

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2011

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Boyer Valley Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Ken Dunham	President	2013
Steve Puck	Vice President	2011
Pat Putnam	Board Member	2011
Paul Klein	Board Member	2011
Randy Mitchell	Board Member	2013
Julie Wood	Board Member	2011
Mark McAllister	Board Member	2013
<b>School Officials</b>		
Thomas Vint	Superintendent	2011
Sharon Lee	District Secretary/Treasurer	2011
Mundt, Franck & Schumacher	Attorney	2011

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

# **NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

**(a professional corporation)**

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

**Telephone (641) 792-1910**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Boyer Valley Community School District:

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2012 on our consideration of the Boyer Valley Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 44 through 46 are not required parts of 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. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Boyer Valley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 9, is presented for purposes of additional analysis and is not 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.

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

NOLTE, CORNMAN & JOHNSON, P.C.

February 28, 2012

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

### **2011 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$4,627,023 in fiscal 2010 to \$4,832,964 in fiscal 2011, while General Fund expenditures increased from \$4,669,693 in fiscal 2010 to \$4,812,882 in fiscal 2011. This resulted in an increase in the District's General Fund balance from \$353,421 in fiscal 2010 to a balance of \$373,503 in fiscal 2011, a 5.68% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in state sources. The increase in expenditures was primarily due to an increase in instructional expenditures.

### **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 Boyer Valley 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 Boyer Valley 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 Boyer Valley Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

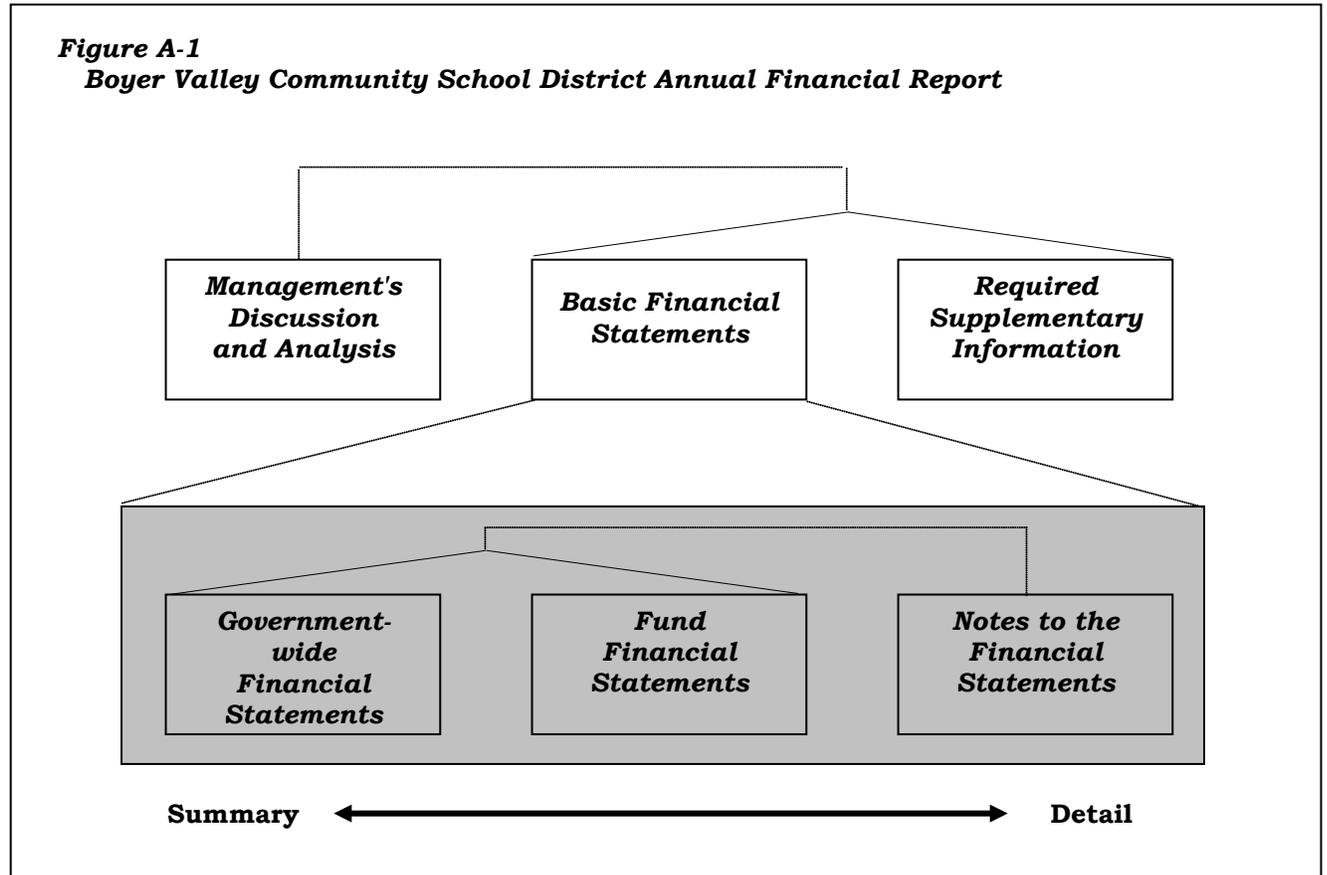


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

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

The two government-wide financial statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – are one way to measure the District’s financial health or position. Over time, increases or decreases in the

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District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3 Condensed Statement of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 7,213,009	3,397,483	34,786	37,804	7,247,795	3,435,287	110.98%
Capital assets	6,745,122	6,864,596	44,896	46,052	6,790,018	6,910,648	-1.75%
Total assets	13,958,131	10,262,079	79,682	83,856	14,037,813	10,345,935	35.68%
Long-term obligations	7,756,557	4,213,131	4	2	7,756,561	4,213,133	84.10%
Other liabilities	2,233,935	2,166,292	8,071	11,068	2,242,006	2,177,360	2.97%
Total liabilities	9,990,492	6,379,423	8,075	11,070	9,998,567	6,390,493	56.46%
Net assets:							
Invested in capital assets, net of related debt	2,777,349	2,669,898	44,896	46,052	2,822,245	2,715,950	3.91%
Restricted	829,165	816,828	0	0	829,165	816,828	1.51%
Unrestricted	361,125	395,930	26,711	26,734	387,836	422,664	-8.24%
Total net assets	\$ 3,967,639	3,882,656	71,607	72,786	4,039,246	3,955,442	2.12%

The District's combined net assets increased by 2.12%, or \$83,804 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 invested in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$12,337, or 1.51% over the prior year. The increase was primarily a result of the increase in carryover balances for state categorical funding.

