

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2011

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Guthrie Center Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Keith Stetzel	President	2011
Keith Buttler	Vice President	2011
Melia VanMeter	Board Member	2013
Wanda Knobbe	Board Member	2011
Curt Sloss	Board Member	2013
School Officials		
Steve Smith	Superintendent	2011
Joni Rees	District Secretary/Treasurer and Business Manager	2011
Rick Engel	Attorney	2011

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

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

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

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

Management's Discussion and Analysis and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Guthrie Center 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 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Handwritten signature in cursive script, reading "Nolte, Cornman & Johnson PC".

NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Guthrie Center 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 \$5,493,495 in fiscal 2010 to \$5,740,860 in fiscal 2011, while General Fund expenditures increased from \$4,901,346 in fiscal 2010 to \$4,971,563 in fiscal 2011. The District's General Fund balance increased from \$488,932 at the end of fiscal year 2010 to \$1,258,229 at the end of fiscal year 2011, a 157.34% increase.
- The fiscal year 2011 General Fund revenue increase was attributable to increases in property tax and state grant revenue. The increase in expenditures was due primarily to an increase in all the instructional expenditures functional areas. The increase in the General Fund balance is due to the District revenues outweighing the expenses for fiscal 2011.

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 Guthrie Center 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 Guthrie Center 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 Guthrie Center Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

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

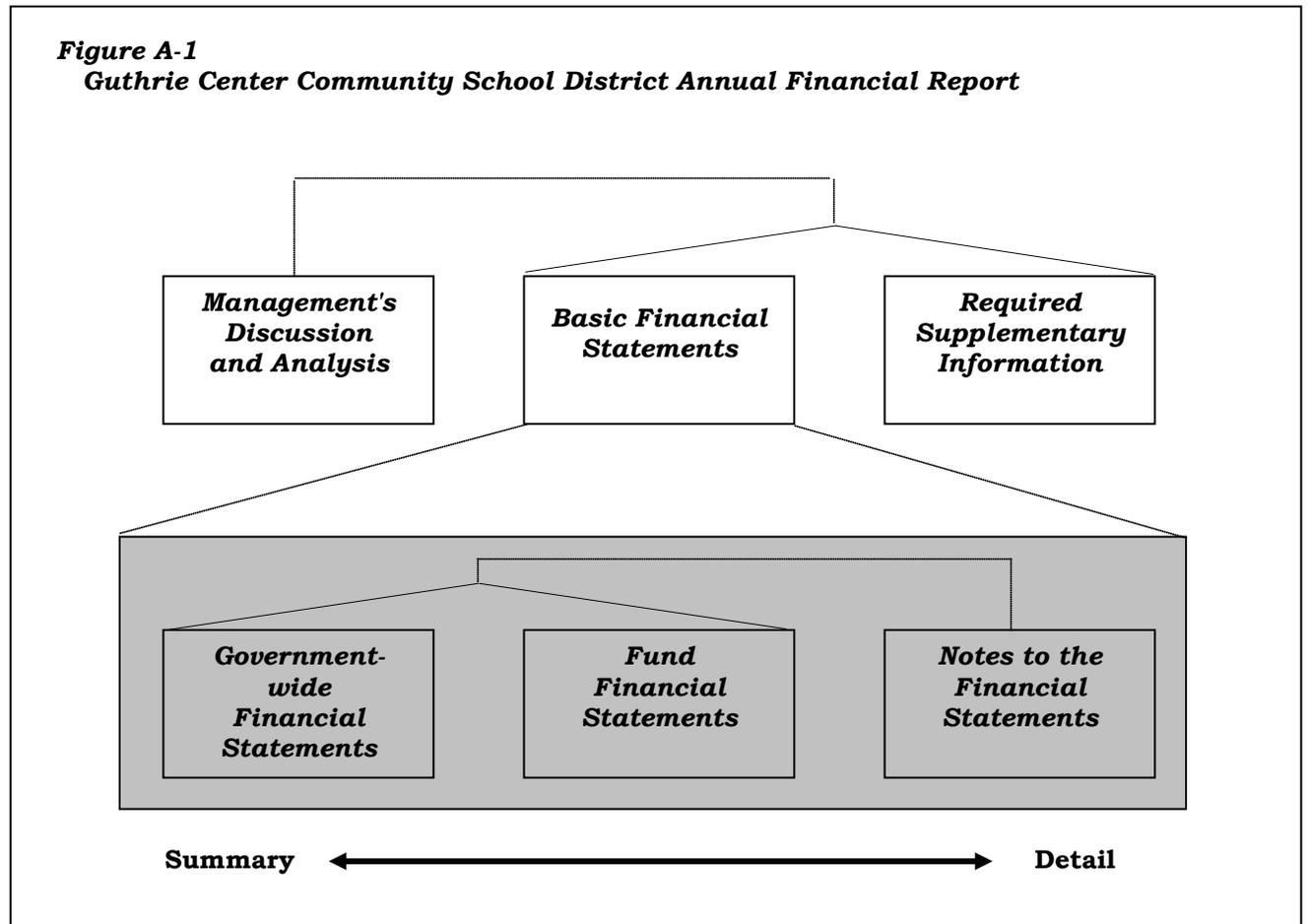


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the 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 one Enterprise Fund, the School Nutrition Fund.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	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	\$ 6,099,584	4,164,493	23,972	30,661	6,123,556	4,195,154	45.97%
Capital assets	6,669,130	5,916,534	29,918	7,808	6,699,048	5,924,342	13.08%
Total assets	12,768,714	10,081,027	53,890	38,469	12,822,604	10,119,496	26.71%
Long-term obligations	4,163,897	367,986	-	-	4,163,897	367,986	1031.54%
Other liabilities	3,231,490	4,082,783	14,477	17,722	3,245,967	4,100,505	-20.84%
Total liabilities	7,395,387	4,450,769	14,477	17,722	7,409,864	4,468,491	65.82%
Net assets:							
Invested in capital assets, net of related debt	2,549,130	5,621,534	29,918	7,808	2,579,048	5,629,342	-54.19%
Restricted	1,859,096	387,794	-	-	1,859,096	387,794	379.40%
Unrestricted	965,101	(379,070)	9,495	12,939	974,596	(366,131)	366.19%
Total net assets	\$ 5,373,327	5,630,258	39,413	20,747	5,412,740	5,651,005	-4.22%

