in operating activities	(154,831)
Cash flows from non-capital financing activities:	
State grants received	3,177
Federal grants received	163,555
Net cash provided by non-capital financing activities	166,732
Cash flows from investing activities:	
Interest on investments	158
Net increase in cash and cash equivalents	12,059
Cash and cash equivalents at beginning of year	44,269
Cash and cash equivalents at end of year	\$ 56,328
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (183,319)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	20,298
Depreciation	3,420
Increase in inventories	(77)
Increase in salaries and benefits payable	2,807
Increase in unearned revenue	65
Increase in other postemployment benefits	1,975
Net cash used in operating activities	\$ (154,831)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$20,298.

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 206,779	507
Interest receivable	311	0
TOTAL ASSETS	207,090	507
LIABILITIES		
Due to other groups	0	507
NET ASSETS		
Restricted for scholarships	196,022	0
Unrestricted	11,068	0
TOTAL NET ASSETS	\$ 207,090	0

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest	\$ 6,135
Deductions:	
Instruction:	
Other:	
Scholarships awarded	100
Change in net assets	6,035
Net assets beginning of year	201,055
Net assets end of year	\$ 207,090

SEE NOTES TO FINANCIAL STATEMENTS.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

The Colfax-Mingo 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 cities of Colfax and Mingo, Iowa, and the predominate agricultural territory in Jasper County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Colfax-Mingo 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 Colfax-Mingo 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 Jasper 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 funds:

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

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

The District reports the following proprietary fund:

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 a fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary fund includes the following:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

Property Tax Receivable - Property tax in the governmental funds 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	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Land improvements	20 years
Intangibles	5 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with 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 Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; 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 \$371,520 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:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 438,931
Debt Service	Capital Projects: Physical Plant and Equipment Levy	18,831
Total		<u>\$ 457,762</u>

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was needed for principal and interest payments for the District's bus lease and lighting lease.

The transfer from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed to move statewide sales, services and use tax revenues per revenue bond covenants of the District.

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Statewide Sales, Services and Use Tax	Capital Projects: Physical Plant and Equipment Levy	\$ 100,000
Debt service	Capital Projects: Statewide Sales, Services and Use Tax	164,934
General Total	School Nutrition	144,218
		<u>\$ 409,152</u>

The Capital Projects: Physical Plant and Equipment Levy Fund owes the Capital Projects: Statewide Sales and Services Tax Fund for Federal Emergency Management Agency grant receipted into the Capital Projects: Physical Plant and Equipment Levy Fund.

The Capital Projects: Statewide Sales and Services Tax Fund owes the Debt Service Fund for the amount of sales tax recorded as a receivable on the June 30, 2010 financial statements. Per District bond covenants all sales tax receipts are to be transferred to the Debt Service Fund. As of year-end, this transfer had not been made.

School Nutrition Fund owes the General Fund for salaries and benefits from previous years.

The District is aware that the interfund loans consist of loans made throughout the current and prior years. The District also realizes that the interfund loans may take more than one fiscal year to repay in a responsible manner.

(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
Business type activities:				
Machinery and equipment	\$ 169,321	0	0	169,321
Less accumulated depreciation	140,736	3,420	0	144,156
Business type activities capital assets, net	<u>\$ 28,585</u>	<u>(3,420)</u>	<u>0</u>	<u>25,165</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 123,219	0	0	123,219
Total capital assets not being depreciated	123,219	0	0	123,219
Capital assets being depreciated:				
Buildings	13,692,208	0	0	13,692,208
Land improvements	389,319	0	0	389,319
Machinery and equipment	1,095,321	10,900	39,688	1,066,533
Total capital assets being depreciated	15,176,848	10,900	39,688	15,148,060
Less accumulated depreciation for:				
Buildings	3,038,964	261,622	0	3,300,586
Land improvements	289,225	13,866	0	303,091
Machinery and equipment	927,345	50,027	39,688	937,684
Total accumulated depreciation	4,255,534	325,515	39,688	4,541,361
Total capital assets being depreciated, net	10,921,314	(314,615)	0	10,606,699
Governmental activities capital assets, net	\$ 11,044,533	(314,615)	0	10,729,918