Unrestricted net assets are 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 decreased by \$34,828, or 8.24%.

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

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 503,360	315,137	233,496	261,576	736,856	576,713	27.77%
Operating grants and contributions and restricted interest	800,367	1,189,909	123,520	134,577	923,887	1,324,486	-30.25%
General revenues:							
Property tax	2,062,242	1,840,011	0	0	2,062,242	1,840,011	12.08%
Income surtax	183,911	231,715	0	0	183,911	231,715	-20.63%
Statewide sales, services and use tax	299,806	175,346	0	0	299,806	175,346	70.98%
Nonspecific program federal grants	139,880	0	0	0	139,880	0	100.00%
Unrestricted state grants	1,722,460	1,557,936	0	0	1,722,460	1,557,936	10.56%
Unrestricted investment earnings	21,004	21,304	0	0	21,004	21,304	-1.41%
Other general revenue	6,028	141,661	1,179	1,728	7,207	143,389	-94.97%
Transfers	0	(10,000)	0	10,000	0	0	100.00%
Total revenues and transfers	5,739,058	5,463,019	358,195	407,881	6,097,253	5,870,900	3.86%
Program expenses:							
Governmental activities:							
Instructional	3,418,101	3,172,162	0	0	3,418,101	3,172,162	7.75%
Support services	1,616,053	1,492,217	0	0	1,616,053	1,492,217	8.30%
Non-instructional programs	2,772	2,582	359,374	361,233	362,146	363,815	-0.46%
Other expenses	617,149	614,378	0	0	617,149	614,378	0.45%
Total expenses	5,654,075	5,281,339	359,374	361,233	6,013,449	5,642,572	6.57%
Changes in net assets	84,983	181,680	(1,179)	46,648	83,804	228,328	-63.30%
Net assets beginning of year, as restated	3,882,656	3,700,976	72,786	26,138	3,955,442	3,727,114	6.13%
Net assets end of year	\$ 3,967,639	3,882,656	71,607	72,786	4,039,246	3,955,442	2.12%

In fiscal 2011, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 74.37% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.67% of the revenue from business type activities.

The District's total revenues were approximately \$6.10 million of which approximately \$5.74 million was for governmental activities and approximately \$0.36 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.86% increase in revenues and 6.57% increase in expenses. The increases in expenses are related to an increase in instructional and support services expenses.

## Governmental Activities

Revenues for governmental activities were \$5,739,058 and expenses were \$5,654,075.

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.

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 3,418,101	3,172,162	7.75%	2,476,474	1,848,876	33.94%
Support services	1,616,053	1,492,217	8.30%	1,436,714	1,489,234	-3.53%
Non-instructional programs	2,772	2,582	7.36%	2,772	2,582	7.36%
Other expenses	617,149	614,378	0.45%	434,388	435,601	-0.28%
Totals	\$ 5,654,075	5,281,339	7.06%	4,350,348	3,776,293	15.20%

- The cost financed by users of the District's programs was \$503,360.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$800,367.
- The net cost of governmental activities was financed with \$2,062,242 in property tax, \$183,911 in income surtax, \$299,806 in statewide sales, services and use tax, \$139,880 in nonspecific program federal grants, \$1,722,460 in unrestricted state grants, \$21,004 in interest income and \$6,028 in other general revenue.

## Business Type Activities

Revenues of the District's business type activities were \$358,195 and expenses were \$359,374. The District's business type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$4,832,583, above last year's ending fund balances of a \$1,061,082. The increase in ending fund balances was due to the District issuing \$3,771,000 in crossover refunding bonds during the year.

## Governmental Fund Highlights

- The District's increase in General Fund financial position to \$373,503 from \$353,421 is the product of many factors. The increase in state revenue sources caused the increase in the General Fund balance.
- The Debt Service Fund balance increased from \$47,962 in fiscal 2010 to \$3,743,483 in fiscal 2011. The increase is due to the District issuing new crossover refunding bonds. During the year ended June 30, 2011, the District issued \$3,771,000 of crossover refunding bonds to refund the general obligation bonds dated July 1, 2002 when they become callable on November 1, 2012.

## Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$75,051 at June 30, 2010 to \$71,754 at June 30, 2011, representing a decrease of 4.39%. The Day Care Fund net assets increased from a deficit \$2,265 at June 30, 2010 to a deficit \$147 at June 30, 2011, representing an increase of 93.51%.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Boyer Valley Community School District amended its budget one time to reflect additional expenditures in the other expenditures functional area.

The District's revenues were \$276,900 less than budgeted revenues, a variance of 4.34%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2011, the District had invested \$6.79 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$263,719.

The original cost of the District's capital assets was \$9.73 million. Governmental funds account for \$9.56 million with the remainder of \$0.17 million in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$185,960 at June 30, 2011, compared to \$129,595 reported at June 30, 2010. This increase resulted from building of new parking lots during the year.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 1,100	1,100	0	0	1,100	1,100	0.00%
Buildings	6,352,702	6,499,606	0	0	6,352,702	6,499,606	-2.26%
Land improvements	185,960	129,595	0	0	185,960	129,595	43.49%
Machinery and equipment	205,360	234,295	44,896	46,052	250,256	280,347	-10.73%
Total	\$ 6,745,122	6,864,596	44,896	46,052	6,790,018	6,910,648	-1.75%

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## Long-Term Debt

At June 30, 2011, the District had \$7,756,561 in general and other long-term debt outstanding. This represents a decrease of 84.10% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$7,661,000 at June 30, 2011.

The District had total outstanding City Note payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$26,809 at June 30, 2011.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$65,974 at June 30, 2011.

The District had a Net OPEB liability at June 30, 2011 of \$2,778.