The District's combined net assets decreased by 4.22%, or approximately \$238,265, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$1,471,302 or 379.40% over the prior year. The increase in restricted net assets is mainly attributable to the increase in Debt Service Fund balance due to the creation of the debt reserve and sinking funds for the District's July 1, 2010 revenue bond issuance.

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 – increased approximately \$1,340,727, or 366.19%. The increase in unrestricted net assets was due primarily to the increase in the ending General Fund balance.

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

	Governmental Activities		Business type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 802,703	731,281	119,992	125,726	922,695	857,007	7.66%
Operating grants and contributions and restricted interest	605,767	1,207,520	146,341	142,624	752,108	1,350,144	-44.29%
Capital grants and contributions and restricted interest	74,952	36,173	-	-	74,952	36,173	107.20%
General revenues:							
Property tax	2,312,596	2,114,598	-	-	2,312,596	2,114,598	9.36%
Income surtax	121,140	130,901	-	-	121,140	130,901	-7.46%
Statewide sales, services and use tax	284,289	385,184	-	-	284,289	385,184	-26.19%
Unrestricted state grants	2,293,558	1,884,168	-	-	2,293,558	1,884,168	21.73%
Nonspecific program federal grants	120,957	-	-	-	120,957	-	100.00%
Unrestricted investment earnings	17,708	11,524	4	11	17,712	11,535	53.55%
Other	70,718	61,722	1,797	598	72,515	62,320	16.36%
Transfers	(26,464)	-	26,464	-	-	-	0.00%
Total revenues	6,677,924	6,563,071	294,598	268,959	6,972,522	6,832,030	2.06%
Program expenses:							
Governmental activities:							
Instructional	4,031,947	3,609,756	-	-	4,031,947	3,609,756	11.70%
Support services	2,195,248	1,513,007	1,412	3,055	2,196,660	1,516,062	44.89%
Non-instructional programs	4,957	5,506	274,520	275,452	279,477	280,958	-0.53%
Other expenditures	702,703	575,456	-	-	702,703	575,456	22.11%
Total expenses	6,934,855	5,703,725	275,932	278,507	7,210,787	5,982,232	20.54%
Change in net assets	(256,931)	859,346	18,666	(9,548)	(238,265)	849,798	-128.04%
Net assets beginning of year	5,630,258	4,770,912	20,747	30,295	5,651,005	4,801,207	17.70%
Net assets end of year	\$ 5,373,327	5,630,258	39,413	20,747	5,412,740	5,651,005	-4.22%

In fiscal 2011, property tax, income surtax, statewide sales, services and use tax, unrestricted state grants and nonspecific program federal grants account for 76.86% of the revenue from governmental activities while charges for services and operating grants and contributions account for 90.41% of the revenue from business type activities.

The District's total revenues were approximately \$6.97 million of which approximately \$6.68 million was for governmental activities and approximately \$0.29 was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 2.06% in revenues and a 20.54% increase in expenses. The increase in expenses was related to increases in expenditures in the instructional, support services, and other expenditures functional areas.

Governmental Activities

Revenues for governmental activities were \$6,677,924 and expenses were \$6,934,855.

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	\$ 4,031,947	3,609,756	11.70%	2,897,851	1,877,631	54.34%
Support services	2,195,248	1,513,007	45.09%	2,051,449	1,512,575	35.63%
Non-instructional	4,957	5,506	-9.97%	4,957	5,506	-9.97%
Other expenses	702,703	575,456	22.11%	497,176	333,039	49.28%
Totals	\$ 6,934,855	5,703,725	21.58%	5,451,433	3,728,751	46.20%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$802,703.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$680,719.
- The net cost of governmental activities was financed with \$2,312,596 in property tax, \$121,140 in income surtax, \$284,289 in statewide sales, services and use tax, \$2,293,558 in unrestricted state grants, \$120,957 in nonspecific program federal grants, \$17,708 in interest income and \$44,254 in other general revenues net of transfers.

Business type Activities

Revenues of the District's business type activities were \$294,598 and expenses were \$275,932. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of a deficit \$2,905,232, over last year's ending fund balance of a deficit \$37,105.

Governmental Fund Highlights

- The District's General Fund balance increased from \$488,932 at June 30, 2010 to \$1,258,229 at June 30, 2011. The fluctuation in the District's General Fund financial position is the product of many factors. Increase in local and state revenues led to an increase in revenues. The increase in expenditures was due to the increase in instructional expenditures. The increase in revenues was more than enough to offset the increase in expenditures thus ensuring the increase of balance.
- The Capital Projects Accounts now includes the Statewide Sales, Services and Use Tax Fund and the Physical Plant and Equipment Levy Fund due to the reclassification by GASB 54. The Capital Projects accounts balance overall increased from a deficit \$666,849 in fiscal 2010 to a positive \$1,010,831 in fiscal 2011. Revenues for the Capital Projects accounts increased by \$3,894,989 and the expenditures increased by \$1,227,561.