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 20,179
Other	3,435
Support services:	
Instructional staff	1,040
Administration	448
Operation and maintenance of plant	3,617
Transportation	21,308
	50,027
Unallocated depreciation	275,488
Total governmental activities depreciation expense	\$ 325,515
Business type activities:	
Food service operations	\$ 3,420

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 6,020,000	0	315,000	5,705,000	340,000
Revenue bonds	1,455,000	0	340,000	1,115,000	360,000
Bus lease	21,272	0	10,361	10,911	10,911
Lighting loan	6,833	0	6,833	0	0
Compensated absences	96,550	97,251	96,550	97,251	97,251
Early retirement	46,632	0	46,632	0	0
Net OPEB liability	41,589	43,677	0	85,266	0
Total	\$ 7,687,876	140,928	815,376	7,013,428	808,162
Business type activities:					
Net OPEB liability	\$ 1,880	1,975	0	3,855	0

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2005			Bond Issue of March 1, 2010			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2012	5.75	10,000	37,567	1.05	330,000	148,078	\$ 340,000	185,645	525,645
2013	5.75	10,000	36,993	1.50	335,000	144,613	345,000	181,606	526,606
2014	5.75	10,000	36,418	1.85	340,000	139,588	350,000	176,006	526,006
2015	5.75	10,000	35,843	2.20	350,000	133,298	360,000	169,141	529,141
2016	5.75	10,000	35,268	2.55	355,000	125,597	365,000	160,865	525,865
2017-2021	5.75	70,000	165,987	2.80-3.60	1,960,000	468,355	2,030,000	634,342	2,664,342
2022-2025	5.40-5.75	565,000	117,496	3.80-4.10	1,350,000	109,725	1,915,000	227,221	2,142,221
Total		\$ 685,000	465,572		\$ 5,020,000	1,269,254	\$ 5,705,000	1,734,826	7,439,826

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue of July 1, 2005			
	Interest Rates	Principal	Interest	Total
2012	4.00 %	\$ 360,000	42,028	402,028
2013	4.00	370,000	26,690	396,690
2014	4.10	385,000	11,690	396,690
Total		\$ 1,115,000	80,408	1,195,408

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,825,000 in bonds issued July 1, 2005. The bonds were issued for the purpose of defraying a portion of the cost of renovations at the school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 75 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,195,408. For the current year \$398,178 in principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$538,931.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- b) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account should be transferred to the Reserve Account to build its balance to \$282,500. The \$282,500 shall be held in the Reserve Account solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account.
- d) Any monies in excess after the required transfers to the Sinking Account and Reserve Account may be transferred to the Project Account to be used for any lawful purpose.

Bus Lease

During the year ended June 30, 2007, the District entered into a bus lease agreement with Kansas State Bank of Manhattan. The lease requires annual payments of \$11,490. The lease will be repaid with property taxes levied in the Physical Plant and Equipment Levy Fund. Details of the District's lease payments are as follows:

Year Ending June 30,	Bus Lease of October 15, 2007				
	Interest Rates	Principal	Interest	Total	
2011	4.94 %	\$ 10,911	579	11,490	

Early Retirement

In the spring of 2009, the District offered a voluntary early retirement plan to its licensed employees. Eligible employees must have completed twenty years of service to the District. Employees must complete an application which is required to be

approved by the Board of Education. The early retirement incentive is 1% of the employee's salary times the number of years of service. Early retirement expenditures for the year ended June 30, 2011, totaled \$46,632.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 95 active and 4 retired members in the plan. Employees must be age 55 or older at retirement and have twenty or more years of service to the District.

The medical/prescription drug benefit, which is a partial self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 53,135
Interest on net OPEB obligation	1,087
Adjustment to annual required contribution	<u>(4,017)</u>
Annual OPEB cost	50,205
Contributions made	<u>(4,553)</u>
Increase in net OPEB obligation	45,652
Net OPEB obligation - beginning of year	<u>43,469</u>
Net OPEB obligation - end of year	<u><u>\$ 89,121</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 plans actual contributions for the year ended June 30, 2011.