Figure A-7			
Outstanding Long-Term Obligations			
	Total School District		Total Change
	June 30,	June 30,	June 30,
	2011	2010	2010-11
General obligation bonds	\$ 7,661,000	4,155,000	84.38%
City note	26,809	39,698	-32.47%
Early retirement	65,974	16,308	304.55%
Net OPEB liability	2,778	2,127	30.61%
Totals	<u>\$ 7,756,561</u>	<u>4,213,133</u>	<u>84.10%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sharon Lee, Board Secretary, Boyer Valley Community School District, 1102 Iowa Avenue, Dunlap, Iowa, 51529.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Governmental Activities	Business type Activities	Total
<b>ASSETS</b>			
U.S. Treasury Securities on deposit with escrow agent	\$ 3,693,227	0	3,693,227
Cash and pooled investments	949,342	18,893	968,235
Receivables:			
Property tax:			
Delinquent	31,928	0	31,928
Succeeding year	2,144,202	0	2,144,202
Income surtax	192,486	0	192,486
Accounts	122	4,424	4,546
Due from other governments	201,702	587	202,289
Inventories	0	10,882	10,882
Capital assets, net of accumulated depreciation	6,745,122	44,896	6,790,018
<b>TOTAL ASSETS</b>	<b>13,958,131</b>	<b>79,682</b>	<b>14,037,813</b>
<b>LIABILITIES</b>			
Excess of warrants issued over bank balance	0	5,156	5,156
Accounts payable	43,736	0	43,736
Accrued interest payable	45,997	0	45,997
Deferred revenue:			
Succeeding year property tax	2,144,202	0	2,144,202
Unearned revenue	0	2,915	2,915
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	275,000	0	275,000
City note payable	13,276	0	13,276
Early retirement payable	17,598	0	17,598
Portion due after one year:			
General obligation bonds payable	7,386,000	0	7,386,000
City note payable	13,533	0	13,533
Early retirement payable	48,376	0	48,376
Net OPEB liability	2,774	4	2,778
<b>TOTAL LIABILITIES</b>	<b>9,990,492</b>	<b>8,075</b>	<b>9,998,567</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,777,349	44,896	2,822,245
Restricted for:			
Categorical funding	156,095	0	156,095
Debt service	50,256	0	50,256
Management levy purposes	59,543	0	59,543
Student activities	57,193	0	57,193
School infrastructure	241,418	0	241,418
Physical plant and equipment	264,660	0	264,660
Unrestricted	361,125	26,711	387,836
<b>TOTAL NET ASSETS</b>	<b>\$ 3,967,639</b>	<b>71,607</b>	<b>4,039,246</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 2,263,103	151,750	349,754	(1,761,599)	0	(1,761,599)
Special	576,313	55,240	143,977	(377,096)	0	(377,096)
Other	578,685	134,046	106,860	(337,779)	0	(337,779)
	<u>3,418,101</u>	<u>341,036</u>	<u>600,591</u>	<u>(2,476,474)</u>	<u>0</u>	<u>(2,476,474)</u>
Support services:						
Student services	93,036	0	4,797	(88,239)	0	(88,239)
Instructional staff	115,305	76,554	10,583	(28,168)	0	(28,168)
Administration	624,657	75,974	0	(548,683)	0	(548,683)
Operation and maintenance of plant	447,897	0	0	(447,897)	0	(447,897)
Transportation	335,158	9,796	1,635	(323,727)	0	(323,727)
	<u>1,616,053</u>	<u>162,324</u>	<u>17,015</u>	<u>(1,436,714)</u>	<u>0</u>	<u>(1,436,714)</u>
Non-instructional programs:						
Food service operations	1,766	0	0	(1,766)	0	(1,766)
Community service operations	1,006	0	0	(1,006)	0	(1,006)
	<u>2,772</u>	<u>0</u>	<u>0</u>	<u>(2,772)</u>	<u>0</u>	<u>(2,772)</u>
Other expenses:						
Long-term debt:						
Interest and fiscal charges	273,738	0	0	(273,738)	0	(273,738)
AEA flowthrough	182,761	0	182,761	0	0	0
Depreciation(unallocated)*	160,650	0	0	(160,650)	0	(160,650)
	<u>617,149</u>	<u>0</u>	<u>182,761</u>	<u>(434,388)</u>	<u>0</u>	<u>(434,388)</u>
Total governmental activities	5,654,075	503,360	800,367	(4,350,348)	0	(4,350,348)
Business Type activities:						
Non-instructional programs:						
Nutrition services	233,509	105,513	123,520	0	(4,476)	(4,476)
Day care services	125,865	127,983	0	0	2,118	2,118
Total business-type activities	<u>359,374</u>	<u>233,496</u>	<u>123,520</u>	<u>0</u>	<u>(2,358)</u>	<u>(2,358)</u>
Total	\$ 6,013,449	736,856	923,887	(4,350,348)	(2,358)	(4,352,706)
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,688,443	0	1,688,443
Capital outlay				135,552	0	135,552
Debt service				238,247	0	238,247
Income surtax				183,911	0	183,911
Statewide sales, services and use tax				299,806	0	299,806
Nonspecific program federal grants				139,880	0	139,880
Unrestricted state grants				1,722,460	0	1,722,460
Unrestricted investment earnings				21,004	0	21,004
Other general revenue				6,028	1,179	7,207
Total general revenues				<u>4,435,331</u>	<u>1,179</u>	<u>4,436,510</u>
Changes in net assets				84,983	(1,179)	83,804
Net assets beginning of year				<u>3,882,656</u>	<u>72,786</u>	<u>3,955,442</u>
Net assets end of year				<u>\$ 3,967,639</u>	<u>71,607</u>	<u>4,039,246</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General	Debt Service	Other Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
U.S. Treasury Securities on deposit with escrow agent	\$ 0	3,693,227	0	3,693,227
Cash and pooled investments	311,031	47,102	587,062	945,195
Receivables:				
Property tax:				
Delinquent	20,742	3,154	8,032	31,928
Succeeding year	1,705,882	224,643	213,677	2,144,202
Income surtax	192,486	0	0	192,486
Accounts	45	0	77	122
Due from other governments	79,446	0	122,256	201,702
<b>TOTAL ASSETS</b>	<b>\$ 2,309,632</b>	<b>3,968,126</b>	<b>931,104</b>	<b>7,208,862</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 37,761	0	1,830	39,591
Deferred revenue:				
Succeeding year property tax	1,705,882	224,643	213,677	2,144,202
Income surtax	192,486	0	0	192,486
Total liabilities	1,936,129	224,643	215,507	2,376,279
Fund balances:				
Restricted for:				
Categorical funding	156,095	0	0	156,095
Crossover refunding bonds	0	3,693,227	0	3,693,227
Debt service	0	50,256	0	50,256
Management levy purposes	0	0	125,517	125,517
Student activities	0	0	57,193	57,193
School infrastructure	0	0	268,227	268,227
Physical plant and equipment	0	0	264,660	264,660
Unassigned	217,408	0	0	217,408
Total fund balances	373,503	3,743,483	715,597	4,832,583
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,309,632</b>	<b>3,968,126</b>	<b>931,104</b>	<b>7,208,862</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

