

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

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North Tama County Community School District

Officials

Board of Education

Gretchen Pargeon	President	2013
Robert Young	Vice President	2011
Dave Stuart	Board Member	2013
Judy Robb	Board Member	2013
Trisha Kennedy	Board Member	2013
John Hayek	Board Member	2011
Richard Arp	Board Member	2011

School Officials

Gary Janssen	Superintendent	2011
Terrill Karr	District Secretary/ Business Manager	2011
Roan, Powell & Reinders	Attorney	2011

**North Tama County 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
North Tama County 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 North Tama County Community School District, Traer 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 North Tama County Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2012 on our consideration of North Tama County Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Tama County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (none of which are presented herein) and expressed an unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 9, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

March 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,933,240 in fiscal 2010 to \$5,386,981 in fiscal 2011 this was primarily the result an increase in funding received from the state. General Fund expenditures increased from \$5,006,138 in fiscal 2010 to \$5,030,734 in fiscal 2011 due in part to increases in salaries and benefits received by District employees. This resulted in an increase in the District's fund balance from \$690,514 in fiscal 2010 to \$1,046,261 in fiscal 2011, which was a 51.52% decrease from the prior year.
- The District's solvency ratio increased as compared to fiscal 2010. At June 30, 2010 the District's solvency ratio was 11.84% as compared to 16.93% at June 30, 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 North Tama County Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how the governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report North Tama County 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 North Tama County Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

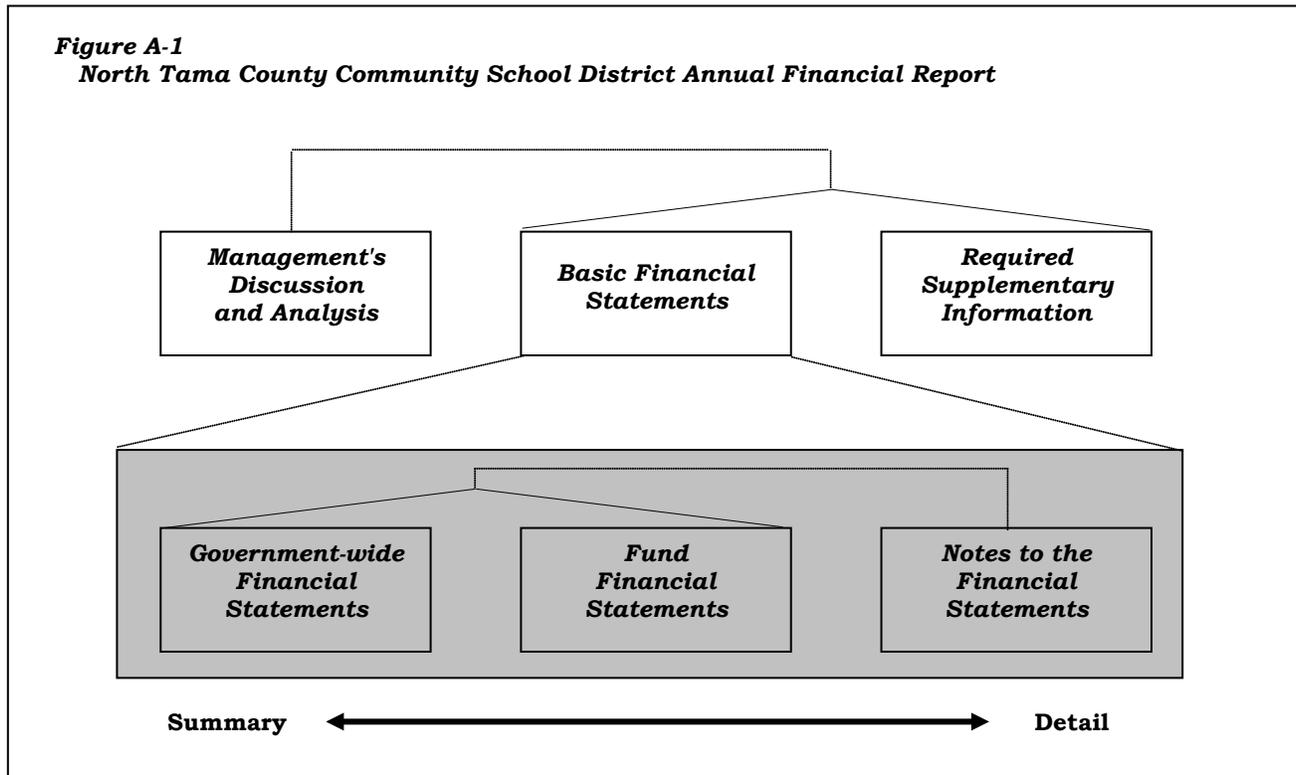


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

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: food services and adult education	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 statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

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

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 funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements.