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	\$ 48,981	11.25%	\$ 43,469
2011	50,205	9.07%	89,121

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 \$0.323 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.323 million. The covered payroll (annual payroll of active employees covered by the plan) was \$3.698 million, and the ratio of the UAAL to the covered payroll was 8.7%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare 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 the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are 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 include a 2.5% discount rate based on the District's funding policy. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed from the 2006 Society of Actuaries Study.

Projected claim costs of the medical plan are \$357 per month for retirees developed from a combination of age adjusted fully insured premiums and manual claims costs. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered 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 \$302,136, \$291,856, and \$284,319 respectively, equal to the required contributions for each year.

(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 dental coverage for District employees. District contributions to ISEBA for the year ended June 30, 2011 were \$21,492.

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

(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 \$320,669 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) Deficit Unassigned Fund Balance and Unrestricted Net Assets

The Capital Projects: Physical Plant and Equipment Levy Fund had a deficit unassigned fund balance of \$2,922 at June 30, 2011. The Special Revenue: Student Activity Fund had a deficit unassigned fund balance of \$30,064 at June 30, 2011. The Enterprise, School Nutrition Fund had a deficit unrestricted net asset balance of \$87,814 at June 30, 2011.

(12) Operating Lease Obligation

The District leases a transportation facility on a monthly basis. The lease contract extends through June 30, 2016. Annual lease payments are \$12,000.

(13) Categorical Funding

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

<u>Project</u>	<u>Amount</u>
Statewide voluntary preschool	\$ 63,429
At-risk programs	31,123
Model core curriculum	29,327
Dropout prevention	63,029
Teacher salary supplement	45,620
Professional development	70,435
Market factor incentives	1,356
Total	<u>\$ 304,319</u>

(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 reclassification is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 18,381	28,744
Change in fund type classification per implementation of GASB Statement No. 54	28,744	(28,744)
Balance July 1, 2010 as restated	<u>\$ 47,125</u>	<u>\$ 0</u>



REQUIRED SUPPLEMENTARY INFORMATION

COLFAX-MINGO 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
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 4,094,333	200,232	4,294,565	4,280,459	4,280,459	14,106
Intermediate sources	11,000	0	11,000	2,000	2,000	9,000
State sources	4,624,384	3,177	4,627,561	4,896,038	4,896,038	(268,477)
Federal sources	758,860	183,853	942,713	397,095	397,095	545,618
Total revenues	9,488,577	387,262	9,875,839	9,575,592	9,575,592	300,247
Expenditures/Expenses:						
Instruction	5,457,559	0	5,457,559	5,138,000	5,138,000	(319,559)
Support services	1,984,214	10	1,984,224	2,308,500	2,308,500	324,276
Non-instructional programs	0	383,383	383,383	362,400	362,400	(20,983)
Other expenditures	1,418,703	0	1,418,703	1,272,918	1,272,918	(145,785)
Total expenditures/expenses	8,860,476	383,393	9,243,869	9,081,818	9,081,818	(162,051)
Excess(Deficiency) of revenues over(under) expenditures/expenses	628,101	3,869	631,970	493,774	493,774	138,196
Balance beginning of year	1,545,087	(66,518)	1,478,569	1,481,872	1,481,872	(3,303)
Balance end of year	\$ 2,173,188	(62,649)	2,110,539	1,975,646	1,975,646	134,893

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated 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 ended June 30, 2011, District expenditures in the instruction, non-instructional programs, and other expenditure functions exceeded the amounts budgeted.