Proprietary Fund Highlights

- The School Nutrition Fund net assets increased from \$20,747 at June 30, 2010 to \$39,413 at June 30, 2011, representing an increase of 89.97%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$19,300 more than budgeted revenues, a variance of 0.28%. The most significant variance resulted from the District receiving more in local and federal source revenues than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the Capital Projects 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$6,699,048, 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 \$415,372.

The original cost of the District's capital assets was \$10,824,555. Governmental funds account for \$10,739,179 with the remaining of \$85,376 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$1,472,139 at June 30, 2010, compared to \$0 reported at June 30, 2011. The decrease was a result of completion of renovations during the year.

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 49,800	49,800	-	-	49,800	49,800	0.00%
Construction in progress	-	1,472,139	-	-	-	1,472,139	-100.00%
Buildings	5,280,338	3,134,782	-	-	5,280,338	3,134,782	68.44%
Land improvements	1,106,912	1,069,671	-	-	1,106,912	1,069,671	3.48%
Machinery and equipment	232,080	190,142	29,918	7,808	261,998	197,950	32.36%
Total	\$ 6,669,130	5,916,534	29,918	7,808	6,699,048	5,924,342	13.08%

Long-Term Debt

At June 30, 2011, the District had \$4,163,897 in long-term debt outstanding. This represents an increase of 1,031.54% 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 outstanding general obligation bonds payable of \$200,000 at June 30, 2011.

The District had outstanding revenue bonds payable of \$3,920,000 at June 30, 2011.

The District had a net OPEB liability of \$43,897 as of June 30, 2011.

	Total School District		Total Change
	June 30,		June 30,
	2011	2010	2010-11
General obligation bonds	\$ 200,000	295,000	-32.20%
Revenue bonds	3,920,000	-	100.00%
Early retirement	-	51,210	-100.00%
Net OPEB liability	43,897	21,776	101.58%
Total	\$ 4,163,897	367,986	1031.54%

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 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.
- On July 1, 2011, the IPERS increase to 8.07% will increase the Guthrie Center Community Schools employer benefit costs during fiscal 2012. An additional increase to 8.67% is anticipated for fiscal year 2013.

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 Joni Rees, District Secretary/Treasurer and Business Manager, Guthrie Center Community School District, 906 School Street, Guthrie Center, Iowa, 50115.

BASIC FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business type Activities	Total
Assets			
Cash and pooled investments	\$ 3,203,999	18,947	3,222,946
Receivables:			
Property tax:			
Delinquent	46,735	-	46,735
Succeeding year	2,398,436	-	2,398,436
Income surtax	119,779	-	119,779
Due from other governments	330,635	-	330,635
Inventories	-	5,025	5,025
Capital assets, net of accumulated depreciation	6,669,130	29,918	6,699,048
Total assets	12,768,714	53,890	12,822,604
Liabilities			
Accounts payable	108,240	-	108,240
Salaries and benefits payable	527,093	11,839	538,932
Interest payable	156,917	-	156,917
Deferred revenue:			
Succeeding year property tax	2,398,436	-	2,398,436
Other	40,804	-	40,804
Unearned revenue	-	2,638	2,638
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	100,000	-	100,000
Revenue bonds	110,000	-	110,000
Portion due after one year:			
General obligation bonds payable	100,000	-	100,000
Revenue bonds	3,810,000	-	3,810,000
Net OPEB liability	43,897	-	43,897
Total liabilities	7,395,387	14,477	7,409,864
Net assets			
Invested in capital assets, net of related debt	2,549,130	29,918	2,579,048
Restricted for:			
Categorical funding	188,187	-	188,187
Student activities	39,988	-	39,988
School infrastructure	812,986	-	812,986
Physical plant and equipment levy	197,845	-	197,845
Debt service	620,090	-	620,090
Unrestricted	965,101	9,495	974,596
Total net assets	\$ 5,373,327	39,413	5,412,740