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and other Enterprise Funds, which includes the Book Fair, JET and NT & S funds.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include 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 proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		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	\$ 5,070,120	4,757,045	\$ 74,833	82,408	\$ 5,144,953	4,839,453	6.31%
Capital assets	4,777,194	4,547,719	26,496	22,233	4,803,690	4,569,952	5.11%
Total assets	9,847,314	9,304,764	101,329	104,641	9,948,643	9,409,405	5.73%
Long-term liabilities	3,604,357	3,561,943	3,745	2,223	3,608,102	3,564,166	1.23%
Other liabilities	2,317,703	2,279,891	1,952	450	2,319,655	2,280,341	1.72%
Total liabilities	5,922,060	5,841,834	5,697	2,673	5,927,757	5,844,507	1.42%
Net assets:							
Invested in capital assets	1,657,333	1,717,907	26,496	22,233	1,683,829	1,740,140	-3.24%
Restricted	1,315,450	1,065,483	0	0	1,315,450	1,065,483	23.46%
Unrestricted	952,471	679,540	69,136	79,735	1,021,607	759,275	34.55%
Total net assets	\$ 3,925,254	3,462,930	\$ 95,632	101,968	\$ 4,020,886	3,564,898	12.79%

The District's combined net assets increased by 12.79% or \$455,988 compared to the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, buildings and equipment).

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 23.46% or \$249,967 over the prior year. The main reason for the increase in restricted net assets was the increases in fund balance for the Debt Service and the Management Levy Funds.

Unrestricted net assets-the part of net assets that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- increased approximately 34.55% or \$262,332 from the prior year. The primary reason for the increase in unrestricted net assets was the increase in the unassigned fund balance of the General Fund.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 520,045	498,984	\$ 144,595	150,779	664,640	649,763	2.29%
Operating grants and contributions and restricted interest	540,252	1,023,638	105,409	113,068	645,661	1,136,706	-43.20%
Capital grants and contributions and restricted interest	2,000	27,100	0	0	2,000	27,100	-92.62%
General revenues:							
Property tax	2,039,489	2,018,892	0	0	2,039,489	2,018,892	1.02%
Income surtax	227,199	275,365	0	0	227,199	275,365	-17.49%
Statewide sales, service and use tax	353,764	330,894	0	0	353,764	330,894	6.91%
Unrestricted state grants	2,227,194	1,507,180	0	0	2,227,194	1,507,180	47.77%
Nonspecific program federal revenues	160,885	0	0	0	160,885	0	100.00%
Other revenue	88,002	76,418	29,575	26,663	117,577	103,081	14.06%
Transfers	0	439	0	(439)	0	0	0.00%
Total revenues and transfers	<u>6,158,830</u>	<u>5,758,910</u>	<u>279,579</u>	<u>290,071</u>	<u>6,438,409</u>	<u>6,048,981</u>	<u>6.44%</u>
Program expenses:							
Governmental activities:							
Instructional	3,578,629	3,645,500	0	0	3,578,629	3,645,500	-1.83%
Support services	1,607,919	1,564,303	16,115	14,977	1,624,034	1,579,280	2.83%
Non-instructional programs	500	0	269,800	251,944	270,300	251,944	7.29%
Other expenses	509,458	646,243	0	0	509,458	646,243	-21.17%
Total expenses	<u>5,696,506</u>	<u>5,856,046</u>	<u>285,915</u>	<u>266,921</u>	<u>5,982,421</u>	<u>6,122,967</u>	<u>-2.30%</u>
Change in net assets	462,324	(97,136)	(6,336)	23,150	455,988	(73,986)	716.32%
Net assets beginning of year, as restated	<u>3,462,930</u>	<u>3,560,066</u>	<u>101,968</u>	<u>78,818</u>	<u>3,564,898</u>	<u>3,638,884</u>	<u>-2.03%</u>
Net assets end of year	<u>\$ 3,925,254</u>	<u>3,462,930</u>	<u>\$ 95,632</u>	<u>101,968</u>	<u>4,020,886</u>	<u>3,564,898</u>	<u>12.79%</u>

In fiscal 2011, property tax, income surtax and unrestricted state grants accounted for 72.96% of the revenue from governmental activities while charges for services and operating grants and contributions account for 89.42% of the revenue from business type activities.