COLFAX-MINGO 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
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b-a)			Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 323	\$ 323	0.0%	\$ 4,043	8.0%
2011	July 1, 2009	\$ -	\$ 323	\$ 323	0.0%	\$ 3,698	8.7%

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

OTHER SUPPLEMENTARY INFORMATION

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue				Total
	Manage- ment Levy	Student Activity	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
ASSETS					
Cash and pooled investments	\$ 147,033	28,121	175,154	37,342	212,496
Receivables:					
Property tax:					
Delinquent	6,160	0	6,160	1,236	7,396
Succeeding year	200,000	0	200,000	55,860	255,860
Due from other funds	0	0	0	100,000	100,000
Due from other governments	0	0	0	249,356	249,356
TOTAL ASSETS	\$ 353,193	28,121	381,314	443,794	825,108
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 0	0	0	264,934	264,934
Accounts payable	0	3,520	3,520	13,734	17,254
Deferred revenue:					
Succeeding year property tax	200,000	0	200,000	55,860	255,860
Total liabilities	200,000	3,520	203,520	334,528	538,048
Restricted for:					
Management levy purposes	153,193		153,193	0	153,193
Student activities	0	54,665	54,665	0	54,665
School infrastructure	0		0	112,188	112,188
Unassigned:					
Student activities	0	(30,064)	(30,064)	0	(30,064)
Physical plant and equipment	0	0	0	(2,922)	(2,922)
Total fund balances	153,193	24,601	177,794	109,266	287,060
TOTAL LIABILITIES AND FUND BALANCES	\$ 353,193	28,121	381,314	443,794	825,108

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			Capital Projects	Total Other Nonmajor Governmental Funds
	Manage- ment levy	Student Activity	Total Special Revenue Funds		
Revenues:					
Local sources:					
Local tax	\$ 275,506	0	275,506	592,256	867,762
Other	14,160	128,608	142,768	564	143,332
State sources	150	0	150	28	178
Federal sources	0	0	0	84,422	84,422
Total revenues	289,816	128,608	418,424	677,270	1,095,694
Expenditures:					
Current:					
Instruction:					
Other	0	129,948	129,948	0	129,948
Support services:					
Administration	188,857	0	188,857	0	188,857
Operation and maintenance of plant	0	0	0	7,100	7,100
Other expenditures:					
Facilities acquisitions	0	0	0	150,267	150,267
Total expenditures	188,857	129,948	318,805	157,367	476,172
Excess(Deficiency) of revenues over(under) expenditures	100,959	(1,340)	99,619	519,903	619,522
Other financing uses:					
Transfer out	0	0	0	(457,762)	(457,762)
Net change in fund balances	100,959	(1,340)	99,619	62,141	161,760
Fund balances beginning of year, as restated	52,234	25,941	78,175	47,125	125,300
Fund balances end of year	\$ 153,193	24,601	177,794	109,266	287,060

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects				Total
	High School Capital Projects	Elementary Capital Projects	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	
ASSETS					
Cash and pooled investments	\$ 11,846	342	0	25,154	37,342
Receivables:					
Property tax:					
Delinquent	0	0	0	1,236	1,236
Succeeding year	0	0	0	55,860	55,860
Due from other funds	0	0	100,000	0	100,000
Due from other governments	0	0	164,934	84,422	249,356
TOTAL ASSETS	\$ 11,846	342	264,934	166,672	443,794
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 0	0	164,934	100,000	264,934
Accounts payable	0	0	0	13,734	13,734
Deferred revenue:					
Succeeding year property tax	0	0	0	55,860	55,860
Total liabilities	0	0	164,934	169,594	334,528
Fund balances:					
Restricted:					
School infrastructure	11,846	342	100,000	0	112,188
Unassigned	0	0	0	(2,922)	(2,922)
Total fund balances	11,846	342	100,000	(2,922)	109,266
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,846	342	264,934	166,672	443,794

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects				Total
	High School Capital Projects	Elementary Capital Projects	Statewide Sales and Services Tax	Physical Plant and Equipment Levy	
REVENUES:					
Local sources:					
Local tax	\$ 0	0	538,931	53,325	592,256
Other	13	3	0	548	564
State sources	0	0	0	28	28
Federal sources	0	0	0	84,422	84,422
Total revenues	13	3	538,931	138,323	677,270
EXPENDITURES:					
Support services:					
Operation and maintenance of plant	0	0	0	7,100	7,100
Other expenditures:					
Facilities acquisitions	3,194	3,015	0	144,058	150,267
Total expenditures	3,194	3,015	0	151,158	157,367
Excess(Deficiency) of revenues over(under) expenditures	(3,181)	(3,012)	538,931	(12,835)	519,903
Other financing uses:					
Transfer out	0	0	(438,931)	(18,831)	(457,762)
Net change in fund balances	(3,181)	(3,012)	100,000	(31,666)	62,141
Fund balances beginning of year, as restated	15,027	3,354	0	28,744	47,125
Fund balances end of year	\$ 11,846	342	100,000	(2,922)	109,266