SEE NOTES TO FINANCIAL STATEMENTS

**GUTHRIE CENTER 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	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,326,740	399,870	232,922	-	(1,693,948)	-	(1,693,948)
Special	839,636	108,306	44,510	-	(686,820)	-	(686,820)
Other	865,571	235,520	112,968	-	(517,083)	-	(517,083)
	<u>4,031,947</u>	<u>743,696</u>	<u>390,400</u>	<u>-</u>	<u>(2,897,851)</u>	<u>-</u>	<u>(2,897,851)</u>
Support services:							
Student	180,100	-	-	-	(180,100)	-	(180,100)
Instructional staff	285,790	-	5,712	-	(280,078)	-	(280,078)
Administration	715,823	51,848	-	-	(663,975)	-	(663,975)
Operation and maintenance of plant	662,559	-	-	74,952	(587,607)	-	(587,607)
Transportation	350,976	7,159	4,128	-	(339,689)	-	(339,689)
	<u>2,195,248</u>	<u>59,007</u>	<u>9,840</u>	<u>74,952</u>	<u>(2,051,449)</u>	<u>-</u>	<u>(2,051,449)</u>
Non-instructional programs:							
Food service operations	4,957	-	-	-	(4,957)	-	(4,957)
Other expenses:							
Long-term debt interest	168,925	-	-	-	(168,925)	-	(168,925)
AEA flowthrough	205,527	-	205,527	-	-	-	-
Depreciation(unallocated)*	328,251	-	-	-	(328,251)	-	(328,251)
	<u>702,703</u>	<u>-</u>	<u>205,527</u>	<u>-</u>	<u>(497,176)</u>	<u>-</u>	<u>(497,176)</u>
Total governmental activities	6,934,855	802,703	605,767	74,952	(5,451,433)	-	(5,451,433)
Business type activities:							
Support services:							
Administration	1,054	-	-	-	-	(1,054)	(1,054)
Operation and maintenance of plant	358	-	-	-	-	(358)	(358)
Non-instructional programs:							
Nutrition services	274,520	119,992	146,341	-	-	(8,187)	(8,187)
Total business type activities	<u>275,932</u>	<u>119,992</u>	<u>146,341</u>	<u>-</u>	<u>-</u>	<u>(9,599)</u>	<u>(9,599)</u>
Total	\$ 7,210,787	922,695	752,108	74,952	(5,451,433)	(9,599)	(5,461,032)
General Revenues and Transfers:							
Property tax for:							
General purposes				\$ 1,974,000	-		1,974,000
Capital outlay				229,504	-		229,504
Debt service				109,092	-		109,092
Income surtax				121,140	-		121,140
Statewide sales, services and use tax				284,289	-		284,289
Unrestricted state grants				2,293,558	-		2,293,558
Nonspecific program federal grants				120,957	-		120,957
Unrestricted investment earnings				17,708	4		17,712
Other				70,718	1,797		72,515
Transfers				(26,464)	26,464		-
Total general revenues & transfers				<u>5,194,502</u>	<u>28,265</u>		<u>5,222,767</u>
Changes in net assets				(256,931)	18,666		(238,265)
Net assets beginning of year				5,630,258	20,747		5,651,005
Net assets end of year				\$ 5,373,327	39,413		5,412,740

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

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$ 1,678,112	868,001	657,886	3,203,999
Receivables:				
Property tax:				
Delinquent	39,427	4,611	2,697	46,735
Succeeding year	1,935,912	236,524	226,000	2,398,436
Income surtax	119,779	-	-	119,779
Due from other funds	24,411	-	-	24,411
Due from other governments	192,416	138,219	-	330,635
Total assets	\$ 3,990,057	1,247,355	886,583	6,123,995
Liabilities and Fund Balances				
Liabilities:				
Due to other funds	\$ -	-	24,411	24,411
Accounts payable	108,240	-	-	108,240
Salaries and benefits payable	527,093	-	-	527,093
Deferred revenue:				
Succeeding year property tax	1,935,912	236,524	226,000	2,398,436
Income surtax	119,779	-	-	119,779
Other	40,804	-	-	40,804
Total liabilities	2,731,828	236,524	250,411	3,218,763
Fund balances:				
Restricted for:				
Categorical funding	188,187	-	-	188,187
Student activities	-	-	39,988	39,988
School infrastructure	-	812,986	-	812,986
Physical plant and equipment	-	197,845	-	197,845
Debt service	-	-	620,090	620,090
Unassigned:				
General	1,070,042	-	-	1,070,042
Management levy purposes	-	-	(23,906)	(23,906)
Total fund balances	1,258,229	1,010,831	636,172	2,905,232
Total Liabilities and Fund Balances	\$ 3,990,057	1,247,355	886,583	6,123,995

SEE NOTES TO FINANCIAL STATEMENTS

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

Total fund balances of governmental funds(page 20)	\$	2,905,232
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,669,130
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		119,779
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.		(156,917)
Long-term liabilities, such as bonds payable, and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(4,163,897)</u>
Net assets of governmental activities(page 18)	\$	<u><u>5,373,327</u></u>

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

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 2,071,528	513,793	134,052	2,719,373
Tuition	496,928	-	-	496,928
Other	154,262	85,203	234,693	474,158
State sources	2,660,183	-	-	2,660,183
Federal sources	355,094	-	-	355,094
Total revenues	<u>5,737,995</u>	<u>598,996</u>	<u>368,745</u>	<u>6,705,736</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,141,631	52,081	63,552	2,257,264
Special	714,045	-	-	714,045
Other	528,850	-	215,695	744,545
	<u>3,384,526</u>	<u>52,081</u>	<u>279,247</u>	<u>3,715,854</u>
Support services:				
Student	56,886	-	113	56,999
Instructional staff	162,135	-	-	162,135
Administration	532,947	9,828	2,791	545,566
Operation and maintenance of plant	459,625	19,639	43,095	522,359
Transportation	169,917	75,499	8,539	253,955
	<u>1,381,510</u>	<u>104,966</u>	<u>54,538</u>	<u>1,541,014</u>
Non-instructional programs:				
Food service operations	-	-	4,957	4,957
Other expenditures:				
Facilities acquisitions	-	2,063,239	-	2,063,239
Long-term debt:				
Principal	-	-	95,000	95,000
Interest and fiscal charges	-	-	14,320	14,320
AEA flowthrough	205,527	-	-	205,527
	<u>205,527</u>	<u>2,063,239</u>	<u>114,277</u>	<u>2,378,086</u>
Total expenditures	<u>4,971,563</u>	<u>2,220,286</u>	<u>448,062</u>	<u>7,639,911</u>
Excess(Deficiency) of revenues over(under) expenditures	766,432	(1,621,290)	(79,317)	(934,175)
Other financing sources(uses):				
Transfer in	-	-	574,677	574,677
Transfer out	-	(574,677)	-	(574,677)
Sale of equipment	2,865	-	-	2,865
Revenue bond issuance	-	3,920,000	-	3,920,000
Premium on revenue bond issuance	-	20,275	-	20,275
Discount on revenue bond issuance	-	(66,628)	-	(66,628)
Total other financing sources(uses)	<u>2,865</u>	<u>3,298,970</u>	<u>574,677</u>	<u>3,876,512</u>
Net change in fund balances	769,297	1,677,680	495,360	2,942,337
Fund balance beginning of year, as restated	488,932	(666,849)	140,812	(37,105)
Fund balance end of year	<u>\$ 1,258,229</u>	<u>1,010,831</u>	<u>636,172</u>	<u>2,905,232</u>

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER 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) \$ 2,942,337

**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 Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of assets in the year are as follows:

Expenditures for capital assets	\$ 1,184,188	
Depreciation expense	(411,504)	
Loss on disposal	(20,088)	
	752,596	752,596

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 expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues and repayment are as follows:

Issued	\$ (3,920,000)	
Repaid	95,000	
	(3,825,000)	(3,825,000)

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

(154,605)

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.