The District's total revenues were approximately \$6.44 million of which \$6.16 million was for governmental activities and slightly more than \$0.28 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a increase of 6.44% in revenues and a 2.30% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$6,158,830 and expenses were \$5,696,506 for the year ended June 30, 2011. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses for the year ended June 30, 2011 compared to the year ended June 30, 2010. The net cost of services is the result after subtracting grants and charges for services that the District used to offset the program's total cost.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 3,578,629	3,645,500	-1.83%	2,799,673	2,387,042	17.29%
Support services	1,607,919	1,564,303	2.79%	1,558,942	1,523,093	2.35%
Non-instructional programs	500	0	100.00%	500	0	100.00%
Other expenses	509,458	646,243	-21.17%	275,094	396,189	-30.56%
Totals	\$ 5,696,506	5,856,046	-2.72%	4,634,209	4,306,324	7.61%

- The cost financed by users of the District's programs was \$520,045.
- The federal and state government subsidized certain programs with operating and capital grants and contributions totaling \$542,252.
- The net cost portion of governmental activities was financed with \$2,039,489 in property tax, \$227,199 in income surtax, \$353,764 in statewide sales, service and use tax, \$2,227,194 in unrestricted state grants, \$160,885 in nonspecific program federal revenues, and \$88,002 in other revenues.

Business type Activities

The District's business type activities are the School Nutrition Fund, and other Enterprise Funds. Revenues of the District's business type activities totaled \$279,579 in 2011, which is a decrease of 3.62% over the prior year. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income. Expenses increased 7.12% to \$285,915 for business type activities in 2011.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,597,650; an increase of \$278,111, above last year's ending fund balances of \$2,319,539. However, the primary reason for the increase in combined fund balances is because of the increase in the General Fund balance.

Governmental Fund Highlights

- The District's increase in the General Fund financial position is the result of many factors. The General Fund balance increased from \$690,514 in fiscal 2010 to \$1,046,261 in fiscal 2011. General Fund revenues increased due to an increase in state funding. The increase in expenditures was mainly due to increases in salaries and benefits received by District employees.
- The Capital Projects Fund balance decreased from a restated balance of \$1,100,400 at the beginning of the fiscal year 2011 to \$864,203. The beginning balance was restated as a result of the Physical Plant and Equipment Levy Fund reclassification as a Capital Projects Fund account in accordance with GASB Statement No. 54. The decrease in fund balance was the result of the District completing work on the high school.

Proprietary Fund Highlights

- School Nutrition Fund ending cash balance increased \$1,123 from previous year.
- The School Nutrition Fund balance increased from \$92,528 in fiscal 2010 to \$94,018 in fiscal 2011.
- The Other Enterprise Funds balance decreased from a fund balance of \$9,440 in fiscal 2010 to a fund balance of \$1,614 in fiscal 2011.

BUDGETARY HIGHLIGHTS

The District's receipts were \$260,500 more than budgeted receipts a variance of 4.21%. Although total revenues were less than anticipated. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$4,803,690, 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 the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$174,411.

The original cost of the District's capital assets was \$8,072,164. Governmental funds account for \$7,984,580, with the remainder of \$87,584 accounted for in the Proprietary School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$1,333,141 at June 30, 2010, compared to \$4,358,499 reported at June 30, 2011. This increase resulted from costs associated with the addition being built on to the high school.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 116,414	116,414	\$ 0	0	\$ 116,414	116,414	0.00%
Construction in progress	0	2,829,812	0	0	0	2,829,812	-100.00%
Buildings	4,358,499	1,333,141	0	0	4,358,499	1,333,141	226.93%
Improvements other than buildings	173,618	188,377	0	0	173,618	188,377	-7.83%
Machinery and equipment	128,663	79,975	26,496	22,233	155,159	102,208	51.81%
Total	\$ 4,777,194	4,547,719	\$ 26,496	22,233	\$ 4,803,690	4,569,952	5.11%

Long-Term Debt

At June 30, 2011, the District had \$3,608,102 in total long-term debt outstanding. This represents a 1.23% increase from the previous year. (See figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	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
Revenue bonds	\$ 3,500,000	3,500,000	\$ 0	0	\$ 3,500,000	3,500,000	0.00%
Net OPEB liability	104,357	61,943	3,745	2,223	108,102	64,166	68.47%
Total	\$ 3,604,357	3,561,943	\$ 3,745	2,223	\$ 3,608,102	3,564,166	1.23%

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:

- State budget cuts continue to be a concern for the District, shifting the majority of funding on property taxes.
- Maintaining enrollment will be extremely important for the District in their efforts to remain as a viable K-12 school district.
- Efforts to contain costs – especially in the area of health insurance – must be continued and expanded.

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 Terrill Karr, Business Manager, North Tama County Community School District, 605 Walnut Street, Traer, Iowa, 50675.