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO 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	Intra- fund Transfers	Balance End of Year
Fair Concessions	\$ 989	10,815	10,435	0	1,369
Elementary Student Council	2,502	0	0	0	2,502
Elementary	1,652	7,418	7,031	52	2,091
Interest	103	0	0	(103)	0
Cheerleaders	2,437	0	120	0	2,317
MS Student Council	742	1,968	269	(1,237)	1,204
Middle School	2,277	12,923	16,269	1,289	220
Drama	4,121	0	0	0	4,121
Speech	0	1,260	1,060	0	200
Chorus	3,967	2,192	0	0	6,159
Band	2,144	1,087	2,174	0	1,057
Athletics	(26,273)	2,736	3,197	0	(26,734)
Cross Country	99	0	400	301	0
Boys Basketball	2,026	4,075	8,732	2,631	0
Football	6,625	10,558	11,088	(3,886)	2,209
Baseball	0	4,158	2,244	(436)	1,478
Boys Track	0	194	1,449	1,255	0
Boys Golf	0	1,340	1,776	436	0
HS Swimming	0	334	374	53	13
Wrestling	535	3,084	5,201	1,586	4
Girls Basketball	5,243	2,894	2,173	(1,468)	4,496
Volleyball	4,101	1,443	875	0	4,669
Softball	2,053	3,096	2,342	0	2,807
Girls Track	0	505	1,174	669	0
Girls Golf	0	413	1,032	619	0
Interest	0	61	0	(61)	0
Cheerleaders	204	4,215	4,598	179	0
HS Student Council	6,836	2,829	2,851	0	6,814
Annual	(7,750)	7,183	5,669	2,906	(3,330)
Art Club	402	200	456	0	146
Class of 2010	157	0	27	(130)	0
Class of 2011	591	1,021	339	(1,273)	0
Class of 2012	1,342	7,336	7,202	0	1,476
Class of 2013	1,004	1,771	0	0	2,775
Class of 2014	1	820	78	0	743
Class of 2015	0	173	181	8	0
Class of 2017	379	0	0	0	379
FFA	0	15,227	14,605	0	622
Icons Club	137	0	0	(137)	0
Business Professionals	654	0	0	0	654
HS Book Club	1,502	0	0	(1,502)	0
Sound Club	1,458	0	103	0	1,355
Spanish Club	585	10,847	11,292	0	140
Tigerhawk Club	377	0	0	(377)	0
Wrestling Pep Club	815	0	0	(815)	0
ISEC	559	0	0	(559)	0
Drill Team	1,345	4,432	3,132	0	2,645
Total	\$ 25,941	128,608	129,948	0	24,601

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund			
	Umphress- Schollosser Scholarship	Jennings Scholarship	Tobin Coates Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 15,553	2,499	188,727	206,779
Interest receivable	311	0	0	311
TOTAL ASSETS	15,864	2,499	188,727	207,090
LIABILITIES	0	0	0	0
NET ASSETS				
Restricted for scholarships	13,600	2,480	179,942	196,022
Unrestricted	2,264	19	8,785	11,068
TOTAL NET ASSETS	\$ 15,864	2,499	188,727	207,090

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
 FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund			
	Umphress- Schlosser Scholarship	Jennings Scholarship	Tobin Coates Scholarship	Total
ADDITIONS:				
Local sources:				
Interest	\$ 626	38	5,471	6,135
DEDUCTIONS:				
Instruction:				
Other:				
Scholarships awarded	0	100	0	100
Changes in net assets	626	(62)	5,471	6,035
Net assets beginning of year	15,238	2,561	183,256	201,055
Net assets end of year	\$ 15,864	2,499	188,727	207,090

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 764	0	257	507
Liabilities				
Due to other groups	\$ 764	0	257	507