<b>Total fund balances of governmental funds</b> (page 20)	\$	4,832,583
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		6,745,122
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		192,486
Blending of Internal service funds to be reflected on an entity wide basis		2
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.		(45,997)
Long-term liabilities, including general obligation bonds, city note payable, early retirement and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(7,756,557)</u>
<b>Net assets of governmental activities</b> (page 18)	<b>\$</b>	<b><u><u>3,967,639</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Debt Service	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 1,790,862	238,247	436,327	2,465,436
Tuition	181,464	0	0	181,464
Other	199,579	11,602	141,222	352,403
State sources	2,258,817	144	89,231	2,348,192
Federal sources	400,138	0	0	400,138
Total revenues	<u>4,830,860</u>	<u>249,993</u>	<u>666,780</u>	<u>5,747,633</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,162,571	0	29,522	2,192,093
Special	574,497	0	0	574,497
Other	441,674	0	146,572	588,246
	<u>3,178,742</u>	<u>0</u>	<u>176,094</u>	<u>3,354,836</u>
Support services:				
Student	93,014	0	0	93,014
Instructional staff	115,290	0	0	115,290
Administration	602,960	21,244	1,837	626,041
Operation and maintenance of plant	372,661	0	40,410	413,071
Transportation	266,448	0	45,034	311,482
	<u>1,450,373</u>	<u>21,244</u>	<u>87,281</u>	<u>1,558,898</u>
Non-instructional programs:				
Food service operations	0	0	1,766	1,766
Community service operations	1,006	0	0	1,006
	<u>1,006</u>	<u>0</u>	<u>1,766</u>	<u>2,772</u>
Other expenditures:				
Facilities acquisitions	0	0	111,661	111,661
Long-term debt:				
Principal	0	277,889	0	277,889
Interest and fiscal charges	0	260,419	0	260,419
AEA flowthrough	182,761	0	0	182,761
	<u>182,761</u>	<u>538,308</u>	<u>111,661</u>	<u>832,730</u>
Total expenditures	<u>4,812,882</u>	<u>559,552</u>	<u>376,802</u>	<u>5,749,236</u>
Excess(Deficiency) of revenues over(under) expenditures	17,978	(309,559)	289,978	(1,603)
Other financing sources(uses):				
Crossover refunding bond issuance	0	3,771,000	0	3,771,000
Sale of equipment	2,104	0	0	2,104
Transfer in	0	234,080	0	234,080
Transfer out	0	0	(234,080)	(234,080)
Total other financing sources(uses)	<u>2,104</u>	<u>4,005,080</u>	<u>(234,080)</u>	<u>3,773,104</u>
Net change in fund balances	20,082	3,695,521	55,898	3,771,501
Fund balance beginning of year, as restated	353,421	47,962	659,699	1,061,082
Fund balance end of year	<u>\$ 373,503</u>	<u>3,743,483</u>	<u>715,597</u>	<u>4,832,583</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds(page 22) \$ 3,771,501

**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. Capital outlay expenditures, depreciation expense and loss on disposal of capital assets in the current year are as follows:

Expenditures for capital assets	\$ 134,952	
Depreciation expense	(254,213)	
Loss on disposal of capital assets	(213)	(119,474)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Issued	\$ (3,771,000)	
Repaid	277,889	(3,493,111)

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. (13,319)

Net change in Internal Service Fund charged back against expenditures made for the flex benefit program at an entity wide basis. (1,724)

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. (8,575)

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

Early retirement	\$ (49,666)	
Other postemployment benefits	(649)	(50,315)

**Changes in net assets of governmental activities(page 19) \$ 84,983**

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business type Activities -			Governmental Activities: Internal Service
	Enterprise Funds			
	School Nutrition	Day Care	Total	
<b>ASSETS</b>				
Cash and pooled investments	\$ 18,893	0	18,893	4,147
Accounts receivable	0	4,424	4,424	0
Due from other governments	0	587	587	0
Inventories	10,882	0	10,882	0
Capital assets, net of accumulated depreciation	44,896	0	44,896	0
<b>TOTAL ASSETS</b>	<b>74,671</b>	<b>5,011</b>	<b>79,682</b>	<b>4,147</b>
<b>LIABILITIES</b>				
Excess of warrants issued over bank balance	0	5,156	5,156	0
Accounts payable	0	0	0	4,145
Unearned revenue	2,915	0	2,915	0
Net OPEB liability	2	2	4	0
<b>TOTAL LIABILITIES</b>	<b>2,917</b>	<b>5,158</b>	<b>8,075</b>	<b>4,145</b>
<b>NET ASSETS</b>				
Invested in capital assets	44,896	0	44,896	0
Unrestricted	26,858	(147)	26,711	2
<b>TOTAL NET ASSETS</b>	<b>\$ 71,754</b>	<b>(147)</b>	<b>71,607</b>	<b>2</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business-type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
OPERATING REVENUE:				
Local sources:				
Charges for service	\$ 105,513	127,983	233,496	37,049
Miscellaneous	1,179	0	1,179	0
	<u>106,692</u>	<u>127,983</u>	<u>234,675</u>	<u>37,049</u>
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	105,773	0	105,773	0
Benefits	15,367	0	15,367	0
Services	1,989	0	1,989	0
Supplies	100,362	0	100,362	0
Depreciation	9,506	0	9,506	0
Other	512	0	512	0
	<u>233,509</u>	<u>0</u>	<u>233,509</u>	<u>0</u>
Other enterprise operations:				
Salaries	0	107,348	107,348	0
Benefits	0	14,803	14,803	0
Services	0	0	0	38,773
Supplies	0	3,492	3,492	0
Other	0	222	222	0
	<u>0</u>	<u>125,865</u>	<u>125,865</u>	<u>38,773</u>
TOTAL OPERATING EXPENSES	<u>233,509</u>	<u>125,865</u>	<u>359,374</u>	<u>38,773</u>
OPERATING INCOME(LOSS)	(126,817)	2,118	(124,699)	(1,724)
NON-OPERATING REVENUES:				
State sources	2,407	0	2,407	0
Federal sources	121,113	0	121,113	0
TOTAL NON-OPERATING REVENUES	<u>123,520</u>	<u>0</u>	<u>123,520</u>	<u>0</u>
Change in net assets	(3,297)	2,118	(1,179)	(1,724)
Net assets beginning of year	<u>75,051</u>	<u>(2,265)</u>	<u>72,786</u>	<u>1,726</u>
Net assets end of year	<u>\$ 71,754</u>	<u>(147)</u>	<u>71,607</u>	<u>2</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business-type Activities - Enterprise Funds			Governmental Activities:
	School Nutrition	Day Care	Total	Internal Service
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 105,357	520	105,877	0
Cash received from miscellaneous operating activities	1,179	127,983	129,162	37,049
Cash payments to employees for services	(121,140)	(122,151)	(243,291)	0
Cash payments to suppliers for goods or services	(81,989)	(3,739)	(85,728)	(37,285)
Net cash provided by(used in) operating activities	(96,593)	2,613	(93,980)	(236)
Cash flows from non-capital financing activities:				
State grants received	2,407	0	2,407	0
Federal grants received	104,641	0	104,641	0
Net cash provided by non-capital financing activities	107,048	0	107,048	0
Cash flows from capital financing activities:				
Acquisitions of assets	(8,350)	0	(8,350)	0
Net increase(decrease) in cash and cash equivalents	2,105	2,613	4,718	(236)
Cash and cash equivalents at beginning of year	16,788	(7,769)	9,019	4,383
Cash and cash equivalents at end of year	\$ 18,893	(5,156)	13,737	4,147
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (126,817)	2,118	(124,699)	(1,724)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	16,472	0	16,472	0
Depreciation	9,506	0	9,506	0
Decrease in inventories	4,401	0	4,401	0
Decrease in accounts receivable	202	520	722	0
Decrease in accounts payable	0	(26)	(26)	(1,488)
Decrease in unearned revenue	(358)	0	(358)	0
Increase in other postemployment benefits	1	1	2	0
Net cash provided by(used in) operating activities	\$ (96,593)	2,613	(93,980)	(3,212)

## NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$16,472.

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2011

	<u>Private Purpose Trust Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and pooled investments	\$ 13,937	3,992
LIABILITIES		
Due to other groups	0	3,992
NET ASSETS		
Reserved for scholarships	10,000	0
Unreserved	3,937	0
TOTAL NET ASSETS	<u>\$ 13,937</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship Fund
ADDITIONS:	
Local sources:	
Gifts and contributions	\$ 2,100
Interest income	261
Total additions	2,361
DEDUCTIONS:	
Instruction	
Regular:	
Scholarships awarded	3,535
Change in net assets	(1,174)
Net assets beginning of year	15,111
Net assets end of year	\$ 13,937

SEE NOTES TO FINANCIAL STATEMENTS.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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

The Boyer Valley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Dunlap, Dow City and Arion, Iowa, and the predominate agricultural territory in Harrison, Crawford, Shelby and Monona Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

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

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

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. The value of the U.S. Treasury Securities on deposit with escrow agent as part of the crossover refunding bond issue has been added to the invested in capital assets, net of related debt.

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise Fund, School Nutrition Fund, the Enterprise Fund, Day Care Fund and the Internal Service Fund. The School

Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the day care service operations of the District. The Internal Service Fund is used to account for flex benefits of employees.

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

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses

are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds 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 Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax

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

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

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

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

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

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

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

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

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

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

Unearned Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

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

**(2) Cash and Pooled Investments**

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of drainage district. The District had no investments at June 30, 2011.

At June 30, 2011 the District had investments in U.S. Treasury Securities which are stated at the fair value of \$3,693,227. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**(3) Transfers**

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

Transfer to	Transfer from	Amount
	Capital Projects:	
	Statewide Sales, Services,	
Debt Service	and Use Tax	<u>\$ 234,080</u>

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

**(4) Iowa School Cash Anticipation Program (ISCAP)**

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

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

**(5) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,100	0	0	1,100
Total capital assets not being depreciated	<u>1,100</u>	<u>0</u>	<u>0</u>	<u>1,100</u>
Capital assets being depreciated:				
Buildings	7,896,478	0	4,795	7,891,683
Land improvements	485,153	70,111	131,758	423,506
Machinery and equipment	1,185,336	64,841	6,116	1,244,061
Total capital assets being depreciated	<u>9,566,967</u>	<u>134,952</u>	<u>142,669</u>	<u>9,559,250</u>
Less accumulated depreciation for:				
Buildings	1,396,872	146,904	4,795	1,538,981
Land improvements	355,558	13,746	131,758	237,546
Machinery and equipment	951,041	93,563	5,903	1,038,701
Total accumulated depreciation	<u>2,703,471</u>	<u>254,213</u>	<u>142,456</u>	<u>2,815,228</u>
Total capital assets being depreciated, net	<u>6,863,496</u>	<u>(119,261)</u>	<u>213</u>	<u>6,744,022</u>
Governmental activities capital assets, net	<u>\$ 6,864,596</u>	<u>(119,261)</u>	<u>213</u>	<u>6,745,122</u>
Business type activities:				
Machinery and equipment	\$ 160,448	8,350	0	168,798
Less accumulated depreciation	114,396	9,506	0	123,902
Business type activities capital assets, net	<u>\$ 46,052</u>	<u>(1,156)</u>	<u>0</u>	<u>44,896</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 27,745
Special	1,714
Other	6,484
Support services:	
Operation and maintenance of plant	1,334
Transportation	56,286
	<u>93,563</u>
Unallocated depreciation	<u>160,650</u>
Total governmental activities depreciation expense	<u>\$ 254,213</u>
Business type activities:	
Food services	<u>\$ 9,506</u>

**(6) Long-Term Liabilities**

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,155,000	3,771,000	265,000	7,661,000	275,000
City note	39,698	0	12,889	26,809	13,276
Early retirement	16,308	60,815	11,149	65,974	17,598
Net OPEB liability	2,125	649	0	2,774	0
Total	\$ 4,213,131	3,832,464	289,038	7,756,557	305,874
Business type activities:					
Net OPEB liability	\$ 2	2	0	4	0

### General Obligation Bonds Payable

On August 16, 2010, the District issued \$3,771,000 of general obligation refunding bonds, with interest rates ranging from 1.25% to 3.75%, for a crossover refunding of a portion of the general obligation bonds issued July 1, 2002. The District entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities along with additional cash were placed in an escrow account for the express purpose of paying the \$3,615,000 principal of the refunded general obligation bonds when they become callable on November 1, 2012 and the interest from August 16, 2010 to and including November 1, 2012 on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished. The present value of savings of the crossover refunding is \$192,426.