**North Tama County Community
School District**

BASIC FINANCIAL STATEMENTS

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,378,901	62,613	2,441,514
Receivables:			
Property tax:			
Delinquent	31,146	0	31,146
Succeeding year	2,118,378	0	2,118,378
Income surtax	230,137	0	230,137
Accounts	20,354	0	20,354
Due from other governments	291,204	0	291,204
Inventories	0	12,220	12,220
Capital assets, net of accumulated depreciation	4,777,194	26,496	4,803,690
Total Assets	9,847,314	101,329	9,948,643
Liabilities			
Accounts payable	68,754	0	68,754
Retainage payable	49,998	0	49,998
Accrued interest payable	75,370	0	75,370
Deferred revenue:			
Succeeding year property tax	2,118,378	0	2,118,378
Other	5,203	0	5,203
Unearned revenue	0	1,952	1,952
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	85,000	0	85,000
Portion due after one year:			
Revenue bonds payable	3,415,000	0	3,415,000
Net OPEB liability	104,357	3,745	108,102
Total Liabilities	5,922,060	5,697	5,927,757
Net Assets			
Invested in capital assets	1,657,333	26,496	1,683,829
Restricted for:			
Categorical funding	134,891	0	134,891
School infrastructure	417,325	0	417,325
Physical plant and equipment	66,739	0	66,739
Management levy purposes	138,292	0	138,292
Student activities	98,480	0	98,480
Debt service	459,723	0	459,723
Unrestricted	952,471	69,136	1,021,607
Total Net Assets	\$ 3,925,254	95,632	4,020,886

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Contributions	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Services	and Restricted Interest	Contributions and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,275,679	192,051	138,348	0	(1,945,280)	0	(1,945,280)
Special	631,627	0	94,035	0	(537,592)	0	(537,592)
Other	671,323	282,670	71,852	0	(316,801)	0	(316,801)
	<u>3,578,629</u>	<u>474,721</u>	<u>304,235</u>	<u>0</u>	<u>(2,799,673)</u>	<u>0</u>	<u>(2,799,673)</u>
Support services:							
Student	161,270	0	0	0	(161,270)	0	(161,270)
Instructional staff	119,656	0	0	0	(119,656)	0	(119,656)
Administration	559,325	0	1,500	0	(557,825)	0	(557,825)
Operation and maintenance of plant	474,584	0	0	2,000	(472,584)	0	(472,584)
Transportation	293,084	45,324	153	0	(247,607)	0	(247,607)
	<u>1,607,919</u>	<u>45,324</u>	<u>1,653</u>	<u>2,000</u>	<u>(1,558,942)</u>	<u>0</u>	<u>(1,558,942)</u>
Non-instructional programs							
Food service operations	500	0	0	0	(500)		(500)
Other expenditures:							
Long-term debt interest	152,240	0	0	0	(152,240)	0	(152,240)
AEA flowthrough	234,364	0	234,364	0	0	0	0
Depreciation(unallocated)*	122,854	0	0	0	(122,854)	0	(122,854)
	<u>509,458</u>	<u>0</u>	<u>234,364</u>	<u>0</u>	<u>(275,094)</u>	<u>0</u>	<u>(275,094)</u>
Total governmental activities	5,696,506	520,045	540,252	2,000	(4,634,209)	0	(4,634,209)
Business type activities:							
Support services:							
Administration	13,616	0	0	0	0	(13,616)	(13,616)
Operation and maintenance of plant	2,499	0	0	0	0	(2,499)	(2,499)
	<u>16,115</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16,115)</u>	<u>(16,115)</u>
Non-instructional programs:							
Nutrition services	234,643	144,595	105,409	0	0	15,361	15,361
Enterprise	35,157	0	0	0	0	(35,157)	(35,157)
	<u>269,800</u>	<u>144,595</u>	<u>105,409</u>	<u>0</u>	<u>0</u>	<u>(19,796)</u>	<u>(19,796)</u>
Total business type activities	285,915	144,595	105,409	0	0	(35,911)	(35,911)
Total	\$ 5,982,421	664,640	645,661	2,000	(4,634,209)	(35,911)	(4,670,120)
General Revenues :							
Property tax levied for:							
General purposes				\$ 1,983,288	0		1,983,288
Capital outlay				56,201	0		56,201
Income surtax				227,199	0		227,199
Statewide sales, services and use tax				353,764	0		353,764
Unrestricted state grants				2,227,194	0		2,227,194
Nonspecific program federal revenues				160,885	0		160,885
Unrestricted investment earnings				17,268	119		17,387
Other general revenues				70,734	29,456		100,190
Total general revenues and transfers				<u>5,096,533</u>	<u>29,575</u>		<u>5,126,108</u>
Changes in net assets				462,324	(6,336)		455,988
Net assets beginning of year				3,462,930	101,968		3,564,898
Net assets end of year				<u>\$ 3,925,254</u>	<u>95,632</u>		<u>4,020,886</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$ 951,965	739,298	687,638	2,378,901
Receivables:				
Property tax:				
Delinquent	29,066	858	1,222	31,146
Succeeding year	1,885,038	58,340	175,000	2,118,378
Income surtax	230,137	0	0	230,137
Accounts	20,354	0	0	20,354
Due from other governments	117,159	174,045	0	291,204
Total Assets	\$ 3,233,719	972,541	863,860	5,070,120
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 66,580	0	2,174	68,754
Retainage payable	0	49,998	0	49,998
Deferred revenue:				
Succeeding year property tax	1,885,038	58,340	175,000	2,118,378
Income surtax	230,137	0	0	230,137
Other	5,203	0	0	5,203
Total liabilities	2,186,958	108,338	177,174	2,472,470
Fund balances:				
Restricted for:				
Categorical funding	134,891	0	0	134,891
Construction	0	380,139	0	380,139
School infrastructure	0	417,325	0	417,325
Physical plant and equipment	0	66,739	0	66,739
Management levy purposes	0	0	138,292	138,292
Student activities	0	0	98,480	98,480
Debt service	0	0	459,723	459,723
Unassigned for:				
General fund	911,870	0	0	911,870
Student activities	0	0	(9,809)	(9,809)
Total fund balances	1,046,761	864,203	686,686	2,597,650
Total Liabilities and Fund Balances	\$ 3,233,719	972,541	863,860	5,070,120