(1,348)

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, as follows:

Early retirement	\$ 51,210	
Net OPEB liability	(22,121)	
	29,089	29,089

Changes in net assets of governmental activities(page 19) \$ (256,931)

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	<u>School Nutrition</u>
Assets	
Cash and pooled investments	\$ 18,947
Inventories	5,025
Capital assets, net of accumulated depreciation	29,918
Total assets	<u>53,890</u>
Liabilities	
Salaries and benefits payable	11,839
Unearned revenues	2,638
Total liabilities	<u>14,477</u>
Net assets	
Invested in capital assets	29,918
Unrestricted	9,495
Total net assets	<u>\$ 39,413</u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	School Nutrition
Operating revenue:	
Local sources:	
Charges for services	\$ 119,992
Miscellaneous	1,797
Total operating revenue	121,789
Operating expenses:	
Support services:	
Administration:	
Services	388
Supplies	666
Operation and maintenance of plant:	
Services	358
	1,412
Non-instructional programs:	
Food service operations:	
Salaries	99,008
Benefits	16,801
Services	170
Supplies	153,972
Depreciation	3,868
Other	215
	274,034
Total operating expenses	275,446
Operating loss	(153,657)
Non-operating revenues:	
State sources	2,778
Federal sources	143,563
Loss on disposal of assets	(486)
Interest income	4
Total non-operating revenues	172,809
Excess of revenues over expenditures before other financing sources	19,152
Other financing sources:	
Capital contributions	26,464
Change in net assets	18,666
Net assets beginning of year	20,747
Net assets end of year	\$ 39,413

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 119,580
Cash received from miscellaneous sources	1,797
Cash payments to employees for services	(118,642)
Cash payments to suppliers for goods or services	(136,737)
Net cash used in operating activities	(134,002)
Cash flows from non-capital financing activities:	
Intermediate sources	-
State grants received	2,778
Federal grants received	126,380
Net cash provided by non-capital financing activities	129,158
Cash flows from investing activities:	
Interest on investments	4
Net decrease in cash and cash equivalents	(4,840)
Cash and cash equivalents at beginning of year	23,787
Cash and cash equivalents at end of year	\$ 18,947
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (153,657)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	17,183
Depreciation	3,868
Decrease in inventories	1,849
Decrease in salaries and benefits payable	(2,833)
Decrease in unearned revenue	(412)
Net cash used in operating activities	\$ (134,002)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$17,183.

During the year ended June 30, 2011, the School Nutrition Fund received capital contributions from the Capital Projects: Statewide Sales, Services, and Use Tax Fund totaling \$26,464.

SEE NOTES TO FINANCIAL STATEMENTS

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

	Private Purpose Trust Scholarship
Additions:	
Scholarship	\$ 500
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	500
Change in net assets	-
Net assets beginning of year	-
Net assets end of year	\$ -

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

The Guthrie Center Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Guthrie Center, Iowa, and the predominate agricultural territory in Guthrie and Audubon 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, Guthrie Center 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 Guthrie Center 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 Guthrie and Audubon 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.

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund 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, have a maturity date no longer than three months.

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 0
Buildings	10,000
Land improvements	10,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

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

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

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

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

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

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

At June 30, 2011 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Due From and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
General	Management Levy	\$ 24,411

The Management Levy Fund is repaying the General Fund for cash borrowed during the year for cash flow purposes.

(4) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide, Sales, Services and Use Tax	\$ 574,677

The transfer from Capital Projects: Statewide Sales, Services and Use Tax Fund to Debt Service Fund was needed to move the debt reserve and sinking funds for the revenue bonds dated July 1, 2010, to the proper fund for accounting purposes.

(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	49,800	-	-	49,800
Construction in progress	1,472,139	846,512	2,318,651	-
Total capital assets not being depreciated	1,521,939	846,512	2,318,651	49,800
Capital assets being depreciated:				
Buildings	5,982,197	2,415,886	20,360	8,377,723
Land improvements	1,432,937	115,250	-	1,548,187
Machinery and equipment	897,346	125,191	259,068	763,469
Total capital assets being depreciated	8,312,480	2,656,327	279,428	10,689,379
Less accumulated depreciation for:				
Buildings	2,847,415	250,242	272	3,097,385
Land improvements	363,266	78,009	-	441,275
Machinery and equipment	707,204	83,253	259,068	531,389
Total accumulated depreciation	3,917,885	411,504	259,340	4,070,049
Total capital assets being depreciated, net	4,394,595	2,244,823	20,088	6,619,330
Governmental activities capital assets, net	\$ 5,916,534	3,091,335	2,338,739	6,669,130

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 60,202	26,464	1,290	85,376
Less accumulated depreciation	52,394	3,868	804	55,458
Total	\$ 7,808	22,596	486	29,918

