COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title	Term Expires
	Board of Education	
Marvin Arnpriester	President	2011(Resigned 5/24/11)
Dave Coziahr	Vice President (President – effective June)	2011
Gina Primmer	Board Member	2011
Bill Grove	Board Member	2011
J. J. Harvey	Board Member (Vice President – effective June)	2013
Glen Mitchell	Board Member	2013
Kim Townsend	Board Member	2013
	School Officials	
Dr. Martha Bruckner	Superintendent	2011
Kristy Hansen	District Secretary/Treasurer and Director of Finance	2011

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT

SCHROER
and associates p.c.
certified public accountants

Marilyn Schroer, CPA
Diane McGrain, CPA
Jim Menard, CPA

November 21, 2011

INDEPENDENT AUDITORS' REPORT

The Board of Education
Council Bluffs Community School District
Council Bluffs, IA 51503

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

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

In accordance with *Government Auditing Standards* we have also issued our report dated November 21, 2011, on our consideration of Council Bluffs Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 17 and 47 through 50 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Council Bluffs Community School District's basic financial statements. The financial statements for the seven years ended June 30, 2010 (none of which are presented herein) were audited by other auditors, who expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, 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.

Dohrer & Associates, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Council Bluffs 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 $8,894,757 from $89,665,402 in fiscal 2010 to $98,560,159 in fiscal 2011. The increase in General Fund revenues can be attributed to increases in property tax, and federal grant revenues received by the District. General Fund expenditures decreased from $95,056,812 in fiscal 2010 to $94,764,400 in fiscal 2011 due in part to staff reductions, and reductions in operating expenses. The difference between fiscal 2011 revenues of $98,560,159 and expenses of $94,764,400 results in a net increase in fund balance of $3,795,759. As a result, the District's General Fund balance increased from $2,336,223 in fiscal 2010 to a balance of $6,131,982 in fiscal 2011. This represents a 162.47% increase from the prior year.

- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) increased from 1.60% at June 30, 2010 to 5.08 % at June 30, 2011. The State School Budget Review Committee recommends a solvency ratio of 5%-10%.

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 Council Bluffs 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 Council Bluffs 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 Council Bluffs Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, 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 details of various programs benefiting the District.

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

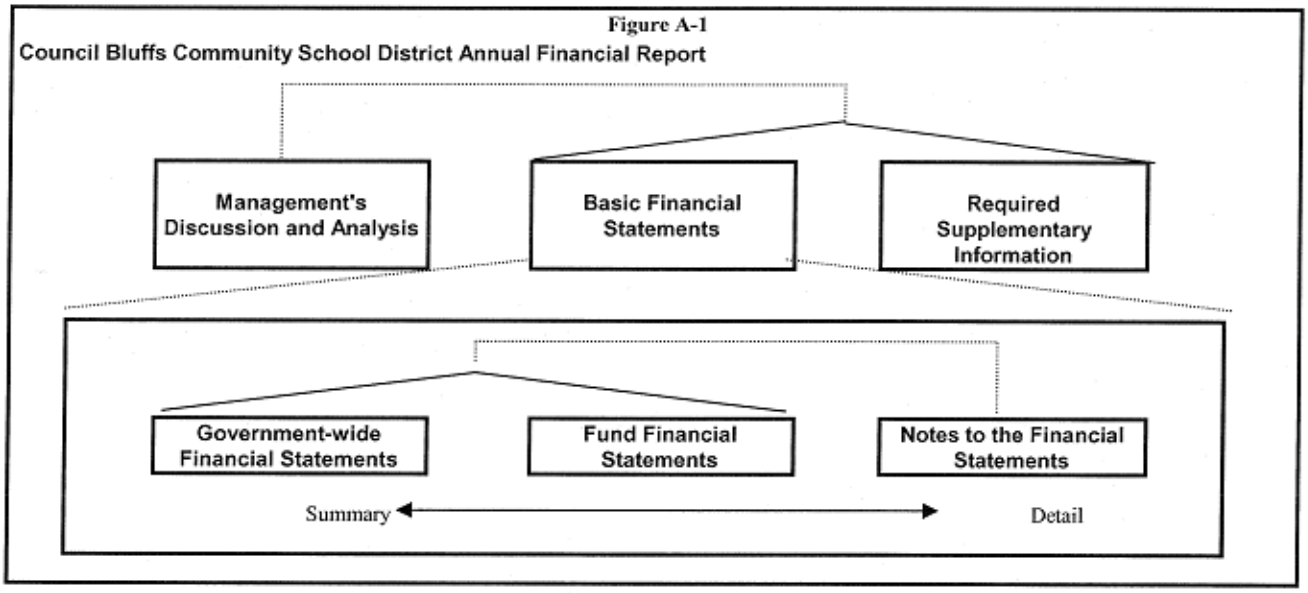

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary , such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education
Required financial statements	• Statement of net assets • Statement of activities	• Balance Sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
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

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, short-term and long-term
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 year, regardless of when cash is received or paid

REPORTING OF DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Statements

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

The two Government-wide 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, respectively. 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 two 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 District's programs.

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

The required financial statements for 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 the Government-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses, and changes in fund 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

Net assets – 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 Activities June 30,		Business-type Activities June 30,		Total School District June 30,		Total Change June 30,
	2011	2010	2011	2010	2011	2010	2010-2011
Current and other assets	$ 79,231,064	$ 78,342,552	$ 185,085	$ 167,584	$ 79,416,149	$ 78,510,136	1.15%
Capital assets	133,852,398	99,840,391	301,633	346,059	134,154,031	100,186,450	33.9%
Total assets	213,083,462	178,182,943	486,718	513,643	213,570,180	178,696,586	19.5%
Long-term obligations	72,863,204	55,405,828	44,449	23,847	72,907,653	55,429,675	31.5%
Other liabilities	54,881,778	44,807,846	744,904	829,414	55,626,682	45,637,260	21.9%
Total liabilities	127,744,982	100,213,674	789,353	853,261	128,534,335	101,066,935	27.2%
Net assets:							
Invested in capital assets							
Net of related debt	62,297,398	45,980,391	301,633	346,059	62,599,031	46,326,450	35.1%
Restricted	19,100,335	32,025,342	-0-	-0-	19,100,335	32,025,342	(40.4%)
Unrestricted	3,940,747	(36,464)	(604,268)	(685,677)	3,336,479	(722,141)	432.0%
Total net assets	$ 85,338,480	$ 77,969,269	$ (302,635)	$ (339,618)	$ 85,035,845	$ 77,629,651	9.5%

The District's combined net assets increased by 9.54%, or $7,406,194 over 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 represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets decreased approximately 40.4%, or $27,807,103 compared to the prior year. The decrease was primarily a result of the use of revenue bond proceeds for facility renovation or construction.

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 $4,108,620 or 432.0%. The increase in unrestricted fund balance was mainly a result of the increase in fund balance of the General Fund.