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY 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)	\$	2,597,650
 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.		4,777,194
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.		(75,370)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		230,137
Long-term liabilities, including revenue bonds payable and other postemployment benefits are not due and payable in the current period and, therefore are not reported in the funds.		<u>(3,604,357)</u>
Net assets of governmental activities(page 18)	\$	<u><u>3,925,254</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,133,324	409,965	80,011	2,623,300
Tuition	169,470	0	0	169,470
Other	207,406	6,907	277,969	492,282
State sources	2,536,964	39	56	2,537,059
Federal sources	339,567	0	0	339,567
Total revenues	<u>5,386,731</u>	<u>416,911</u>	<u>358,036</u>	<u>6,161,678</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,238,180	0	5,064	2,243,244
Special	677,014	0	0	677,014
Other	464,038	0	225,935	689,973
	<u>3,379,232</u>	<u>0</u>	<u>230,999</u>	<u>3,610,231</u>
Support services:				
Student	158,443	0	0	158,443
Instructional staff	115,010	0	0	115,010
Administration	549,810	0	1,003	550,813
Operation and maintenance of plant	332,657	2,404	35,125	370,186
Transportation	261,218	0	16,599	277,817
	<u>1,417,138</u>	<u>2,404</u>	<u>52,727</u>	<u>1,472,269</u>
Non-instructional programs:				
Food service operations	0	0	500	500
Other expenditures:				
Facilities acquisitions	0	414,213	0	414,213
Long-term debt:				
Interest	0	0	152,240	152,240
AEA flowthrough	234,364	0	0	234,364
	<u>234,364</u>	<u>414,213</u>	<u>152,240</u>	<u>800,817</u>
Total expenditures	<u>5,030,734</u>	<u>416,617</u>	<u>436,466</u>	<u>5,883,817</u>
Excess(Deficiency) of revenues over(under) expenditures	355,997	294	(78,430)	277,861
Other financing sources(uses):				
Sale of equipment	250	0	0	250
Transfers in	0	0	236,491	236,491
Transfers out	0	(236,491)	0	(236,491)
Total other financing sources(uses)	<u>250</u>	<u>(236,491)</u>	<u>236,491</u>	<u>250</u>
Net change in fund balances	356,247	(236,197)	158,061	278,111
Fund balance beginning of year, as restated	690,514	1,100,400	528,625	2,319,539
Fund balance end of year	<u>\$ 1,046,761</u>	<u>864,203</u>	<u>686,686</u>	<u>2,597,650</u>

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY 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) \$ 278,111

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

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

Capital outlays	\$ 399,060	
Depreciation expense	(169,585)	229,475

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. (2,848)

Some expenses reported in the Statement of Activities do no require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Other postemployment benefits		(42,414)