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO 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	\$ 3,731,934	3,584,988	3,594,437	3,164,741	3,276,124	3,020,975	2,861,673	2,846,958
Tuition	143,637	134,043	154,858	172,744	119,091	171,293	163,230	74,551
Other	218,762	255,077	343,408	369,212	436,926	447,273	391,548	191,329
Intermediate sources	11,000	10,980	2,411	5,690	2,088	0	0	0
State sources	4,624,384	4,179,319	4,853,594	4,691,460	4,294,204	4,240,763	3,987,537	3,975,253
Federal sources	758,860	638,901	378,910	228,246	167,700	182,164	171,778	183,185
Total	\$ 9,488,577	8,803,308	9,327,618	8,632,093	8,296,133	8,062,468	7,575,766	7,271,276
Expenditures:								
Current:								
Instruction:								
Regular	\$ 3,108,660	3,126,815	3,339,751	3,219,236	3,044,310	3,063,337	2,876,442	2,842,724
Special	1,092,652	999,148	1,034,036	1,061,646	823,207	855,427	1,060,881	996,430
Other	1,256,247	1,159,446	1,000,630	927,978	874,839	872,374	727,393	569,299
Support services:								
Student	91,613	72,204	77,367	102,857	99,401	162,948	98,931	126,527
Instructional staff	75,841	101,582	108,583	136,885	135,260	210,439	108,053	105,617
Administration	885,941	1,017,501	990,821	997,008	1,033,717	854,325	850,644	724,529
Operation and maintenance								
of plant	595,279	583,119	595,505	668,270	684,346	530,425	544,323	463,843
Transportation	335,540	308,494	283,436	395,848	321,682	275,014	367,899	303,858
Other	0	0	0	0	0	0	0	5,245
Other expenditures:								
Facilities acquisitions	150,267	47,582	118,304	139,665	1,570,588	6,042,327	895,229	0
Long-term debt:								
Principal	672,194	633,472	623,519	604,839	601,023	387,865	183,150	162,230
Interest and fiscal charges	275,573	355,589	361,824	385,912	404,039	496,026	85,512	103,609
AEA flow-through	320,669	321,489	296,982	278,868	261,144	253,475	248,379	253,884
Total	\$ 8,860,476	8,726,441	8,830,758	8,919,012	9,853,556	14,003,982	8,046,836	6,657,795

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	\$ 31,112
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	152,741 *
			<u>183,853</u>
TEAM NUTRITION GRANTS	10.574	FY 11	<u>476</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1332-G	92,573
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	23,624
			<u>116,197</u>
FUND FOR THE IMPROVEMENT OF EDUCATION (CHARACTER EDUCATION)	84.215	FY 11	<u>1,283</u>
PARENTAL INFORMATION AND RESOURCE CENTERS	84.310	FY 09	<u>4,920</u>
ENHANCING EDUCATION THROUGH TECHNOLOGY	84.318	FY 11	<u>327</u>
TITLE IIA - TEACHER QUALITY FEDERAL PROGRAMS	84.367	FY 11	<u>38,175</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 11	<u>5,031</u>
STATE FISCAL STABILIZATION FUND(SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	237,229
STATE FISCAL STABILIZATION FUND(SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	42,302
			<u>279,531 **</u>
STATE FISCAL STABILIZATION FUND(SFSF) GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	<u>37,731 **</u>
EDUCATION JOBS FUND	84.410	FY 11	<u>18,807</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 11	42,499
SPECIAL EDUCATION - GRANTS TO STATES(DECISION MAKING)	84.027	FY 11	285
			<u>42,784</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 11	<u>11,494</u>
SPECIAL EDUCATION TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	84.326	FY 11	<u>142</u>
DEPARTMENT OF HOMELAND SECURITY:			
IOWA DEPARTMENT OF HOMELAND SECURITY			
PUBLIC ASSISTANCE GRANTS(FEMA DISASTER ASSISTANCE)	97.036	FY 11	<u>84,422</u>
TOTAL			<u>\$ 825,173</u>

* - Includes \$20,298 of non-cash awards

** - The State Fiscal Stabilization Fund Cluster total is \$317,262

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

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

To the Board of Education of the
Colfax-Mingo 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 Colfax-Mingo Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 19, 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 Colfax-Mingo Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Colfax-Mingo Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Colfax-Mingo Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting 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 misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colfax-Mingo 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.