Changes in net assets – 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 in Net Assets

	Governmental Activities June 30,		Business-type Activities June 30,		Total School District June 30,		Total Change
	2011	2010	2011	2010	2011	2010	2010-2011
Revenues:							
Program revenues:							
Charges for services	$ 3,558,651	$ 3,267,045	$ 1,122,488	$ 1,138,501	$ 4,681,139	$ 4,405,546	6.26%
Operating grants, contributions and restricted interest	20,138,622	23,542,567	3,212,058	3,086,515	23,350,680	26,629,082	(12.3%)
Capital grants, contributions, and restricted interest	531,234	-0-	-0-	94,145	531,234	94,145	464.3%
General revenue:							
Property tax	36,147,835	31,247,742	-0-	-0-	36,147,835	31,247,742	15.7%
Statewide sales, services and use tax	8,331,428	7,831,107	-0-	-0-	8,331,428	7,831,107	6.4%
Unrestricted state grants	43,545,140	35,722,662	-0-	-0-	43,545,140	35,722,662	21.9%
Other	864,033	1,345,335	668	28,965	864,701	1,374,300	(37.1%)
Total revenues	113,116,943	102,956,458	4,335,214	4,348,126	117,452,157	107,304,584	9.4%
Program expenses:							
Governmental activities:							
Instruction	68,262,823	67,458,592	-0-	-0-	68,262,823	67,458,592	1.2%
Support services	25,966,851	27,976,731	-0-	315,278	25,966,851	28,292,009	(8.2%)
Non-instructional programs	-0-	-0-	4,298,231	4,273,994	4,298,231	4,273,994	.6%
Other expenses	11,518,058	8,628,146	-0-	-0-	11,518,058	8,628,146	33.5%
Total expenses	105,747,732	104,063,469	4,298,231	4,589,272	110,045,963	108,652,741	1.3%
Change in net assets	$ 7,369,211	$ (1,107,011)	$ 36,983	$ (241,146)	$ 7,406,194	$ (1,348,157)	549.4
Beginning Net Assets	77,969,269	79,076,280	(339,618)	(98,472)	77,629,651	78,977,808	(1.07%)
Ending Net Assets	85,338,480	77,969,269	(302,635)	(339,618)	85,035,845	77,629,651	9.5%

In fiscal 2011, property tax, statewide sales, service and use tax and unrestricted state grants account for 82.9% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.98% of the revenue from business type activities.

The District's total revenues were approximately $117.4 million of which $111.12 million was for governmental activities and $4.34 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 9.4% increase in revenues and a 1.3% increase in expenses. Property tax increased approximately $4.9 million to fund increase in expenses. The increase in expenses related to payment of debt principal and interest, and depreciation.

Governmental Activities

Revenues for governmental activities were $113,116,943 and expenses were $105,747,732 for the year ended June 30, 2011. In a difficult budget year, the District levied a cash reserve levy and minimized increases in expenditures to increase the District's solvency ratio to recommendations

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services June 30,			Net Cost of Services June 30,		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	$ 68,262,823	$ 67,458,592	1.2%	$ 50,095,599	44,521,171	12.5%
Support services	25,966,851	27,976,731	(7.2%)	24,398,116	27,874,374	(12.5%)
Other expenses	11,518,058	8,628,146	33.5%	7,025,510	4,858,312	44.6%
Totals	$ 105,747,732	$ 104,063,469	1.6%	$ 81,519,225	$ 77,253,857	5.5%

- The cost financed by users of the District's programs was $3,558,651.
- Federal and state governments subsidized certain programs with grants and contributions totaling $20,138,622.
- The net cost of governmental activities was financed with $36,147,835 in property tax, $8,331,428 in statewide sales, services and use tax, $43,545,140 in unrestricted state grants, $13,426 in interest income and $850,607 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were $4,334,546 and expenses were $4,298,231. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of changes for services, federal and state reimbursements, and investment income.

Individual Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of $25,537,633, above last year's ending fund balances of $34,114,469. However, the primary reason for the decrease in combined fund balances was due to decreases in the Capital Projects fund balance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in tax and federal grants resulted in an increase in revenues. The increase in revenues was enough to offset the District's increase in General Fund expenditures, resulting in a fund balance increase from $2,336,223 to $6,131,982.

- The Capital Projects Fund balance decreased from $24,074,199 in fiscal 2010 to a balance of $11,640,466 in fiscal 2011. The decrease in Capital Projects Fund balance was caused by the District's investment in facility renovation and construction during the fiscal year.

- The Debt Service Fund balance increased from $4,394,780 in fiscal 2010 to a balance of $7,149,871 in fiscal 2011. The increase was due to a transfer from the Capital Projects Fund.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from a deficit $339,618 at June 30, 2010 to a deficit $302,635 at June 30, 2011, representing an increase of 12.2%.

Budgetary Highlights

The District's revenues were $345,714 more than budgeted revenues, a variance of .3%.

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.

During the year ended June 30, 2011, the district amended the budget once to reflect increased expenditures.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2011, the District had invested $134.2 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year exceeded $4,627,590.

The original cost of the District's capital assets was $174 million. Governmental funds account for $172.6 million with the remainder of $1.4 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the building and land improvements category. The District's buildings and land improvements totaled $105,897,647 at June 30, 2011, compared to $65,250,306 reported at June 30, 2010. The increase in building and land improvements assets was due to the District facility renovation and construction.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities June 30,		Business-type Activities June 30,		Total School District June 30,		Total Change June 30,
	2011	2010	2011	2010	2011	2010	
Land	$ 1,530,039	$ 1,530,039	$ -0-	$ -0-	$ 1,530,039	$ 1,530,039	0%
Construction in progress	$ 62,188,860	$ 64,242,664	$ -0-	$ -0-	$ 62,188,860	$ 64,242,664	(3.2%)
Buildings & land improvements	$ 70,054,546	$ 33,764,713	$ -0-	$ -0-	$ 70,054,546	$ 33,764,713	107.5%
Machinery & Equipment	$ 78,953	$ 113,110	$ 301,633	$ 346,059	$ 380,586	$ 459,169	(17.1%)
Intangibles	$ -0-	$ 189,865	$ -0-	$ -0-	$ -0-	$ 189,865	(100.0%)
Totals	$ 133,852,398	$ 99,840,391	$ 301,633	$ 346,059	$ 134,154,031	$ 100,186,450	34.2%

Long-Term Debt

At June 30, 2011 the District had $72,863,205 general obligation and other long-term debt outstanding. This represents an increase of approximately 31.5% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change 2010-11
	2011	2010	
General obligation bonds	$ 4,500,000	5,500,000	(18.2) %
Revenue Bonds	$ 59,905,000	41,210,000	45.4 %
Quality Zone Academy Bonds	$ 1,500,000	1,500,000	0 %
Qualified school construction bonds	$ 5,650,000	5,650,000	0 %
Compensated Absences	$ 228,807	349,939	(33.1) %
Early retirement benefits	$ 688,086	947,514	(27.4) %
Net OPEB Liability	$ 391,312	248,375	67.7 %
Totals	$ 72,863,205	55,405,828	31.6 %

Factors Bearing on the District's Future

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

- The state's economy is showing limited signs of economic recovery. The economy impacts the amount of new General Fund money available to the District.
- 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.
- The District continues to show a decline in enrollment, this results in the District receiving less state aid and property taxes.
- State and Federal grants are anticipated to remain approximately the same, while fixed costs for utilities and busing service will increase.

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 Kristy Hansen, Director of Finance, Council Bluffs Community School District, 12 Scott Street, Council Bluffs, Iowa, 51503.

BASIC FINANCIAL STATEMENTS

Exhibit A

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 36,769,149	10,759	36,779,908
Receivables:			
Property tax:			
Delinquent	795,808	-	795,808
Succeeding year	36,571,784	-	36,571,784
Accounts	1,499,506	-	1,499,506
Due from other governments	3,547,191	64,962	3,612,153
Inventories	47,626	109,364	156,990
Capital assets, net of accumulated depreciation	133,852,398	301,633	134,154,031
Total assets	213,083,462	486,718	213,570,180
Liabilities			
Accounts payable	5,466,153	510,179	5,976,332
Salaries and benefits payable	9,163,690	215,223	9,378,913
Accrued interest payable	1,188,347	-	1,188,347
Deferred revenue:			
Succeeding year property tax	36,571,784	-	36,571,784
Other	2,491,804	19,502	2,511,306
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	1,000,000	-	1,000,000
Compensated absences payable	228,807	12,223	241,030
Early retirement payable	637,880	-	637,880
Portion due after one year:			
General obligation bonds payable	3,500,000	-	3,500,000
Revenue bonds	59,905,000	-	59,905,000
Quality zone academy bond payable	1,500,000	-	1,500,000
Qualified school construction bonds payable	5,650,000	-	5,650,000
Early retirement payable	50,205	-	50,205
Net other post employment benefits liability	391,312	32,226	423,538
Total liabilities	127,744,982	789,353	128,534,335
Net Assets			
Invested in capital assets, net of related debt	62,297,398	301,633	62,599,031
Restricted for:			
Categorical funding	1,075,046	-	1,075,046
Physical plant and equipment levy	3,094,808	-	3,094,808
Capital projects	8,545,658	-	8,545,658
Debt service	5,961,524	-	5,961,524
Student activities	423,299	-	423,299
Unrestricted	3,940,747	(604,268)	3,336,479
Total net assets	$ 85,338,480	(302,635)	85,035,845