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

Year Ending June 30,	Issue of August 16, 2010				Issue of July 1, 2002				Total		
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2012	% \$	0	93,262	93,262	5.00 %	\$ 275,000	179,143	454,143	275,000	272,405	547,405
2013	1.25	345,000	92,180	437,180	4.25-4.35	290,000	165,687	455,687	635,000	257,867	892,867
2014	1.35-1.50	349,000	87,775	436,775	4.35-4.45	300,000	153,035	453,035	649,000	240,810	889,810
2015	1.50-1.75	354,000	82,648	436,648	4.45-4.50	315,000	139,649	454,649	669,000	222,297	891,297
2016	1.75-2.00	360,000	76,647	436,647	4.50-4.55	330,000	125,288	455,288	690,000	201,935	891,935
2017-2021	2.00-3.50	1,938,000	246,913	2,184,913	4.50-4.85	1,930,000	375,584	2,305,584	3,868,000	622,497	4,490,497
2022	3.25-3.75	425,000	11,944	436,944	4.85-4.95	450,000	16,650	466,650	875,000	28,594	903,594
Total		\$ 3,771,000	691,369	4,462,369		\$ 3,890,000	1,155,036	5,045,036	7,661,000	1,846,405	9,507,405

City Note Payable

During the year ended June 30, 2003 the District entered into an agreement with the City of Dunlap for utility relocation. Principal and interest payments will be made from the Capital Projects: Statewide Sales, Services, and Use Tax Fund.

Details of the District's June 30, 2011 city note indebtedness are as follows:

Year Ending June 30,	Note of June 16, 2003			
	Interest Rates	Principal	Interest	Total
2012	3.00 %	\$ 13,276	804	14,080
2013	3.00	13,533	547	14,080
Total		<u>\$ 26,809</u>	<u>1,351</u>	<u>28,160</u>

Early Retirement

The District previously offered a voluntary early retirement plan to its licensed full-time employees. Eligible employees must have been at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must have completed an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee was continued health insurance coverage paid by the District equal to the insurance rate at the time of the employee's retirement for a maximum of seven years. Early retirement benefits paid during the year ended June 30, 2011, totaled \$11,149. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

**(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered payroll for the years ended June 30, 2011, 2010 and 2009. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$219,482, \$204,006 and \$193,112 respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 56 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 25 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	\$ 20,261
Interest on net OPEB obligation	53
Adjustment to annual required contribution	(1,491)
Annual OPEB cost	<u>18,823</u>
Contributions made	<u>(18,172)</u>
Increase in net OPEB obligation	651
Net OPEB obligation beginning of year	2,127
Net OPEB obligation end of year	<u><u>\$ 2,778</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$18,172 to the plan. Plan members eligible for benefits contributed \$66,688 or 79% of the premium costs.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 19,453	89.07%	\$ 2,127
2011	18,823	96.54%	2,778

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$0.145 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.145 million. The covered payroll (annual payroll of active employees

covered by the plan) was approximately \$2.611 million and the ratio of the UAAL to covered payroll was 5.57%. As of June 30, 2011 there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected health cost trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information provided by the Central Lee Community School District.

Projected claim costs of the medical plan are \$429 per month for retirees who have a \$1,000 deductible and \$374 per month for retirees who have a \$2,000 deductible. The UAAL is being amortized as a level percentage of the projected payroll expense on an open basis over 25 years.

**(9) Risk Management**

The Boyer Valley Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides the District dental insurance coverage and protection.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2011 was \$37,118.

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

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

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$182,761 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Deficit Fund Balance**

The Enterprise - Day Care Fund had deficit unrestricted fund balance of \$147 at June 30, 2011.

**(12) Categorical Funding**

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

Program	Amount
Gifted and talented	\$ 5,190
Four year old preschool	68,531
Teacher salary supplement	20,051
Model core curriculum	24,400
Professional development	36,184
Market factor incentives	1,739
Total	\$ 156,095

**(13) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2011, the District exceeded its budgeted amounts in the other expenditures function.

**(14) Accounting Change/Restatement**

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

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 201,079	280,042
Change in fund type classification per implementation of GASB Statement No. 54	280,042	(280,042)
Balances July 1, 2010, as restated	\$ 481,121	-

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 2,999,303	234,675	3,233,978	3,226,500	3,226,500	7,478
Intermediate sources	0	0	0	9,000	9,000	(9,000)
State sources	2,348,192	2,407	2,350,599	2,716,228	2,716,228	(365,629)
Federal sources	400,138	121,113	521,251	431,000	431,000	90,251
Total revenues	<u>5,747,633</u>	<u>358,195</u>	<u>6,105,828</u>	<u>6,382,728</u>	<u>6,382,728</u>	<u>(276,900)</u>
Expenditures/Expenses:						
Instruction	3,354,836	0	3,354,836	3,725,337	3,725,337	370,501
Support services	1,558,898	0	1,558,898	1,769,000	1,769,000	210,102
Non-instructional programs	2,772	359,374	362,146	404,800	404,800	42,654
Other expenditures	832,730	0	832,730	742,060	807,060	(25,670)
Total expenditures/expenses	<u>5,749,236</u>	<u>359,374</u>	<u>6,108,610</u>	<u>6,641,197</u>	<u>6,706,197</u>	<u>597,587</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(1,603)	(1,179)	(2,782)	(258,469)	(323,469)	320,687
Other financing sources, net	<u>3,773,104</u>	<u>0</u>	<u>3,773,104</u>	<u>0</u>	<u>0</u>	<u>3,773,104</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	3,771,501	(1,179)	3,770,322	(258,469)	(323,469)	4,093,791
Balance beginning of year	<u>1,061,082</u>	<u>72,786</u>	<u>1,133,868</u>	<u>815,896</u>	<u>815,896</u>	<u>317,972</u>
Balance end of year	<u>\$ 4,832,583</u>	<u>71,607</u>	<u>4,904,190</u>	<u>557,427</u>	<u>492,427</u>	<u>4,411,763</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$65,000.