Colfax-Mingo 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 Colfax-Mingo 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 Colfax-Mingo Community School District and other parties to whom Colfax-Mingo 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 Colfax-Mingo 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 19, 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 Internal Control
over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Colfax-Mingo Community School District:

Compliance

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

In our opinion, Colfax-Mingo 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 Colfax-Mingo 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 Colfax-Mingo 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 Colfax-Mingo 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 internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. 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.

Colfax-Mingo 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 response 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 Colfax-Mingo Community School District and other parties to whom Colfax-Mingo 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.



NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2012

COLFAX-MINGO 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) Significant deficiencies and a material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance 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 audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
- Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program

 - Clustered
 - CFDA Number 84.394 - State Fiscal Stabilization Fund(SFSF) Education State Grants, (Recovery Act)
 - CFDA Number 84.397 - State Fiscal Stabilization Fund(SFSF) Government Services, (Recovery Act)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Colfax-Mingo Community School District did not qualify as a low-risk auditee.

COLFAX-MINGO COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

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. We noted that the writing of receipts and preparation of deposit tickets were being performed by the same person. In the Fiscal Department, reconciliations and correcting journal entries, when needed, are performed 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 - The District will consider a separate individual to create deposit tickets. The District will pursue assigning reconciliations or journal entries to a separate individual.

Conclusion - Response accepted.

II-B-11 Payroll Tax Reporting - We noted during our audit, that it appeared the District was not filing quarterly payroll reports and monthly Iowa Public Employee Retirement System reports in a timely manner. The District was paying penalties and interest to the Internal Revenue Service and the Iowa Public Employee Retirement System for late filing.

Recommendation - The District should ensure these reports are filed in a timely manner in the future to avoid paying penalties and interest.

Response - Quarterly and monthly reports are now filed timely.

Conclusion - Response accepted.

II-C-11 Agency Fund - During our audit we noted the District utilizes an Agency Fund. According to Chapter 9 of the LEA Administrative Manual, "Agency funds are used to account for assets received and held as an agent for individuals, private organizations, or other governments. Agency Funds could include money collected for another government, a grant consortium when the District serves as fiscal agent for the other districts but has no managerial responsibilities, and funds for a teacher or a parent-teacher organization which has its own Federal Identification Number. The District acts as a custodian of the assets and not an owner. Agency Funds may be created when an organization which is related to the operation of the District places certain assets into the custody of the District. The District renders a service, as custodian, for the organization providing the assets. Agency funds typically involve only the receipt, temporary investment and remittance of assets to their rightful owners. Moneys owned by the District would not be accounted for in the Agency Fund".

Currently, the District appears to be accounting for the Post Prom incorrectly.

Recommendation - Management should review the Post Prom account in the Agency Fund and determine how the account should truly be accounted for. Monies accounted for in the Agency Fund should be the property of an entity that has its own federal identification number and would be considered a legally separate entity.

Currently, the District's Post Prom uses the District's federal identification number; therefore, it would appear that the funds contained in this account are District's funds and not those of an outside organization as described above. The transactions for this account should be recorded in the most appropriate fund where standard District policies and procedures should be followed and subjected to the same level of accounting as any other transactions currently recorded in the District's records.

Response - The District will consider pulling this account into their book of business, allowing it to be administered under District policy.

Conclusion - Response acknowledged. All District transactions should be recorded in the District financial records and subjected to all District policies and procedures.

OTHER MATTERS:

II-D-11 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund that the District did not price out the commodity inventory using the correct values provided by the Department of Education, resulting in an understatement of inventory.

Recommendation - The District should review procedures in place for calculation of commodity inventory prices. The State of Iowa provides a price guide listing of values to be used in the calculation. The District should implement procedures to ensure the correct price values are used when calculating the inventory value at year end.