See notes to financial statements

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

		Program Revenues	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs			
Governmental activities:			
Instruction:			
Regular instruction	$ 32,625,174	1,036,284	876,187
Special instruction	31,135,561	1,367,748	13,410,128
Other instruction	4,502,088	1,033,280	443,597
	68,262,823	3,437,312	14,729,912
Support services:			
Student services	2,549,401	-	-
Instructional staff services	1,185,490	-	641,658
Administration services	11,460,602	-	618,362
Operation and plant maintenance	7,725,349	118,801	3,533
Transportation services	3,046,009	2,538	183,843
	25,966,851	121,339	1,447,396
Other expenditures:			
Facilities acquisition	668,541	-	-
Long-term debt interest	2,555,634	-	24,939
AEA flowthrough	3,936,375	-	3,936,375
Depreciation (unallocated)*	4,357,508	-	-
	11,518,058	-	3,961,314
Total governmental activities	105,747,732	3,558,651	20,138,622
Business-type activities:			
Non-instructional programs:			
Nutrition services	4,298,231	1,122,488	3,212,058
Total	$ 110,045,963	4,681,139	23,350,680
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Local option sales tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

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

Capital Grants Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
-	(30,712,703)	-	(30,712,703)
-	(16,357,685)	-	(16,357,685)
-	(3,025,211)	-	(3,025,211)
-	(50,095,599)	-	(50,095,599)
-	(2,549,401)	-	(2,549,401)
-	(543,832)	-	(543,832)
-	(10,842,240)	-	(10,842,240)
-	(7,603,015)	-	(7,603,015)
-	(2,859,628)	-	(2,859,628)
-	(24,398,116)	-	(24,398,116)
-	(668,541)	-	(668,541)
531,234	(1,999,461)	-	(1,999,461)
-	-	-	-
-	(4,357,508)	-	(4,357,508)
531,234	(7,025,510)	-	(7,025,510)
531,234	(81,519,225)	-	(81,519,225)
-	-	36,315	36,315
531,234	(81,519,225)	36,315	(81,482,910)
	32,980,125	-	32,980,125
	1,088,845	-	1,088,845
	2,078,865	-	2,078,865
	8,331,428	-	8,331,428
	43,545,140	-	43,545,140
	13,426	668	14,094
	850,607	-	850,607
	88,888,436	668	88,889,104
	7,369,211	36,983	7,406,194
	77,969,269	(339,618)	77,629,651
	85,338,480	(302,635)	85,035,845

See notes to financial statements

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service
ASSETS			
Assets:			
Cash and pooled investments	$ 14,702,862	14,295,399	7,126,367
Receivables:			
Property tax:			
Delinquent	696,071	44,498	23,465
Succeeding year	31,410,272	2,068,345	1,051,547
Accounts	1,499,506	-	-
Due from other governments	2,290,605	1,256,492	39
Inventories	47,626	-	-
Total assets	$ 50,646,942	17,664,734	8,201,418
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,449,194	3,955,923	-
Salaries and benefits payable	9,163,690	-	-
Deferred revenue:			
Succeeding year property tax	31,410,272	2,068,345	1,051,547
Other	2,491,804	-	-
Total liabilities	44,514,960	6,024,268	1,051,547
Fund balances:			
Nonspendable – inventories	47,626	-	-
Restricted for:			
Categorical funding	1,075,046	-	-
Physical plant and equipment	-	3,094,808	-
Capital projects	-	8,545,658	-
Debt service	-	-	7,149,871
Management levy purposes	-	-	-
Student activities	-	-	-
Unassigned	5,009,310	-	-
Total fund balances	6,131,982	11,640,466	7,149,871
Total liabilities and fund balances	$ 50,646,942	17,664,734	8,201,418

See notes to financial statements

Nonmajor Governmental	Total
644,521	36,769,149
31,774	795,808
2,014,620	36,571,784
-	1,499,506
55	3,547,191
-	47,626
2,717,970	79,231,064
61,036	5,466,153
-	9,163,690
2,041,620	36,571,784
-	2,491,804
2,102,656	53,693,461
-	47,626
-	1,075,046
-	3,094,808
-	8,545,658
-	7,149,871
192,015	192,015
423,299	423,299
-	5,009,310
615,314	25,537,633
2,717,970	79,231,064

Exhibit D

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2011

Total fund balances of governmental funds	$	25,537,633
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.		133,852,398
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.		(1,188,347)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and therefore, are not reported as liabilities of the governmental funds.		(72,863,204)
Net assets of governmental activities	$	85,338,480

See notes to financial statements

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

	General	Capital Projects	Debt Service
Revenues:			
Local sources:			
Local tax	$ 31,540,304	10,410,293	1,088,845
Tuition	2,192,571	-	-
Other	3,668,472	31,234	24,939
State sources	54,455,848	-	-
Federal sources	6,702,964	500,000	-
Total revenues	98,560,159	10,941,527	1,113,784
Expenditures:			
Current:			
Instruction:			
Regular instruction	32,567,873	-	-
Special instruction	31,085,908	-	-
Other instruction	3,364,234	-	-
	67,018,015	-	-
Support services:			
Student services	2,542,273	-	-
Instructional staff services	1,038,311	-	-
Administration services	10,892,776	-	-
Operation and maintenance of plant services	6,645,498	35,635	-
Transportation services	2,691,152	351,000	-
	23,810,010	386,635	-
Other expenditures:			
Facilities acquisition	-	39,262,078	-
Long-term debt:			
Principal	-	-	1,000,000
Interest and fiscal charges	-	251,155	1,695,895
AEA flowthrough	3,936,375	-	-
Total	3,936,375	39,513,233	2,695,895
	94,764,400	39,899,868	2,695,895
Excess (deficiency) of revenues over (under) expenditures	3,795,759	(28,958,341)	(1,582,111)
Other financing sources (uses):			
Revenue bond issuance	-	18,695,000	-
Operating transfers in	-	-	4,337,202
Operating transfers out	-	(4,337,202)	-
Total other financing sources (uses)	-	14,357,798	4,337,202
Net change in fund balances	3,795,759	(14,600,543)	2,755,091
Fund balances beginning of year	2,336,223	26,241,009	4,394,780
Fund balances end of year	$ 6,131,982	11,640,466	7,149,871

See notes to financial statements

Nonmajor Governmental	Total
1,439,821	44,479,263
-	2,192,571
1,061,652	4,786,297
-	54,455,848
-	7,202,964
2,501,473	113,116,943
-	32,567,873
-	31,085,908
1,136,459	4,500,693
1,136,459	68,154,474
-	2,542,273
325,276	1,363,587
452,906	11,345,682
1,113,975	7,795,108
-	3,042,152
1,892,157	26,088,802
-	39,262,078
-	1,000,000
-	1,947,050
-	3,936,375
-	46,145,503
3,028,616	140,388,779
(527,143)	(27,271,836)
-	18,695,000
-	4,337,202
-	(4,337,202)
-	18,695,000
(527,143)	(8,576,836)
1,142,457	34,114,469
615,314	25,537,633