During the year ended June 30, 2011, expenditures in the other expenditures function exceeded the budgeted amount.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2009	-	\$ 165	165	0.0%	\$ 1,786	9.24%
2011	July 1, 2009	-	145	145	0.0%	2,611	5.57%

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

OTHER SUPPLEMENTARY INFORMATION

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

	Special Revenue			Capital Projects	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds		
<b>ASSETS</b>					
Cash and pooled investments	\$ 124,321	57,116	181,437	405,625	587,062
Receivables:					
Property tax:					
Delinquent	1,196	0	1,196	6,836	8,032
Succeeding year	75,000	0	75,000	138,677	213,677
Accounts	0	77	77	0	77
Due from other governments	0	0	0	122,256	122,256
<b>TOTAL ASSETS</b>	<b>\$ 200,517</b>	<b>57,193</b>	<b>257,710</b>	<b>673,394</b>	<b>931,104</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 0	0	0	1,830	1,830
Deferred revenue:					
Succeeding year property tax	75,000	0	75,000	138,677	213,677
Total liabilities	75,000	0	75,000	140,507	215,507
Fund Balances:					
Restricted for:					
Management levy purposes	125,517	0	125,517	0	125,517
Student activities	0	57,193	57,193	0	57,193
School infrastructure	0	0	0	268,227	268,227
Physical plant and equipment	0	0	0	264,660	264,660
Total fund balances	125,517	57,193	182,710	532,887	715,597
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 200,517</b>	<b>57,193</b>	<b>257,710</b>	<b>673,394</b>	<b>931,104</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			Total	
	Manage- ment Levy	Student Activity	Total Special Revenue Funds	Capital Projects	Other Nonmajor Governmental Funds
REVENUES:					
Local sources:					
Local tax	\$ 90,067	0	90,067	346,260	436,327
Other	875	136,925	137,800	3,422	141,222
State sources	54	0	54	89,177	89,231
TOTAL REVENUES	90,996	136,925	227,921	438,859	666,780
EXPENDITURES:					
Current:					
Instruction:					
Regular	29,522	0	29,522	0	29,522
Other	0	146,572	146,572	0	146,572
Support services:					
Administration	1,837	0	1,837	0	1,837
Operation and maintenance of plant	32,578	0	32,578	7,832	40,410
Transportation	11,514	0	11,514	33,520	45,034
Non-instructional programs:					
Food service operations	1,766	0	1,766	0	1,766
Other expenditures:					
Facilities acquisition	0	0	0	111,661	111,661
TOTAL EXPENDITURES	77,217	146,572	223,789	153,013	376,802
Excess(deficiency) of revenues over(under) expenditures	13,779	(9,647)	4,132	285,846	289,978
Other financing uses:					
Transfer out	0	0	0	(234,080)	(234,080)
Net change in fund balances	13,779	(9,647)	4,132	51,766	55,898
Fund balances beginning of year, as restated	111,738	66,840	178,578	481,121	659,699
Fund balances end of year	\$ 125,517	57,193	182,710	532,887	715,597

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 145,971	259,654	405,625
Receivables:			
Property tax:			
Delinquent	0	6,836	6,836
Succeeding year property tax	0	138,677	138,677
Due from other governments	122,256	0	122,256
<b>TOTAL ASSETS</b>	<b>\$ 268,227</b>	<b>405,167</b>	<b>673,394</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 0	1,830	1,830
Deferred revenue:			
Succeeding year property tax	0	138,677	138,677
Total liabilities	0	140,507	140,507
Fund Balances:			
Restricted for:			
School infrastructure	268,227	0	268,227
Physical plant and equipment	0	264,660	264,660
Total fund balances	268,227	264,660	532,887
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 268,227</b>	<b>405,167</b>	<b>673,394</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 210,709	135,551	346,260
Other	1,421	2,001	3,422
State sources	89,098	79	89,177
TOTAL REVENUES	<u>301,228</u>	<u>137,631</u>	<u>438,859</u>
EXPENDITURES:			
Current:			
Support services:			
Operation and maintenance of plant	0	7,832	7,832
Transportation	0	33,520	33,520
Other expenditures:			
Facilities acquisition	0	111,661	111,661
TOTAL EXPENDITURES	<u>0</u>	<u>153,013</u>	<u>153,013</u>
Excess(Deficiency) of revenues over(under) expenditures	<u>301,228</u>	<u>(15,382)</u>	<u>285,846</u>
Other financing uses:			
Transfer out	<u>(234,080)</u>	<u>0</u>	<u>(234,080)</u>
Net change in fund balances	67,148	(15,382)	51,766
Fund balances beginning of year, as restated	<u>201,079</u>	<u>280,042</u>	<u>481,121</u>
Fund balances end of year	<u>\$ 268,227</u>	<u>264,660</u>	<u>532,887</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Annual	\$ (2,551)	8,655	4,244	658	2,518
BV Cares	0	471	382	0	89
AP Testing	49	205	205	0	49
Book Club	51	0	0	0	51
Drama	3,784	767	344	0	4,207
Cheerleaders	1,879	2,247	3,954	0	172
Vocal Music	6,479	25	1,614	0	4,890
Instrumental Music	15,661	18,610	30,401	0	3,870
Science Club	528	498	477	0	549
Entrepreneurship	4,714	9,865	10,039	0	4,540
FFA	265	0	0	0	265
FCCLA	1,295	297	495	0	1,097
FTA	57	0	0	0	57
Foreign Language	419	0	0	0	419
Library Club	0	2,161	2,161	0	0
National Honor Society	1,310	396	1,305	0	401
HS Student Council	3,228	5,949	6,534	0	2,643
Industrial Arts Club	21	0	0	0	21
Class of 2014	0	100	0	0	100
Class of 2013	100	300	0	0	400
Class of 2012	200	19,324	14,939	0	4,585
Class of 2011	2,336	856	3,073	0	119
Class of 2010	1,033	0	375	(658)	0
Drill Team	8,662	7,054	5,938	0	9,778
General Athletics	9,481	44,913	46,671	0	7,723
Resale Account	36	5,544	5,546	0	34
Booster Club	0	929	929	0	0
Elem Student Council	3,579	3,671	3,523	0	3,727
Memorial	1,819	0	0	0	1,819
Elem Music	723	766	497	0	992
MS Student Council	754	370	554	0	570
Community Bank Student Council	928	2,952	2,372	0	1,508
<b>Total</b>	<b>\$ 66,840</b>	<b>136,925</b>	<b>146,572</b>	<b>0</b>	<b>57,193</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS  
 JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund			
	Rife Scholarship	Sullivan Scholarship	Weber Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 10,297	2,639	1,001	13,937
LIABILITIES	0	0	0	0
NET ASSETS				
Reserved for scholarships	10,000	0	0	10,000
Unreserved	297	2,639	1,001	3,937
TOTAL NET ASSETS	\$ 10,297	2,639	1,001	13,937

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS  
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund						
	Richard &						Total
	Rife Scholarship	Egan Scholarship	Sullivan Scholarship	Weber Scholarship	Kathryn Randall Scholarship	Science Scholarship	
ADDITIONS:							
Local sources:							
Gifts and contributions	\$ 0	0	0	1,000	1,000	100	2,100
Interest income	230	0	31	0	0	0	261
	230	0	31	1,000	1,000	100	2,361
DEDUCTIONS:							
Instruction:							
Regular:							
Scholarships awarded	450	305	0	1,680	1,000	100	3,535
Changes in net assets	(220)	(305)	31	(680)	0	0	(1,174)
Net assets beginning of year	10,517	305	2,608	1,681	0	0	15,111
Net assets end of year	\$ 10,297	0	2,639	1,001	0	0	13,937