Changes in net assets of governmental activities(page 19) \$ 462,324

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	School Nutrition	Other Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and pooled investments	\$ 60,999	1,614	62,613
Inventories	12,220	0	12,220
Total current assets	<u>73,219</u>	<u>1,614</u>	<u>74,833</u>
Non-current assets:			
Capital assets:			
Machinery and equipment, net of accumulated depreciation	26,496	0	26,496
Total non-current assets	<u>26,496</u>	<u>0</u>	<u>26,496</u>
TOTAL ASSETS	<u>99,715</u>	<u>1,614</u>	<u>101,329</u>
LIABILITIES			
Current liabilities:			
Unearned revenue	1,952	0	1,952
Total current liabilities	<u>1,952</u>	<u>0</u>	<u>1,952</u>
Long-term liabilities:			
Net OPEB liability	3,745	0	3,745
Total long-term liabilities	<u>3,745</u>	<u>0</u>	<u>3,745</u>
TOTAL LIABILITIES	<u>5,697</u>	<u>0</u>	<u>5,697</u>
NET ASSETS			
Invested in capital assets	26,496	0	26,496
Unrestricted	67,522	1,614	69,136
TOTAL NET ASSETS	<u>\$ 94,018</u>	<u>1,614</u>	<u>95,632</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Other Enterprise Funds	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	\$ 144,595	0	144,595
Miscellaneous	2,142	27,314	29,456
TOTAL OPERATING REVENUES	146,737	27,314	174,051
OPERATING EXPENSES:			
Support services:			
Administration:			
Salaries	10,526	0	10,526
Benefits	2,145	0	2,145
Services	375	0	375
Supplies	345	0	345
Other	225	0	225
	13,616	0	13,616
Operation and maintenance of plant:			
Services	1,574	0	1,574
Supplies	925	0	925
	2,499	0	2,499
Total support services	16,115	0	16,115
Non-instructional programs:			
Food service operations:			
Salaries	80,304	0	80,304
Benefits	26,792	0	26,792
Services	75	0	75
Supplies	122,646	0	122,646
Depreciation	4,826	0	4,826
	234,643	0	234,643
Other enterprise operations:			
Salaries	0	7,409	7,409
Benefits	0	1,082	1,082
Services	0	6,992	6,992
Supplies	0	19,674	19,674
	0	35,157	35,157
Total non-instructional programs	234,643	35,157	269,800
TOTAL OPERATING EXPENSES	250,758	35,157	285,915
OPERATING LOSS	(104,021)	(7,843)	(111,864)
NON-OPERATING REVENUES:			
State sources	2,388	0	2,388
Federal sources	103,021	0	103,021
Interest income	102	17	119
TOTAL NON-OPERATING REVENUES	105,511	17	105,528
Change in net assets	1,490	(7,826)	(6,336)
Net assets beginning of year	92,528	9,440	101,968
Net assets end of year	\$ 94,018	1,614	95,632

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition	Other Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 147,691	0	147,691
Cash received from miscellaneous operating activities	2,142	27,314	29,456
Cash payments to employees for services	(118,245)	(8,491)	(126,736)
Cash payments to suppliers for goods or services	(108,277)	(26,666)	(134,943)
Net cash used in operating activities	<u>(76,689)</u>	<u>(7,843)</u>	<u>(84,532)</u>
Cash flows from non-capital financing activities:			
State grants received	2,388	0	2,388
Federal grants received	84,411	0	84,411
Net cash provided by non-capital financing activities	<u>86,799</u>	<u>0</u>	<u>86,799</u>
Cash flows from capital activities:			
Acquisition of assets	<u>(9,089)</u>	<u>0</u>	<u>(9,089)</u>
Cash flows from investing activities:			
Interest on investment	<u>102</u>	<u>17</u>	<u>119</u>
Net increase(decrease) in cash and cash equivalents	1,123	(7,826)	(6,703)
Cash and cash equivalents at beginning of year	<u>59,876</u>	<u>9,440</u>	<u>69,316</u>
Cash and cash equivalents at end of year	<u>\$ 60,999</u>	<u>1,614</u>	<u>62,613</u>
Reconciliation of operating income(loss) to net cash used in operating activities:			
Operating loss	\$ (104,021)	(7,843)	(111,864)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	18,610	0	18,610
Depreciation	4,826	0	4,826
Increase in inventories	(722)	0	(722)
Decrease in accounts receivable	1,594	0	1,594
Increase in unearned revenues	1,502	0	1,502
Increase in other postemployment benefits	1,522	0	1,522
Net cash provided by(used in) operating activities	<u>\$ (76,689)</u>	<u>(7,843)</u>	<u>(84,532)</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$18,610.

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 STATEMENT CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Contributions	\$ 3,525
Deductions:	
Instruction:	
Scholarships awarded	4,270
Change in net assets	(745)
Net assets beginning of year	745
Net assets end of year	\$ 0

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

The North Tama County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Traer, Buckingham, Dinsdale and Clutier, Iowa, and the predominate agricultural territory in Tama county. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, North Tama County 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 North Tama County 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 Tama County Assessors' Conference Board.

B. Basis of Presentation

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

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

Invested in capital assets consists of capital assets, net of accumulated depreciation.

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

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

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

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

The District reports the following major governmental funds:

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

The 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 funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Other Enterprise Funds. The School Nutrition Fund is used to account for the food service operations of the District. The Other Enterprise Funds account is used to account for transactions related to JET, NT&S and other smaller miscellaneous accounts.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax

accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

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

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5-10 years
Machinery and equipment	5-20 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used

to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

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

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

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1,409,052 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) Interfund Transfers

The detail of 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	\$ 236,491

The transfer from the Capital Projects Fund to the Debt Service Fund was needed for interest and fees related to repayment of the District's revenue bond indebtedness.