Exhibit F

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

Net change in fund balances – total governmental funds		$ (8,576,836)
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	$ 38,593,537	
Depreciation expense	(4,581,530)	
		34,012,007
Issuance of long term debt principal is an other financing source in the governmental funds, but it increases long term liabilities in the Statement of Net Assets.		(18,695,000)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		1,000,000
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.		(608,584)
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.		
Other post employment benefits	(142,937)	
Early retirement	259,429	
Compensated absences	121,132	
		237,624
Change in net assets of governmental activities		$ 7,369,211

See notes to financial statements

Exhibit G

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

		School Nutrition
Assets		
Cash and cash equivalents	$	10,759
Accounts receivable		64,962
Inventories		109,364
Capital assets, net of accumulated depreciation		301,633
Total assets		486,718
Liabilities		
Accounts payable		510,179
Salaries and benefits payable		215,223
Deferred revenue		19,502
Compensated absences		12,223
Net OPEB liability		32,226
Total liabilities		789,353
Net Assets (Liabilities)		
Invested in capital assets, net of related debt		301,633
Unrestricted		(604,268)
Total net assets (liabilities)	$	(302,635)

See notes to financial statements

Exhibit H

COUNCIL BLUFFS 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 service	$	1,122,488
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries		1,438,022
Benefits		589,736
Purchased services		71,897
Supplies		2,139,611
Miscellaneous		12,905
Depreciation		46,060
Total operating expenses		4,298,231
Operating loss		(3,175,743)
Non-operating revenue:		
State sources		38,273
Federal sources		3,173,785
Interest on investments		668
Total non-operating revenue		3,212,726
Change in net assets		36,983
Net assets beginning of year, restated		(339,618)
Net assets end of year	$	(302,635)

See notes to financial statements

Exhibit I

COUNCIL BLUFFS 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	$	1,102,937
Cash payments to employees for services		(2,014,481)
Cash payments to suppliers for goods or services		(2,042,074)
Net cash used in operating activities		(2,953,618)
Cash flows from non-capital financing activities:		
State grants received		38,273
Federal grants received		2,927,070
Net cash provided by non-capital financing sources		2,965,343
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(1,634)
Net cash used by capital and related financing activities		(1,634)
Cash flows from investing activities:		
Interest on investments		668
Net increase in cash and cash equivalents		10,759
Cash and cash equivalents, beginning of year		-
Cash and cash equivalents, end of year	$	10,759
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(3,175,743)
Commodities used		245,147
Depreciation		46,060
Decrease in receivables		9,655
Increase in inventories		171
(Decrease)in payables		(62,808)
Increase in salaries and benefits payable		13,277
(Decrease) in deferred revenue		(29,377)
Net cash used in operating activities	$	(2,953,618)

Non-cash investing, capital and financing activities:
During the year ended June 30, 2011, the District received $245,147 of federal commodities.

See notes to financial statements

NOTE 1 Summary of Significant Accounting Policies

The Council Bluffs Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. 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 Carter Lake, Crescent and Council Bluffs, Iowa and the predominately agricultural territory in Pottawattamie County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District 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, Council Bluffs 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 Council Bluffs Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

NOTE 1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – (continued)

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 is attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net assets consist of net assets 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 are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 and proprietary funds. 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.

The District reports the following major governmental funds:

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

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of principal and interest on the District's general long term debt.

NOTE 1 Summary of Significant Accounting Policies (continued)

B. Basis of Presentation - (continued)

The District reports the following major proprietary fund:

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

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 revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

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

NOTE 1 Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting - (continued)

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 are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity - (continued)

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 becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

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

Asset Class	Amount
Land	$ 500
Buildings	5,000
Land improvements	5,000
Intangibles	200,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity - (continued)

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	5 years
Machinery and equipment	5-15 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.

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

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.

NOTE 1 Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity - (continued)

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

Nonexpendable – Amounts not in spendable form, such as inventories and prepaid expenses.

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.

Committed – Amounts which can be used for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

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. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements did not exceed the budgeted amounts. The District did not exceed its General Fund unspent authorized budget.

NOTE 2 Cash and Pooled Investments

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

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

NOTE 2 Cash and Pooled Investments - Continued

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 $30,146,382.

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

NOTE 3 Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 4,337,202

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

NOTE 4 Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets not being depreciated:				
Land	$ 1,530,039	-	-	1,530,039
Construction in progress	64,242,664	38,593,537	40,647,341	62,188,860
Total capital assets not being depreciated	65,772,703	38,593,537	40,647,341	63,718,899
Capital assets being depreciated:				
Buildings and land improvements	65,250,306	40,647,341	-	105,897,647
Machinery and equipment	2,502,434	-	-	2,502,434
Intangible assets	949,326	-	-	949,326
Total capital assets being depreciated	68,702,066	40,647,341	-	109,349,407
Less accumulated depreciation for:				
Buildings and land improvements	31,485,593	4,357,508	-	35,843,101
Machinery and equipment	2,389,324	34,157	-	2,423,481
Intangible assets	759,461	189,865	-	949,326
Total accumulated depreciation	34,634,378	4,581,530	-	39,215,908
Total capital assets being depreciated, net	34,067,688	36,065,811	-	70,133,499
Governmental activities capital assets, net	$ 99,840,391	74,659,348	40,647,341	133,852,398

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	$ 1,384,101	1,634	-	1,385,735
Less accumulated depreciation	1,038,042	46,060	-	1,084,102
Business-type activities capital assets, net	$ 346,059	(44,426)	-	301,633

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular	$	10,307
Other		2,189
Support Services:		
Administration		197,124
Operation and maintenance of plant		10,545
Transportation		3,857
		224,022
Unallocated depreciation		4,357,508
Total governmental activities depreciation expense	$	4,581,530
Business-type activities:		
Food services	$	46,060

NOTE 5 Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 5,500,000	-	1,000,000	4,500,000	1,000,000
Revenue bonds	41,210,000	18,695,000	-	59,905,000	-
Quality Zone Academy bonds	1,500,000	-	-	1,500,000	-
Qualified school construction bonds	5,650,000	-	-	5,650,000	-
Compensated absences	349,939	228,807	349,939	228,807	228,807
Early retirement	947,514	199,390	458,818	688,086	637,880
Net OPEB liability	248,375	142,937	-	391,312	-
Total	$ 55,405,828	19,266,134	1,808,757	72,863,205	1,866,687

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Compensated absences	$ 10,092	12,223	10,092	12,223	12,223
Net OPEB liability	4,183	28,043	-	32,226	-
Total	$ 14,275	40,266	10,092	44,444	12,223

General Obligation Bonds

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

Year Ending June 30,	Bond Issued May 3, 2010			
	Interest Rate	Principal	Interest	Discount Amortization
2012	1.750 %	$ 1,000,000	77,625	1,077,625
2013	1.750 %	1,000,000	60,125	1,060,125
2014	1.875 %	1,000,000	42,312	1,042,312
2015	1.875 %	1,000,000	23,563	1,023,563
2016	1.900 %	500,000	4,750	504,750
		$ 4,500,000	208,375	4,708,375

NOTE 5 Long-Term Liabilities - Continued

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 March1, 2010 Series A			
	Interest Rate	Principal	Interest	Total
2012	-	$ -	546,238	546,238
2013	3.00 %	510,000	538,587	1,048,587
2014	3.00 %	525,000	523,063	1,048,063
2015	3.00 %	550,000	506,938	1,056,938
2016	3.00 %	550,000	490,438	1,040,438
2017-2021	4.00 %	3,125,000	2,108,438	5,233,438
2022-2026	4.00-4.50 %	3,750,000	1,410,656	5,160,656
2027-2030	4.50-4.75 %	4,200,000	457,312	4,657,312
		$ 13,210,000	6,581,670	19,791,670