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 3,992	15,413	15,413	3,992
LIABILITIES				
Due to other groups	\$ 3,992	15,413	15,413	3,992

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 2,465,436	2,242,840	2,288,957	2,207,491	2,230,432	2,128,486	2,205,739	1,947,919
Tuition	181,464	179,634	154,130	214,502	239,341	225,347	224,800	411,056
Other	352,403	301,344	327,186	324,464	309,566	355,841	363,508	643,508
Intermediate sources	0	0	8,000	11,000	8,000	8,000	8,000	2,338
State sources	2,348,192	2,140,315	2,561,331	2,657,802	2,433,158	2,394,928	2,221,872	2,120,111
Federal sources	400,138	604,654	280,387	258,058	282,310	275,257	1,085,779	767,911
<b>Total</b>	<b>\$ 5,747,633</b>	<b>5,468,787</b>	<b>5,619,991</b>	<b>5,673,317</b>	<b>5,502,807</b>	<b>5,387,859</b>	<b>6,109,698</b>	<b>5,892,843</b>
Expenditures:								
Current:								
Instruction:								
Regular	\$ 2,192,093	2,098,005	2,056,613	1,968,640	1,870,059	1,745,066	1,747,922	1,787,725
Special	574,497	546,981	579,824	615,841	595,517	545,603	775,501	842,670
Other	588,246	603,950	514,740	589,497	589,443	589,687	483,699	475,387
Support services:								
Student	93,014	107,718	101,740	99,592	87,759	92,128	76,517	110,353
Instructional staff	115,290	105,316	109,620	104,293	98,097	115,735	96,627	122,846
Administration	626,041	593,237	575,067	577,762	549,210	569,883	735,123	535,953
Operation and maintenance of plant	413,071	391,620	395,356	427,044	429,042	371,307	394,502	527,039
Transportation	311,482	240,897	336,475	368,068	348,439	327,834	456,069	620,940
Other support	0	0	0	0	0	0	4,927	0
Non-instructional programs	2,772	2,582	2,722	1,527	1,599	1,637	2,270	1,437
Other expenditures:								
Facilities acquisitions	111,661	121,147	38,512	171,095	323,298	142,785	1,106,289	4,877,188
Long-term debt:								
Principal	277,889	262,514	260,374	341,605	329,003	273,436	267,832	223,180
Interest and fiscal charges	260,419	206,708	218,484	232,309	245,081	251,568	259,056	260,177
AEA flow-through	182,761	178,777	167,367	163,378	157,767	151,965	151,018	153,254
<b>Total</b>	<b>\$ 5,749,236</b>	<b>5,459,452</b>	<b>5,356,894</b>	<b>5,660,651</b>	<b>5,624,314</b>	<b>5,178,634</b>	<b>6,557,352</b>	<b>10,538,149</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BOYER VALLEY COMMUNITY SCHOOL DISTRICT

**NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

**(a professional corporation)**

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

**Telephone (641) 792-1910**

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

To the Board of Education of the  
Boyer Valley Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Boyer Valley Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 28, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boyer Valley 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 Boyer Valley Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Boyer Valley Community School District's internal control over financial reporting.

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

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

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 deficiency described in Part I of the accompanying Schedule of Findings as item I-B-11 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Boyer Valley Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Boyer Valley 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 Boyer Valley Community School District and other parties to whom Boyer Valley 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 Boyer Valley Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

February 28, 2012

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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

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

Response - The District will investigate alternatives and implement if possible.

Conclusion - Response accepted

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

Currently, the District appears to be accounting for dental, vision and retiree medical insurance in the Agency Fund.

Recommendation - Management should review these accounts in the Agency Fund. The dental, vision and retiree medical insurance accounts should be ran through the Management Fund. Monies accounted for in the Agency Fund should be the property of an entity that has its own federal identification number and would be considered a legally separate entity.

The transactions for this account should be recorded in the most appropriate fund where standard District policies and procedures should be followed and subjected to the same level of accounting as any other transactions currently recorded in the District's records.

Response - Since we were not aware of this deficiency before January, retiree accounts were still used through the Agency Account. As of February the balance of the retiree account was transferred to the management fund.

Conclusion - Response accepted.

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

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, exceeded the budgeted amount in the other expenditures function.

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

Response - Journal entries were made at the end of the fiscal year for interest of refinancing bonds causing the "other" function to exceed the budget even after the District amended the budget in April. The District will try to monitor these funds more carefully.

Conclusion - Response accepted.

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Julie Wood, Board Member Owner of In-Kahoots DJ Service	Purchased Services	\$400
Ken Dunham, Board Member Owner of Dunham Hardwoods	Supplies	\$120
Deb Hannigan, Teacher Owner of Deb's Graphics	Purchased Services	\$225
Betty Kimmen, Bus Driver Owner of Kimmen Service	Repairs	\$534

In accordance with Chapter 279.7A of the code of Iowa, the above transactions with the board members do not appear to represent a conflict of interest.

In accordance with Attorney General's Opinion dated July 2, 1990, the above transactions with the teacher and bus driver do not appear to present a conflict of interest.

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

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

II-G-11 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

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

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

II-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-K-11 Financial Condition - We noted, the District had deficit net assets of \$147 in the Enterprise - Day Care Fund.

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

Response - We will continue to monitor the deficit in the Day Care Fund.

Conclusion - Response accepted.

II-L-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-M-11 Statewide Sales, Service 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.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	201,079
Revenues:			
Sales tax revenues	210,709		
Other local revenues	1,421		
School infrastructure Supplemental Amount	89,098		301,228
Total Revenues and Transfers			<u>502,307</u>
Transfers to Other Funds:			
Debt Service Fund			234,080
Ending Balance		\$	<u><u>268,227</u></u>

For the year ended June 30, 2011, the District reduced the following levies 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	\$ 1.70593	\$ 234,080

II-N-11 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students.

**Advanced Placement Exam:** We noted during our audit that fees collected and subsequent expenditures for advanced placement testing were being conducted through the Student Activity Fund.

Recommendation - The District should review the propriety of revenues and expenditures that are recorded in the Student Activity Fund to ensure recording in the proper fund. Revenues and expenditures related to advance placement exam testing are instructional in nature and would be more appropriate from the General Fund.

Response - We have closed the AP Testing account and will use the general fund for testing purposes.

Conclusion - Response accepted.