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 2,012
Other		1,936
Support services:		
Student		364
Instructional staff		1,099
Administration		370
Operation and maintenance of plant		26,137
Transportation		51,335
		<u>83,253</u>
Unallocated depreciation		<u>328,251</u>
Total governmental activities depreciation expense		\$ <u>411,504</u>
Business type activities:		
Food services		\$ <u>3,868</u>

(6) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 295,000	-	95,000	200,000	100,000
Revenue Bonds	-	3,920,000	-	3,920,000	110,000
Early Retirement	51,210	-	51,210	-	-
Net OPEB Liability	21,776	22,121	-	43,897	-
Total	\$ 367,986	3,942,121	146,210	4,163,897	210,000

General Obligation Bonds Payable

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

Year Ending June 30,	Interest Rates	Bond issue of July 1, 2001		
		Principal	Interest	Total
2012	4.70 %	\$ 100,000	9,500	109,500
2013	4.80	100,000	4,800	104,800
Total		\$ 200,000	9,500	109,500

Revenue Bonds Payable

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

Year Ending June 30,	Interest Rates	Bond issue of July 1, 2010		
		Principal	Interest	Total
2012	3.00	% \$ 110,000	232,538	342,538
2013	3.00	100,000	151,325	251,325
2014	3.00	100,000	148,325	248,325
2015	3.50	150,000	144,575	294,575
2016	4.00	165,000	139,438	304,438
2017-2021	4.00	910,000	594,350	1,504,350
2022-2026	4.00-4.13	1,105,000	393,269	1,498,269
2027-2030	4.25-4.38	1,280,000	132,356	1,412,356
Total		\$ 3,920,000	1,936,175	5,856,175

Early Retirement

In prior years, the District offered a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees completed an application which was required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 50% of the employee's base salary calculated by using the current year regular salary schedule. The District made payments of \$51,210 for early retirement benefits during the year ended June 30, 2011.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of the annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$202,125, \$206,565, and \$195,797, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 37 active members in the plan.

The medical/prescription drug benefits are provided through a fully-insured plan with Coventry. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which result 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 and unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Districts 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	\$ 23,374
Interest on net OPEB obligation	544
Adjustment to annual required contribution	(1,797)
Annual OPEB cost	<u>22,121</u>
Contributions made	-
Increase in net OPEB obligation	<u>22,121</u>
Net OPEB obligation beginning of year	<u>21,776</u>
Net OPEB obligation end of year	<u><u>\$ 43,897</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 \$0 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% 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	\$ 21,776	0.0%	\$ 21,776
2011	22,121	0.0	43,897

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 \$177,449, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$177,449. The covered payroll (annual payroll of active employees covered by the plan) was \$1,321,381, and the ratio of the UAAL to covered payroll was 13.43%. As of June 30, 2011 there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs

between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the Frozen Entry Age Actuarial Cost Method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual 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 based upon national termination studies performed by the Society of Actuaries.

The projected claim costs of the medical plan for retirees under age 65 are illustrated per month in the following table.

Plan	Single	Family
S3E \$250	\$ 647.19	\$ 1,063.69
S4E \$500	613.16	987.18

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

Guthrie Center 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 \$205,527 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

At June 30, 2011, the District had a deficit unassigned fund balance in the Management Levy Fund of \$23,906.

(12) Categorical Funding

The District's ending balances for categorical funding by project as of the year ended June 30, 2010 are as follows:

Project	Amount
Beginning teacher mentoring	\$ 631
Salary improvement program	18,981
Iowa early intervention block grant	42,526
Statewide voluntary preschool	95,359
Professional development	28,949
Market factor incentives	1,741
Total	<u>\$ 188,187</u>

(13) 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	\$ (827,335)	160,486
Change in fund type classification per implementation of GASB Statement No. 54	160,486	(160,486)
Balances July 1, 2010, as restated	<u>\$ (666,849)</u>	<u>0</u>

REQUIRED SUPPLEMENTARY INFORMATION

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL- ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 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	\$ 3,690,459	121,793	3,812,252	3,616,381	3,616,381	195,871
State sources	2,660,183	2,778	2,662,961	2,977,189	2,977,189	(314,228)
Federal sources	355,094	143,563	498,657	361,000	361,000	137,657
Total revenues	<u>6,705,736</u>	<u>268,134</u>	<u>6,973,870</u>	<u>6,954,570</u>	<u>6,954,570</u>	<u>19,300</u>
Expenditures/expenses:						
Instruction	3,715,854	-	3,715,854	4,347,879	4,347,879	632,025
Support services	1,541,014	1,412	1,542,426	1,687,830	1,687,830	145,404
Non-instructional programs	4,957	274,520	279,477	285,923	285,923	6,446
Other expenditures	2,378,086	-	2,378,086	5,325,974	5,325,974	2,947,888
Total expenditures/expenses	<u>7,639,911</u>	<u>275,932</u>	<u>7,915,843</u>	<u>11,647,606</u>	<u>11,647,606</u>	<u>3,731,763</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(934,175)	(7,798)	(941,973)	(4,693,036)	(4,693,036)	3,751,063
Other financing sources, net	<u>3,876,512</u>	<u>26,464</u>	<u>3,902,976</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>97,024</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures	2,942,337	18,666	2,961,003	(693,036)	(693,036)	3,848,087
Balance beginning of year	<u>(37,105)</u>	<u>20,747</u>	<u>(16,358)</u>	<u>809,442</u>	<u>809,442</u>	<u>(825,800)</u>
Balance end of year	<u>\$ 2,905,232</u>	<u>39,413</u>	<u>2,944,645</u>	<u>116,406</u>	<u>116,406</u>	<u>3,022,287</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as 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.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 187,151	\$ 187,151	0.00%	\$ 1,575,144	11.88%
2011	July 1, 2009	0	177,449	177,449	0.00%	1,321,381	13.43%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