Year Ending June 30,	Bond Issue of April 1, 2010 Series B			
	Interest Rate	Principal	Interest	Total
2012	-	$ -	1,249,175	1,249,175
2013	4.00 %	1,100,000	1,227,175	2,327,175
2014	4.00 %	1,120,000	1,182,775	2,302,775
2015	4.00 %	1,140,000	1,137,575	2,277,575
2016	4.00 %	1,170,000	1,091,375	2,261,375
2017-2021	4.00-4.25 %	6,425,000	4,713,850	11,138,850
2022-2026	4.25-4.50 %	7,850,000	3,207,638	11,057,638
2027-2030	5.00 %	9,195,000	1,092,375	10,287,375
		$ 28,000,000	14,901,938	42,901,938

Year Ending June 30,	Bond Issue of April 1, 2011			
	Interest Rate	Principal	Interest	Total
2012	-	$ -	580,444	580,444
2013	2.00 %	885,000	765,075	1,650,075
2014	2.50 %	595,000	748,788	1,343,788
2015	2.50 %	540,000	734,600	1,274,600
2016	3.00 %	580,000	719,150	1,299,150
2017-2021	3.50-4.00 %	3,275,000	3,258,875	6,533,875
2022-2026	4.00-4.50 %	4,595,000	2,512,088	7,107,088
2027-2030	4.50-5.00 %	8,225,000	962,475	9,187,475
		$ 18,695,000	10,281,495	28,976,495

NOTE 5 Long-Term Liabilities - Continued

Year Ending June 30,	Total Revenue Bonds		
	Principal	Interest	Total
2012	$ -	2,375,857	2,375,857
2013	2,495,000	2,530,837	5,025,837
2014	2,240,000	2,454,626	4,694,626
2015	2,230,000	2,379,113	4,609,113
2016	2,300,000	2,300,963	4,600,963
2017-2021	12,825,000	10,081,163	22,906,163
2022-2026	16,195,000	7,130,382	23,325,382
2027-2030	21,620,000	2,512,162	24,132,162
	$ 59,905,000	31,765,103	91,670,103

The District has pledged future statewide sales, services and use tax revenues to repay the $59,905,000 bonds issued March 1, 2010, April 1, 2010, and April 1, 2011. The bonds were issued for the purpose of defraying a portion of the costs of renovating buildings within the District. 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 2030. 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 nearly 60% of statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is $91,670,103. For the current year interest paid on the bonds and total statewide sales, services and use tax revenues were $1,392,079 and $8,331,428, respectively.

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

a) $5,289,925 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The accrued interest on the revenue bond proceeds shall be placed into a sinking account. The balance of the proceeds shall be deposited to the project account.

b) The District will make transfers from the statewide sales, services and use tax account and those proceeds shall be placed in a Revenue Account.

c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

NOTE 5 Long-Term Liabilities - Continued

Quality Zone Academy Bond

During the year ended June 30, 2010, the District issued Quality Zone Academy Bonds (QZAB) which are held by Security Bank of Kansas City. Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2024, of $1,500,000. Details of the District's June 30, 2011 QZAB bond indebtedness is as follows:

Year Ending June 30,	QZAB Bond Issue of November 24, 2009			
	Interest Rate	Principal	Interest	Total
2012	-	$ -	33,750	33,750
2013	2.60 %	-	33,750	33,750
2014	2.60 %	-	33,750	33,750
2015	2.60 %	-	33,750	33,750
2016	2.60 %	-	33,750	33,750
2017-2021	2.60 %	-	168,750	168,750
2022-2025	2.60 %	1,500,000	118,125	1,618,125
		$ 1,500,000	455,625	1,955,625

Qualified School Construction Bonds

During the year ended June 30, 2010, the District issued Qualified School Construction Bonds (QSCB). Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2025, of $5,650,000. Details of the District's June 30, 2011 QSCB bond indebtedness is as follows:

Year Ending June 30,	QSCB Bond Issue of November 24, 2009			
	Interest Rate	Principal	Interest	Total
2012	-	$ -	146,900	146,900
2013	2.60 %	-	146,900	146,900
2014	2.60 %	-	146,900	146,900
2015	2.60 %	-	146,900	146,900
2016	2.60 %	-	146,900	146,900
2017-2021	2.60 %	-	734,500	734,500
2022-2026	2.60 %	5,650,000	661,050	6,311,050
		$ 5,650,000	2,130,050	7,780,050

Early Retirement

The District offered a voluntary early retirement incentive plan to its regular full-time (employee who works a minimum of thirty-seven and a half hours per week) and regular part-time (employee who works a minimum of twenty hours per week) employees for fiscal years 2010 and 2011.

NOTE 5 Long-Term Liabilities - Continued

Early Retirement - Continued

Regular full-time employees are teachers, administrators, administrative assistants/secretaries or nurses that work a minimum of nine months or more each fiscal year, and regular full-time administrative assistants/secretaries must work a minimum of twelve months each fiscal year and are employed as defined in the collective bargaining agreement with the Communication Workers of America. Regular part-time employees are teachers or nurses that work a minimum of twenty hours per week.

Eligible employees must have reached age 55 at the actual date of retirement and are eligible to receive benefits from the Iowa Public Employees' Retirement System. The application is subject to approval by the District's Board of Education.

Early retirement benefits are for twenty-four months for employees who elected in 2010, and twelve months for employees who elected in 2011. The benefits are equal to $700 per month for regular full-time employees, while part-time regular employees will receive a pro-rated share of $700 per month based on the percentage of time the employee is contracted to work. Retirees have the option to receive the early retirement benefit as a cash payment or as payment of insurance premiums offered through the District's health insurance plan. For those retirees that choose the health insurance option, the premiums will be deducted from the early retirement benefit on a post-tax basis. Any remaining benefit after the payment of premiums each month will be paid to the retiree.

Early retirement benefits paid during the year ended June 30, 2011, totaled $458,818. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

NOTE 6 Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009, were $3,816,135, $3,821,828, and $3,381,307, respectively, equal to the required contributions for each year.

NOTE 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 1,044 active and 98 retired members in the plan. Employees must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a fully insured medical plan, is administered by United Health Care. The dental benefit, which is a fully insured dental plan, is administered by Delta Dental. 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. There is no subsidy or OPEB liability associated with the dental benefit.

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

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

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

Annual required contribution	$	743,350
Interest on net OPEB obligation		10,180
Adjustment to annual required contribution		(8,483)
Annual OPEB cost		745,047
Contributions made		(576,000)
Increase in net OPEB obligation		169,047
Net OPEB obligation, beginning of year		254,490
Net OPEB obligation, end of year	$	423,537

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed $576,000 to the medical plan. Plan members receiving benefits contributed $554,000, or 49% of the premium costs.

NOTE 7 Other Postemployment Benefits (OPEB) - Continued

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 711,076	75.5 %	$ 174,076
June 30, 2010	712,414	88.7 %	254,490
June 30, 2011	745,047	77.3 %	423,537

Funding Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was $7.487 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $7.487 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately $55.321 million, and the ratio of the UAAL to covered payroll was 13.5%. As of June 30, 2011, there were no trust fund assets.

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

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

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate based on the District's funding policy. The projected annual medical trend rate is 8.9%, and is reduced each year until reaching the ultimate medical trend rate of 4.7%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were modeled from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2009 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2009. These probabilities were then modified to levels more appropriate for Iowa School Districts.

NOTE 7 Other Postemployment Benefits (OPEB) - Continued

The projected claim costs of the medical plan are illustrated per month in the following table per age group used for calculations in the actuarial.

	Male		Female	
Age	Single	Family	Single	Family
55	$ 698	$ 1,433	$ 733	$ 1,431
60	910	1,786	875	1,785
64	1,145	2,197	1,052	2,197

The salary increase rate was assumed to be 4.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 8 Risk Management

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

NOTE 9 Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $3,936,375 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 10 Deficit Net Assets

The District had a deficit unrestricted net assets in the Enterprise, Nutrition Fund of $604,268.

NOTE 11 Construction Commitment

The District has entered into various contracts for projects within the District. As of June 30, 2011, costs of $62,188,860 had been incurred against the contracts. The balance of $2,778,779 remaining at June 30, 2011 will be paid as work on the projects progresses.