Response - The District will review procedures for calculating inventory prices to ensure correct pricing values.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

CFDA Number 84.394: ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act
CFDA Number 84.397: ARRA - State Fiscal Stabilization Fund (SFSF) Government Services, Recovery Act
Federal Award Year: 2010 and 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 writing of receipts and preparation of deposit tickets were being performed by the same person. In the Fiscal Department, reconciliations and correcting journal entries, when needed, are performed 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 - The District will consider a separate individual to create deposit tickets. The District will pursue assigning reconciliations or journal entries to a separate individual.

Conclusion - Response accepted.

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 certified amounts in the instruction, non-instructional programs and other expenditures functions.

Recommendation - The certified 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 - The District will amend the budget in the future if necessary.

Conclusion - Response accepted.

IV-B-11 Questionable Disbursements - We noted that cash was given to students for the top sellers of the Middle School Activity magazine fundraiser. Giving cash or gift certificates/cards to students as incentives do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - The District will not disburse cash or gift cards to student as incentives.

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.

However, we noted during our audit that the District reimbursed an employee for expenses associated with a class trip and the employee failed to provide documentation to support the reimbursement. According to District Board policy 803.1, employees that seek reimbursement of expenses must attach a detailed receipt to the claim form otherwise the expense becomes the employees' expense.

Recommendation - The District should review Board Policy 803.10 with employees to ensure that receipts for all reimbursable expenses are attached for supporting documentation. The District should follow their policy and not reimburse when documentation is not available.

Response - The District will review the policy in with employees and enforce the policy as written.

Conclusion - Response accepted.

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

Name, Title and Business Connection	Transaction Description	Amount
Kelly Wilson, District Treasurer Spouse owns First Impression Printing	Purchased Services	\$273

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

IV-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

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

IV-G-11 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were reported as resident students was overstated by 0.1 students.

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

Response - The District’s auditor will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

IV-H-11 Supplementary Weighting - No 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 being used to supplant rather than supplement other funds.

IV-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual

Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$	0
Revenues:		
Sales tax revenues		538,931
Expenditures/transfers out:		
Transfers to other funds:		
Debt service fund		<u>438,931</u>
Ending balance	<u>\$</u>	<u>100,000</u>

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

IV-M-11 Financial Condition - We noted during our audit that the School Nutrition Fund had deficit unrestricted net assets of \$87,814 at June 30, 2011. We noted the Capital Projects: Physical Plant and Equipment Levy Fund had a deficit unassigned fund balance of \$2,922. We also noted during our audit that the Special Revenue, Student Activity Fund has a deficit unassigned fund balance of \$30,064.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits. The District should review the controls in place for the Student Activity Fund. Additional controls for approving purchases may be needed. In addition, the District should create a workout plan to address the deficit Student Activity Fund account balances.

Response - The District anticipates receipt of FEMA monies to correct the PPEL deficit. The District will devise a workout plan to address the Nutrition and Activity fund deficits.

Conclusion - Response accepted.

IV-N-11 Checks Outstanding - We noted during our audit that the District had checks included in The School Nutrition and Student Activity Fund bank reconciliations that have been outstanding for over a year.

Recommendation - The District needs to determine if the checks need to be voided, reissued or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The Fiscal Department will determine and take action on outstanding items.

Conclusion - Response accepted.

IV-O-11 Interfund Loans - We noted during our audit that the District has interfund loans which were on the balance sheets in the prior year and still on the current year balance sheets. As of June 30, 2011, the District has a loan between the Nutrition Fund and the General Fund that has not been repaid.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2009, interfund loans on the District's year end financial statements must be repaid to their respective funds on or before October 1st of the

following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue external loans to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should issue external debt to repay the interfund loans to be in compliance with the declaratory order issued by the Iowa Department of Education to the Auditor of State and Iowa Code Chapter 74.

Response - The District will devise a workout plan to address the Nutrition fund interfund loan.

Conclusion - Response accepted.

IV-P-11 Official Contracts - We noted during our audit that the Athletic Director signed a contract with Peak Performance entered into by the District. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - The District will direct all contracts to the school board president for signature.

Conclusion - Response accepted.