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 116,414	0	0	116,414
Construction in progress	2,829,812	290,049	3,119,861	0
Total capital assets not being depreciated	2,946,226	290,049	3,119,861	116,414
Capital assets being depreciated:				
Buildings	3,031,080	3,133,453	0	6,164,533
Improvements other than buildings	409,868	0	0	409,868
Machinery and equipment	1,269,940	95,419	71,594	1,293,765
Total capital assets being depreciated	4,710,888	3,228,872	71,594	7,868,166
Less accumulated depreciation for:				
Buildings	1,697,939	108,095	0	1,806,034
Improvements other than buildings	221,491	14,759	0	236,250
Machinery and equipment	1,189,965	46,731	71,594	1,165,102
Total accumulated depreciation	3,109,395	169,585	71,594	3,207,386
Total capital assets being depreciated, net	1,601,493	3,059,287	0	4,660,780
Governmental activities capital assets, net	\$ 4,547,719	3,349,336	3,119,861	4,777,194

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 78,495	9,089	0	87,584
Less accumulated depreciation	56,262	4,826	0	61,088
Business type activities capital assets, net	\$ 22,233	4,263	0	26,496

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular		\$	3,188
Special			4,971
Other			10,884
Support services:			
Student			1,100
Instructional support			3,983
Administration			1,695
Operation and maintenance of plant			6,681
Transportation			14,229
			46,731
Unallocated depreciation			122,854
Total governmental activities depreciation expense		\$	169,585
Business type activities:			
Food services		\$	4,826

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 3,500,000	0	0	3,500,000	85,000
Net OPEB liability	61,943	42,414	0	104,357	0
Total	\$ 3,561,943	42,414	0	3,604,357	85,000
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 2,223	1,522	0	3,745	0

Revenue Bonds

Details of the District's June 30, 2011 revenue bond indebtedness are as follows:

Year Ending June 30,	Bond issue dated April 1, 2009			
	Interest Rates	Principal	Interest	Total
2012	3.50	% \$ 85,000	149,252	234,252
2013	3.50	115,000	145,753	260,753
2014	3.50	120,000	141,640	261,640
2015	3.50	145,000	137,003	282,003
2016	3.50	150,000	131,840	281,840
2017-2021	3.50-4.00	850,000	568,653	1,418,653
2022-2026	4.20-4.60	1,015,000	373,297	1,388,297
2027-2030	4.70-5.10	1,020,000	105,602	1,125,602
Total		\$ 3,500,000	1,753,040	5,253,040

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,500,000 of bonds issued in April 2010. The bonds were issued for the purpose of financing a portion of the costs of a new addition to the high school building. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 46 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$5,253,040. For the current year, interest of \$152,240 was paid on the bonds and total statewide sales and services tax revenues were \$353,764.

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

- a) \$350,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into the sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$181,567, \$178,424, and \$172,357, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 53 active and 2 retired members in the plan. Employees must be age 60 or older at retirement and have fifteen or more years of service to the District.

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

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

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

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

Annual required contribution	\$ 85,982
Interest on net OPEB obligation	1,925
Adjustment to annual required contribution	<u>(3,226)</u>
Annual OPEB cost	84,681
Contributions made	<u>(40,745)</u>
Increase in net OPEB obligation	43,936
Net OPEB obligation - beginning of year	<u>64,166</u>
Net OPEB obligation - end of year	<u>\$ 108,102</u>

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

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 85,982	25.37	% \$ 64,166
2011	84,681	48.12	108,102

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$0.752 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.752 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2.410 million, and the ratio of the UAAL to the covered payroll was 31.2%. As of June 30, 2011, there were no trust fund assets.

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

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

As of July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 3.0% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate trend rate is 5%. For each year the medical trend rate is lowered by 1% until reaching the ultimate medical trend rate of 5% on July 1, 2013. The 5% ultimate trend rate will be used for each succeeding year after July 1, 2013.

Mortality rates are based on life expectancies tables at the National Center for Health Statistics website. The 2005 United States Life Tables for Males and Females were used. Annual retirement probabilities were developed from recent experience of the North Tama County Community School District. Termination rates were developed using GASB 45 paragraph 35(b) Table 1.

(8) Risk Management

North Tama County 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$234,364 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.

(10) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2011, expenditures in the non-instructional function exceeded the amounts budgeted.

(11) Deficit Fund Balance

The Student Activity Fund had a deficit unassigned fund balance of \$9,809.