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

	Special Revenue				Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total	Debt Service	
Assets					
Cash and pooled investments	\$ -	39,988	39,988	617,898	657,886
Receivables:					
Property tax:					
Delinquent	505	-	505	2,192	2,697
Succeeding year property tax	116,000	-	116,000	110,000	226,000
			-		
Total assets	\$ 116,505	39,988	156,493	730,090	886,583
Liabilities and fund balances					
Liabilities:					
Due to other funds	\$ 24,411	-	24,411	-	24,411
Deferred revenue:					
Succeeding year property tax	116,000	-	116,000	110,000	226,000
	140,411	-	140,411	110,000	250,411
Fund balances:					
Restricted for:					
Student activities	-	39,988	39,988	-	39,988
Debt service	-	-	-	620,090	620,090
Unassigned:					
Management levy purposes	(23,906)	-	-	-	(23,906)
Total fund balances	(23,906)	39,988	16,082	620,090	636,172
Total liabilities and fund balances	\$ 116,505	39,988	156,493	730,090	886,583

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Special Revenue			Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total		
Revenues:					
Local sources:					
Local tax	\$ 24,960	-	24,960	109,092	134,052
Other	7,111	226,933	234,044	649	234,693
Total revenues	32,071	226,933	259,004	109,741	368,745
Expenditures:					
Current:					
Instruction:					
Regular	63,552	-	63,552	-	63,552
Other	-	215,695	215,695	-	215,695
Support services:					
Student	113	-	113	-	113
Administration	2,791	-	2,791	-	2,791
Operation and maintenance of plant	43,095	-	43,095	-	43,095
Transportation	8,539	-	8,539	-	8,539
Non-instructional programs:					
Food service operations	4,957	-	4,957	-	4,957
Other expenditures:					
Long-term debt:					
Principal	-	-	-	95,000	95,000
Interest and fiscal charges	-	-	-	14,320	14,320
Total expenditures	123,047	215,695	338,742	109,320	448,062
Excess(Deficiency) of revenues over(under) expenditures	(90,976)	11,238	(79,738)	421	(79,317)
Other financing sources:					
Transfer in	-	-	-	574,677	574,677
Net change in fund balances	(90,976)	11,238	(79,738)	575,098	495,360
Fund balances beginning of year, as restated	67,070	28,750	95,820	44,992	140,812
Fund balances end of year	\$ (23,906)	39,988	16,082	620,090	636,172

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER 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
Assets			
Cash and pooled investments	\$ 674,767	193,234	868,001
Receivables:			
Property tax:			
Delinquent	-	4,611	4,611
Succeeding year property tax	-	236,524	236,524
Due from other governments	138,219	-	138,219
Total assets	\$ 812,986	434,369	1,247,355
Liabilities and Fund Balances			
Liabilities			
Deferred revenue:			
Succeeding year property tax	\$ -	236,524	236,524
	-	236,524	236,524
Fund Balances			
Restricted for:			
School infrastructure	812,986	-	812,986
Physical plant and equipment	-	197,845	197,845
Total fund balances	812,986	197,845	1,010,831
Total liabilities and fund balances	\$ 812,986	434,369	1,247,355

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS 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	\$ 284,289	229,504	513,793
Other	7,126	78,077	85,203
Total revenues	291,415	307,581	598,996
Expenditures:			
Current:			
Instruction:			
Regular	-	52,081	52,081
Support services:			
Administration	6,073	3,755	9,828
Operation and maintenance of plant	-	19,639	19,639
Transportation	-	75,499	75,499
Other expenditures:			
Facilities acquisition	1,943,991	119,248	2,063,239
Total expenditures	1,950,064	270,222	2,220,286
Excess(Deficiency) of revenues over (under)expenditures	(1,658,649)	37,359	(1,621,290)
Other financing sources(uses):			
Transfer out	(574,677)	-	(574,677)
Issuance of revenue bonds	3,920,000	-	3,920,000
Premium on revenue bond issuance	20,275	-	20,275
Discount on revenue bond issuance	(66,628)	-	(66,628)
Total other financing sources(uses)	3,298,970	-	3,298,970
Net change in fund balances	1,640,321	37,359	1,677,680
Fund balances beginning of year, as restated	(827,335)	160,486	(666,849)
Fund balances end of year	\$ 812,986	197,845	1,010,831

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Interest	\$ -	160	-	(160)	-
Drama	3,554	-	420	-	3,134
Odyssey of Mind	2,090	-	-	-	2,090
Vocal Club	2,225	5,398	4,390	973	4,206
Band Club	644	9,652	8,847	(973)	476
Basketball	3,313	32,967	29,954	-	6,326
Track	(10,587)	14,593	13,986	9,980	-
Cheerleaders	690	6,051	4,941	-	1,800
Football	1,974	22,441	15,685	(8,023)	707
Baseball/Softball	(7,613)	13,303	13,660	7,970	-
Wrestling	(3,601)	19,268	18,354	2,687	-
Volleyball	(3,558)	7,225	6,916	3,249	-
Summer Little League	737	4,510	4,899	-	348
FFA	1,013	26,496	16,737	(7,636)	3,136
FCCLA	761	3,746	3,545	(300)	662
Honor Society	524	600	235	-	889
Student Council	2,254	2,092	2,042	(475)	1,829
Foreign Language	536	-	-	-	536
Art Club	2,214	661	575	225	2,525
Yearbook	1,306	13,321	14,450	-	177
Change Fund	-	400	1,400	1,000	-
General Fund	6,508	5,673	14,493	2,814	502
Student Activities	1,833	-	-	1	1,834
Marketing	1,337	4,879	4,969	-	1,247
Weightlifting	50	-	-	-	50
JH Student Council	1,980	280	989	-	1,271
Extra Curricular	2,253	14,320	14,439	(2,134)	-
Elementary Fund	9,817	728	1,756	(7,970)	819
Class of 2010	-	-	-	-	-
Class of 2011	4,891	5,237	9,650	(478)	-
Class of 2012	1,275	11,487	8,363	(750)	3,649
Class of 2013	330	1,065	-	-	1,395
Class of 2014	-	380	-	-	380
Total	\$ 28,750	226,933	215,695	-	39,988