NOTE 12 Categorical Funding

The District's ending balances for categorical funding by project as of the year ended June 30, 2011 are as follows:

Project		Amount
Drop out prevention	$	300,486
Voluntary preschool		21,195
Beginning teacher mentoring		6,343
Teacher salary supplement		468,732
Beginning administrator mentoring		3,000
Textbook aid – non public students		28,029
Reading recovery		3,772
Vocation aid		16
Early childhood program – empowerment		75,847
Model core curriculum		131,060
Social studies leadership		117
Professional development		36,448
	$	1,075,045

NOTE 13 Contingencies

As of June 30, 2011, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims, is not known at this time.

NOTE 14 Operating Lease Obligation

The District leases buses for student transportation. Annual lease payments are $351,000. Future required minimum lease payments are as follows:

Year Ending June 30,		Amount
2012	$	351,000
2013		351,000
2014		351,000
	$	1,053,000

NOTE 15 Accounting Change/Restatement

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

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	$ 24,074,199	2,166,810
Change in fund type classification per implementation of GASB Statement No. 54	2,166,810	(2,166,810)
Balances July 1, 2010, as restated	$ 26,241,009	-

NOTE 16 Subsequent Events

In September 2011, the District awarded contracts for improvements to school buildings totaling $8,812,000.

REQUIRED SUPPLEMENTARY INFORMATION

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Receipts:			
Local sources	$ 51,458,131	1,123,156	52,581,287
State sources	54,955,848	38,273	54,994,121
Federal sources	6,702,964	3,173,785	9,876,749
Total receipts	113,116,943	4,335,214	117,452,157
Disbursements:			
Instruction	68,154,474	-	68,154,474
Support services	26,088,802	343,381	26,432,183
Non-instructional programs	-	3,954,850	3,954,850
Other expenditures	46,145,503	-	46,145,503
Total disbursements	140,388,779	4,298,231	144,687,010
Excess (deficiency) of receipts over (under) disbursements	(27,271,836)	36,983	(27,234,853)
Other financing sources, net	18,695,000	-	18,695,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(8,576,836)	36,983	(8,539,853)
Balances beginning of year	34,114,469	(339,618)	33,774,851
Balances end of year	$ 25,537,633	(302,635)	25,235,998

See Accompanying Independent Auditors' Report

Budgeted Amounts		Final to Actual Variance Positive
Original	Final	(Negative)
53,135,558	53,135,558	(554,271)
54,557,898	54,557,898	436,223
9,412,987	9,412,987	463,762
117,106,443	117,106,443	345,714
65,775,086	68,575,086	420,612
31,021,741	31,021,741	4,589,558
4,110,000	4,260,000	305,150
40,412,549	55,712,549	9,567,046
141,319,376	159,569,376	14,882,366
(24,212,933)	(42,462,933)	15,228,080
-	-	18,695,000
(24,212,933)	(42,462,933)	33,923,080
30,584,778	30,584,778	3,190,073
6,371,845	(11,878,155)	37,113,153

COUNCIL BLUFFS 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 (GASB)* Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budget expenditures by $18,250,000.

During the year ended June 30, 2011, expenditures did not exceed the amended budgeted amounts and the District did not exceed its General Fund unspent authorized budget.

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN (In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	07/01/08	$ -	$ 7,670	$ 7,670	0.0 %	$ 52,331	14.7 %
2010	07/01/08	-	7,670	7,670	0.0 %	57,052	13.4 %
2011	07/01/10	-	7,487	7,487	0.0 %	55,321	13.5 %

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

See Accompanying Independent Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Assets:			
Cash and pooled investments	$ 160,186	484,335	644,521
Receivables:			
Property Tax:			
Delinquent	31,774	-	31,774
Succeeding year	2,041,620	-	2,041,620
Due from other governments	55	-	55
Total assets	$ 2,233,635	484,335	2,717,970
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	$ -	61,036	61,036
Deferred revenue:			
Succeeding year property tax	2,041,620	-	2,041,620
Total liabilities	2,041,620	61,036	2,102,656
Fund balances:			
Restricted for:			
Management levy purposes	192,015	-	192,015
Student activities	-	423,299	423,299
Total fund balances	192,015	423,299	615,314
Total liabilities and fund equity	$ 2,233,635	484,335	2,717,970

See Accompanying Independent Auditors' Report

Schedule 2

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local Tax	$ 1,439,821	-	1,439,821
Other	28,372	1,033,280	1,061,652
Total revenues	1,468,193	1,033,280	2,501,473
Expenditures:			
Current:			
Instruction:			
Other instruction	-	1,136,459	1,136,459
	-	1,136,459	1,136,459
Support services:			
Instructional staff services	325,276	-	325,276
Administration services	452,906	-	452,906
Operation and maintenance of plant services	1,113,975	-	1,113,975
	1,892,157	-	1,892,157
Total expenditures	1,892,157	1,136,459	3,028,616
Net changes in fund balances	(423,964)	(103,179)	(527,143)
Fund balances beginning of year	615,979	526,478	1,142,457
Fund balances end of year	$ 192,015	423,299	615,314

See Accompanying Independent Auditors' Report

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Assets:			
Cash and pooled investments	$ 11,168,525	3,126,874	14,295,399
Receivables:			
Property Tax:			
Delinquent	-	44,498	44,498
Succeeding year	-	2,068,345	2,068,345
Due from other governments	1,256,418	74	1,256,492
Total assets	$ 12,424,943	5,239,791	17,664,734
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	$ 3,879,285	76,638	3,955,923
Deferred revenue:			
Succeeding year property tax	-	2,068,345	2,068,345
Total liabilities	3,879,285	2,144,983	6,024,268
Fund balances:			
Restricted for:			
Capital projects	8,545,658	-	8,545,658
Physical plant and equipment	-	3,094,808	3,094,808
Total fund balances	8,545,658	3,094,808	11,640,466
Total liabilities and fund equity	$ 12,424,943	5,239,791	17,664,734

See Accompanying Independent Auditors' Report

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES – CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local Tax	$ 8,331,428	2,078,865	10,410,293
Other	28,107	3,127	31,234
Federal sources	500,000	-	500,000
Total revenues	8,859,535	2,081,992	10,941,527
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant services	-	35,635	35,635
Transportation services	-	351,000	351,000
	-	386,635	386,635
Other expenditures:			
Facilities acquisition	38,494,719	767,359	39,262,078
Long term debt:			
Interest and fiscal charges	251,155	-	251,155
	38,745,874	767,359	39,513,233
Total expenditures	38,745,874	1,153,994	39,899,868
Excess (deficiency) of revenues over (under) expenditures	(29,886,339)	927,998	(28,958,341)
Other financing sources (uses):			
Revenue bonds issued	18,695,000	-	18,695,000
Operating transfers out	(4,337,202)	-	(4,337,202)
Total other financing sources (uses)	14,357,798	-	14,357,798
Net changes in fund balances	(15,528,541)	927,998	(14,600,543)
Fund balances beginning of year	24,074,199	2,166,810	26,241,009
Fund balances end of year	$ 8,545,658	3,094,808	11,640,466

See Accompanying Independent Auditors' Report

Schedule 5

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

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Bloomer	$ 7,399	6,630	6,987	7,042
Carter Lake	21,008	30,938	10,401	41,545
College View	-	7,607	-	7,607
Crescent	2,611	7,814	3,739	6,686
Edison	8,201	24,671	25,604	7,268
Franklin	8,634	6,956	5,169	10,421
Gunn	6,378	3,108	6,933	2,553
Hoover	4,520	1,349	593	5,276
Lewis & Clark	7,891	9,949	5,560	12,280
Longfellow	18,755	1,620	5,128	15,247
Pusey	3,867	-	-	3,867
Roosevelt	17,299	12,064	16,574	12,789
Rue	2,939	1,436	-	4,375
Walnut Grove	6,878	2,742	6,878	2,742
Washington	8,256	1,145	3,742	5,659
Kirn MS	80,952	110,873	109,463	82,362
Woodrow Wilson MS	46,458	74,496	67,991	52,963
Tucker Center	3,823	19,556	16,052	7,327
Thomas Jefferson HS	93,190	316,124	411,171	(1,857)
Abraham Lincoln HS	166,604	394,202	433,803	127,003
Kanesville AHS	10,815	-	671	10,144
Total	$ 526,478	1,033,280	1,136,459	423,299