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES/EXPENSES 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	\$ 2,719,373	2,619,623	2,165,778	2,044,827	2,058,026	1,896,372	1,787,200	1,673,830
Tuition	496,928	490,821	381,379	355,036	365,542	346,632	312,103	270,742
Other	474,158	327,972	465,896	431,007	290,594	307,241	371,945	344,208
Intermediate sources	-	1,995	-	-	-	-	-	-
State sources	2,660,183	2,570,926	2,848,072	2,612,972	2,270,100	2,411,023	2,151,274	1,917,582
Federal sources	355,094	540,674	138,623	155,879	227,259	186,001	209,267	331,065
Total	<u>\$ 6,705,736</u>	<u>6,552,011</u>	<u>5,999,748</u>	<u>5,599,721</u>	<u>5,211,521</u>	<u>5,147,269</u>	<u>4,831,789</u>	<u>4,537,427</u>
Expenditures:								
Current:								
Instruction:								
Regular	\$ 2,257,264	2,081,803	2,106,776	1,961,550	1,818,112	1,753,552	1,785,551	1,779,400
Special	714,045	735,246	714,039	843,242	695,899	717,294	595,563	593,548
Other	744,545	738,978	680,516	661,836	681,401	588,608	697,022	500,945
Support services:								
Student	56,999	98,876	99,716	111,899	115,251	103,558	92,388	108,849
Instructional staff	162,135	189,091	173,996	188,349	228,469	240,937	116,313	101,570
Administration	545,566	547,194	559,993	504,446	465,832	452,914	444,608	437,730
Operation and maintenance of plant	522,359	531,571	511,023	528,187	475,794	474,363	416,550	374,308
Transportation	253,955	146,481	139,378	153,925	260,908	190,673	212,761	109,573
Non-instructional programs:	4,957	5,506	2,566	2,296	2,067	2,646	-	-
Other expenditures:								
Facilities acquisitions	2,063,239	1,553,247	60,182	960,597	384,108	190,708	257,539	100,891
Long-term debt:								
Principal	95,000	90,000	85,000	80,000	75,000	80,000	75,000	70,000
Interest and fiscal charges	14,320	18,320	22,060	25,500	28,651	31,930	34,968	37,667
AEA flow-through	205,527	206,244	186,955	169,446	157,855	151,690	139,824	135,150
Total	<u>\$ 7,639,911</u>	<u>6,942,557</u>	<u>5,342,200</u>	<u>6,191,273</u>	<u>5,389,347</u>	<u>4,978,873</u>	<u>4,868,087</u>	<u>4,349,631</u>

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

To the Board of Education of the
Guthrie Center 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 Guthrie Center Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 19, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guthrie Center Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Guthrie Center Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Guthrie Center Community School District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guthrie Center 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.

Guthrie Center 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 Guthrie Center 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 Guthrie Center Community School District and other parties to whom Guthrie Center Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Guthrie Center Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2012

GUTHRIE CENTER 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 DEFICIENCIES:

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. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - We will investigate available alternatives and implement them as soon as possible.

Conclusion - Response accepted.

GUTHRIE CENTER 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, did not exceed the amount budgeted.

II-B-11 Questionable Disbursements - We noted during our audit of the Student Activity Fund that the District purchased coffee for \$11.41 per pound for use in the teacher's lounge. The disbursements made for the coffee appear to be excessive as well as not meeting the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their policy with regard to public purpose derived from supplying coffee to the teacher's lounge. If the District is in agreement that coffee should be supplied for the teacher's lounge, the District should search for a more economical brand.

Response - This is no longer allowed at the District.

Conclusion - Response accepted

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 and employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joni Rees, Board Secretary Spouse owns Rees Repair	Purchased services	\$3,476

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the spouse of Joni Rees do not appear to represent 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 - We noted no variances in the basic enrollment data certified to the Department of Education.

II-H-11 Supplementary Weighting - No variance 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 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2011 audit.

Beginning Balance		\$ (827,335)
Revenues/transfers in:		
Sales tax revenues	\$ 284,289	
Other local revenues	7,126	
Sale of long-term debt	3,920,000	
Other	20,275	4,231,690
	<u> </u>	<u>3,404,355</u>
Expenditures/transfers out:		
School Infrastructure	\$ 1,828,033	
Equipment	110,682	
Other	77,977	
Transfers to other funds:		
Debt Service	574,677	2,591,369
	<u> </u>	<u> </u>
Ending Balance		<u>\$ 812,986</u>

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

- II-M-11 Financial Condition - The District had a deficit unassigned fund balance in the Management Levy Fund of \$23,906 at June 30, 2011.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit. The District should consider a workout plan to bring this fund to a solvent position.

Response - The 2011-2012 Budget levies money for the management fund to bring it to a positive balance.

Conclusion - Response accepted.