See Accompanying Independent Auditors' Report

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURE BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST EIGHT YEARS

			Modified	Accrual
	2011	2010	2009	2008
Revenues:				
Local sources:				
Local Tax	$ 44,479,263	39,049,297	37,586,234	34,307,204
Tuition	2,192,571	2,246,918	1,871,096	1,157,712
Other	4,786,297	4,254,559	4,054,384	6,119,926
State sources	54,955,848	47,060,916	53,221,318	52,207,460
Federal sources	6,702,964	10,344,768	5,545,158	4,145,583
Total	$ 113,116,943	102,956,458	102,278,190	97,937,885
Expenditures:				
Instruction:				
Regular instruction	$ 32,567,873	34,086,154	35,654,436	35,657,047
Special instruction	31,085,908	27,812,408	15,480,975	12,469,039
Other instruction	4,500,693	4,737,108	11,706,642	8,651,760
Support services:				
Student services	2,542,273	2,558,412	3,675,037	3,453,440
Instructional staff services	1,363,587	1,991,979	1,187,846	1,118,647
Administration services	11,345,682	11,711,387	11,970,092	10,059,458
Operation and maintenance of plant services	7,795,108	8,349,843	8,389,631	7,202,071
Transportation services	3,042,152	2,830,114	2,626,647	2,474,717
Other support services	-	-	-	-
Non-instructional programs	-	-	3,844	5,993
Other expenditures:				
Facilities acquisition	39,262,078	24,107,373	19,862,198	14,154,164
Long-term debt:				
Principal	1,000,000	1,000,000	840,000	785,000
Interest and fiscal charges	1,947,050	475,576	325,437	336,448
AEA flowthrough	3,936,375	3,769,834	3,394,994	3,186,427
Total	$ 140,388,779	123,430,188	115,117,779	99,554,211

See Accompanying Independent Auditors' Report

Basis			
2007	2006	2005	2004
33,800,638	32,358,320	29,558,248	28,021,949
1,001,119	934,227	971,579	1,004,915
5,364,504	4,525,895	4,052,423	4,079,776
48,469,877	47,028,209	45,044,989	44,039,083
5,027,629	5,499,459	5,380,725	5,787,580
93,663,767	90,346,110	85,007,964	82,933,303
30,386,159	28,609,550	29,155,128	30,176,923
18,280,727	16,567,128	18,282,359	17,447,372
4,984,498	4,460,152	4,859,342	4,434,406
4,465,882	4,054,876	2,849,159	3,303,589
1,138,998	1,803,741	813,753	1,326,278
9,430,215	9,291,532	8,873,662	7,135,571
7,335,816	6,532,393	5,532,584	5,278,446
2,337,870	2,242,997	1,888,832	1,871,585
-	-	-	344,896
3,272	13,634	-	13,282
8,549,845	10,962,240	4,973,933	5,851,681
767,766	845,305	841,074	811,336
362,989	389,130	432,941	466,849
3,022,000	2,870,483	2,783,962	2,780,666
91,066,037	88,643,161	81,286,729	81,242,880

Schedule 7

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

Grantor/Program	CFDA Number	Grant Number	Expenditures
Direct:			
U.S. Department of Education:			
Early Reading First	84.359	FY11	$ 263,367
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY11	405,339
National School Lunch Program	10.555	FY11	2,522,120 *
Summer Food Service Program for Children	10.559	FY11	104,863
			3,032,322
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FY11	10,303
Fresh Fruit and Vegetable Program	10.582	FY11	131,160
U.S. Department of Education:			
Iowa Department of Education:			
Title 1 Cluster Programs:			
Title 1 (Schools in Need of Assistance-SINA)	84.010	FY11	44,800
Title 1 Grants to Local Educational Agencies	84.010	FY11	2,008,710
ARRA-Title 1 Grants to Local Educational Agencies, Recovery Act	84.389	FY11	488,071
			2,541,581
Safe and Drug Free Schools and Communities - State Grants	84.186	FY11	20,053
Education for Homeless Children	84.196	FY11	22,043
Trio Talent Search	84.044	FY11	10,633
Vocational Education – Basic Grants to States	84.048	FY11	116,619
Demonstration Construction Grants – State Grants	84.215	FY11	500,000
Twenty First Century Learning Centers	84.287	FY11	305,254
Education Technology State Grant	84.318	FY11	37,460
Advanced Placement Program	84.330	FY11	3,990
Reading First State Grants	84.357	FY10	52,576
Title III – English Language Acquisition - State Grants	84.365	FY11	29,239
Title IIA – Teacher Quality Program	84.367	FY11	534,863
Title IVA – Grants for State Assessments	84.369	FY11	57,246

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

Grantor/Program	CFDA Number	Grant Number	Expenditures
U.S. Department of Education - Continued:			
Iowa Department of Education - Continued:			
ARRA – State Fiscal Stabilization Fund(SFSF) - Education State Grants, Recovery Act	84.394	FY11	998,306
Learn and Serve America – School and Community Based Programs	94.003	FY11	13,473
Area Education Agency:			
Special Education Cluster:			
Special Education – Grants to State	84.027	FY11	546,443
ARRA-Special Education Grants to States, Recovery Act	84.391	FY11	131,962
			678,405
Total			$ 9,358,893

* Includes $245,147 of non cash awards

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

See Accompanying Independent Auditors' Report

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

SCHROER and associates p.c.
certified public accountants

Marilyn Schroer, CPA
Diane McGrain, CPA
Jim Menard, CPA

November 21, 2011

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with Government Auditing Standards

The Board of Education of
Council Bluffs Community School District
Council Bluffs, IA 51503

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund balance information of the Council Bluffs Community School District as of and for the year ended June 30, 2011, and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Council Bluffs 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 Council Bluffs Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Council Bluffs 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 would not necessarily 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 a certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

Continued. . .

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

A significant deficiency is a deficiency or a 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 item II-C-11 and II-E-11 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Council Bluffs 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 noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance 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.

Council Bluffs 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 Council Bluffs 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 the Council Bluffs Community School District, and other parties to whom the Council Bluffs 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 Council Bluffs 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.

Dehner & Associates, P.C.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

SCHROER and associates p.c.
certified public accountants

Marilyn Schroer, CPA
Diane McGrain, CPA
Jim Menard, CPA

November 21, 2011

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance In Accordance With OMB Circular A-133

To Board of Education of
Council Bluffs Community School District
Council Bluffs, IA 51503

Compliance

We have audited the compliance of Council Bluffs Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Council Bluffs 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 grants applicable to each of its major federal programs is the responsibility of Council Bluffs Community School District's management. Our responsibility is to express an opinion on Council Bluffs Community School District's compliance based on our audit.

We conducted our audit of compliance 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 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 Council Bluffs Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Council Bluffs Community School District's compliance with those requirements.

In our opinion, Council Bluffs Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Continued. . .

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November 21, 2011
Council Bluffs Community School District
Major Program Compliance Report

Internal Control Over Compliance

The management of Council Bluffs 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 Council Bluffs Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of Council Bluffs Community School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Council Bluffs Community School District's internal control over compliance.

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

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

Council Bluffs 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 the 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 Council Bluffs Community School District and other parties to whom Council Bluffs 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.

Schroer & Associates, P.C.

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

Part I: Summary of the Independent Auditors' Results:

(a) Unqualified opinions were issued on the financial statements.

(b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) 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 an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

- Clustered programs:
  - CFDA Number 10.553 – School Breakfast Program
  - CFDA Number 10.555 – National School Lunch Program
  - CFDA Number 10.559 – Summer Food Service Program for Children

- Clustered programs:
  - CFDA Number 84.010 – Title I – Schools in Need of Assistance (SINA)
  - CFDA Number 84.010 – Title I – Grants to Local Educational Agencies
  - CFDA Number 84.389 – Title I – Grants to Local Educational Agencies, Recovery Act

- Clustered programs:
  - CFDA Number 84.027 – Special Education – Grants to States (Part B)
  - CFDA Number 84.391 – Special Education – Grants to States (Part B), Recovery Act

- Individual program
  - CFDA Number 84.215 – Demonstration Construction Grants – State Grants

- Individual program
  - CFDA Number 84.287 – Twenty First Century Learning Centers

- Individual program
  - CFDA Number 84.394 – State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Council Bluffs Community School District did not qualify as a low-risk auditee.

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

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Financial Reporting

Comment – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the District's financial statements.

Response – We will carefully review subsequent year end receipts and invoices to determine appropriate inclusion in the District financial statements.

Conclusion – Response accepted.

II-B-11 Bank Reconciliation

Comment – We noted during the audit that the District did not reconcile the bank statements to the general ledger on a timely basis. Outstanding transfers between funds should be recorded in a timely manner rather than continually shown as reconciling items on bank reconciliations.

Recommendation – The District should reconcile bank statement balances to financial statement bank balances on a monthly basis

Response – The District has implemented procedures that will assist the District to prepare bank reconciliations accurately and timely in the future.

Conclusion – Response accepted.

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

Part II: Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES (continued):

II-C-11 Disbursement Approval

Comment – For two out of forty transactions tested, there was no evidence of Board approval.

Recommendation – The District should ensure all expenditures are properly approved. The District should also review the list of bills presented to the Board at regular meetings to ensure all claims are included.

Response – The district has put procedures in place to reconcile board reports to check registers to ensure all payments are submitted to board for approval.

Conclusion – Response accepted.

II-D-11 Identification of Receipts

Comment – We noted some receipts for federal hot lunch claims were posted to student lunches. We also noted that some of the building secretaries were not always properly identifying to the District office where to post deposits. As a result, those deposits had to be posted to miscellaneous income until the proper back up information was obtained.

Recommendation – The District should develop a system to insure deposits are properly identified and posted to the correct accounts at the time deposits are recorded. The District should also develop a system to insure all deposits from buildings are timely made and receipts are complete. In addition, the District should send monthly reports to the school secretaries to compare with their ledgers and investigate variances.

Response – We are aware of the situation and have developed training sessions for personnel involved. We will review procedures to insure deposits are complete and properly identified.

Conclusion – Response accepted.

II-E-11 Electronic Signature

Comment – We noted the District uses an electronic signature on claims.

Recommendation – Authorized personnel should document their approval of the check register claim list before checks are printed.

Response – We will do this.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

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

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.556: Special Milk Program for Children
Federal Award Year: 2011
U.S. Department of Agriculture Passed through the Iowa Department of Education

III-A-11 Identification of Federal Receipts

Comment – We noted some receipts for federal hot lunch claims were posted in error to student lunches. See II-D-11.

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

Part IV: Other Findings Related to Statutory Reporting:

IV-A-11 Certified Budget

Expenditures for the year ended June 30, 2011 did not exceed the certified budget amounts.

IV-B-11 Questionable Expenditures

No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-11 Travel Expense

No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-11 Business Transactions

No business transactions between the District and District officials were noted.

IV-E-11 Bond Coverage

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

IV-F-11 Board Minutes

Comment – As previously noted, two transactions requiring board approval were not noted in the minutes as being approved by the board.

Recommendation – All expenditures should be approved by the board and included in the list of claims as required by Chapter 279.29 of the Code of Iowa.

Response – We will do this.

Conclusion – Response accepted.

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

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

IV-G-11 Certified Enrollment

No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-11 Supplemental Weighting

No variances in the supplemental weighting certified to the Department of Education were noted.

IV-I-11 Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-11 Certified Annual Report

Comment - The Certified Annual Report was not certified timely to the Iowa Department of Education. We noted significant deficiencies in the amounts reported which were subsequently corrected by the District.

Recommendation – In the future, the District should file the Certified Annual Report in a timely manner.

Response – We will do this.

Conclusion – Response accepted.

IV-K-11 Categorical Funding

No instances were noted of categorical funding used to supplant rather than supplement other funds.

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

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

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 following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2011 audit.

Beginning balance		$ 24,074,199
Revenues/transfers in:		
Sales tax revenues	$ 8,331,428	
Other local revenues	28,107	
Federal revenues	500,000	
Sale of long term debt	18,695,000	27,554,535
		51,628,734
Expenditures/transfers out:		
School infrastructure construction	38,494,719	
Bond issuance costs	251,155	
Transfers to the Debt Service Fund	4,337,202	43,083,076
Ending balance		$ 8,545,658

For the year ended June 30, 2011, the District reduced the following levy as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per $1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	$ 2.23	$ 4,337,202

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

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

IV-M-11 Financial Condition

Comment – During our audit we noted that the District had deficit net assets of $302,635 in the Enterprise, Nutrition Fund. The Student Activity Fund has an individual account with a deficit balance.

Recommendation – The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response – The District is looking at the operations of the Nutrition Fund and reviewing efficiencies. We will continue to monitor the financial condition of the Nutrition Fund. The District will also explore ways to reduce the deficit in the activity fund account.

Conclusion – Response accepted.

IV-N-11 Revenue Bonds

The District is in compliance with the provisions of the revenue bond resolution.

IV-O-11 Checks Outstanding

Comment – We noted during the audit that the District had checks included in the bank reconciliations of the General, Nutrition and Activity Funds which have been outstanding for over a year.

Recommendation – The District should determine if the outstanding checks should be reissued, voided or submitted to the State as unclaimed property. If the checks are submitted as unclaimed property, the District must do so annually before November 1st as required by Chapter 556.1(10) and 556.11 of the Code of Iowa.

Response – The District will review all outstanding checks and make necessary adjustments.

Conclusion – Response accepted.

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

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

IV-P-11 Student Activity Fund

Comment – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's education programs. The Student Activity Fund was used as a clearing fund for some curricular activities during the year.

Recommendation – The District should classify these amounts to the appropriate fund at the time the deposit is recorded.

Response – We have reviewed the activity in the accounts and have reclassified the accounts to the General Fund. We are training the building secretaries to make the proper classifications and will review transaction coding.

Conclusion – Response accepted.

IV-Q-11 Preschool Funding

Comment – We noted coding errors in the school's Power School enrollment software for funding source of 4 year-olds enrolled in preschool. There were 74 additional students with no funding source that should have been eligible for State aid funding. There were 88 additional students that had some funding source, but were also eligible for State aid funding because of the extended school week.

Recommendation – The District should contact the Iowa Department of Education regarding corrective action required. In the future, the District should review the coding made by each of the school buildings.

Response – We have contacted the Iowa Department of Education as to the errors. We are taking steps to train personnel and review input so this does not happen in the future.

Conclusion – Response accepted.

IV-R-11 Payroll Reports

Comment – Line 2 of all quarterly 941's filed for the year should reconcile to the taxable gross wages per the annual W-2's. The District is reporting total gross wages on this line.

Recommendation – Per instructions, the District should report the taxable gross wages on this line and keep a reconciliation between the taxable gross and the gross wages reported for each quarter.

Response – We will do this.

Conclusion – Response accepted.

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

Comment Reference	Comment Title	Status
III-A-10	Accounting Software	Corrective Action Taken

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
III-A-11	Identification of Federal Receipts	The correction plan was documented in our response to the auditors' comment. See the Schedule of Findings and Questioned Costs	Kristy Hansen, Director of Finance 712-328-6419	December 1, 2011