(12) Categorical Funding

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

Program	Amount
Talented and gifted	\$ 52,834
Allowable growth for returning dropouts & dropout prevention	10,538
Beginning teacher mentoring	236
Educator quality, basic salary	11,236
Model core curriculum	21,537
At-risk supplemental weighting	12,737
Professional development	23,653
Market factor incentives	2,120
Total	<u>\$ 134,891</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 reclassification is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 1,058,498	\$ 41,902
Change in fund type classification per implementation of GASB Statement No. 54	<u>41,902</u>	<u>(41,902)</u>
Balance July 1, 2010 as restated	<u><u>\$ 1,100,400</u></u>	<u><u>\$ 0</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 3,285,052	174,170	3,459,222	3,269,824	3,269,824	189,398
State sources	2,537,059	2,388	2,539,447	2,774,709	2,774,709	(235,262)
Federal sources	339,567	103,021	442,588	136,224	136,224	306,364
Total revenues:	6,161,678	279,579	6,441,257	6,180,757	6,180,757	260,500
Expenditures/Expenses:						
Instruction	3,610,231	0	3,610,231	3,987,242	3,987,242	377,011
Support services	1,472,269	16,115	1,488,384	1,834,400	1,834,400	346,016
Non-instructional programs	500	269,800	270,300	260,000	260,000	(10,300)
Other expenditures	800,817	0	800,817	993,147	993,147	192,330
Total expenditures/expenses:	5,883,817	285,915	6,169,732	7,074,789	7,074,789	905,057
Excess(deficiency) of revenues over(under) expenditures/expenses	277,861	(6,336)	271,525	(894,032)	(894,032)	1,165,557
Other financing sources, net	250	0	250	0	0	250
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	278,111	(6,336)	271,775	(894,032)	(894,032)	1,165,807
Balance beginning of year	2,319,539	101,968	2,421,507	1,521,285	1,521,285	900,222
Balance end of year	\$ 2,597,650	95,632	2,693,282	627,253	627,253	2,066,029

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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

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

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

During the year ended June 30, 2011, District expenditures in the non-instructional programs function exceeded the budgeted amount.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2009	-	\$ 752	752	0.0	% \$ 2,750	27.3 %
2011	July 1, 2009	-	752	752	0.0	2,410	31.2

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OTHER SUPPLEMENTARY INFORMATION

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue				Total
	Manage- ment Levy	Student Activity	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
Assets					
Cash and pooled investments	\$ 137,070	90,845	227,915	459,723	687,638
Receivables:					
Property tax:					
Delinquent	1,222	0	1,222	0	1,222
Succeeding year	175,000	0	175,000	0	175,000
Total Assets	\$ 313,292	90,845	404,137	459,723	863,860
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 0	2,174	2,174	0	2,174
Deferred revenue:					
Succeeding year property tax	175,000	0	175,000	0	175,000
Total liabilities	175,000	2,174	177,174	0	177,174
Fund balances:					
Restricted for:					
Management levy purposes	138,292	0	138,292	0	138,292
Student activities	0	98,480	98,480	0	98,480
Debt Service	0	0	0	459,723	459,723
Unassigned for student activities	0	(9,809)	(9,809)	0	(9,809)
Total fund balances	138,292	88,671	226,963	459,723	686,686
Total Liabilities and Fund Balances	\$ 313,292	90,845	404,137	459,723	863,860

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue				Total
	Management Levy	Student Activity	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
Revenues:					
Local sources:					
Local tax	\$ 80,011	0	80,011	0	80,011
Other	10,392	256,776	267,168	10,801	277,969
State sources	56	0	56	0	56
Total revenues	90,459	256,776	347,235	10,801	358,036
Expenditures:					
Current:					
Instruction:					
Regular	5,064	0	5,064	0	5,064
Other	0	225,935	225,935	0	225,935
Support services:					
Administration	1,003	0	1,003	0	1,003
Operation and maintenance of plant	33,816	1,309	35,125	0	35,125
Transportation	16,599	0	16,599	0	16,599
Non-instructional programs					
Food service operations	500	0	500	0	500
Long-term debt:					
Interest and fiscal charges	0	0	0	152,240	152,240
Total expenditures	56,982	227,244	284,226	152,240	436,466
Excess(deficiency) of revenues over(under) expenditures	33,477	29,532	63,009	(141,439)	(78,430)
Other financing sources:					
Transfer in	0	0	0	236,491	236,491
Net change in fund balances	33,477	29,532	63,009	95,052	158,061
Fund balances beginning of year, as restated	104,815	59,139	163,954	364,671	528,625
Fund balances end of year	\$ 138,292	88,671	226,963	459,723	686,686

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services & Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 673,417	65,881	739,298
Receivables:			
Delinquent	0	858	858
Succeeding year	0	58,340	58,340
Due from other governments	174,045	0	174,045
Total assets	\$ 847,462	125,079	972,541
Liabilities and fund balances			
Liabilities:			
Retainage payable	\$ 49,998	0	49,998
Deferred revenue			
Succeeding year property tax	0	58,340	58,340
Total liabilities	49,998	58,340	108,338
Fund balances:			
Restricted for:			
Construction	380,139	0	380,139
School infrastructure	417,325	0	417,325
Physical plant and equipment	0	66,739	66,739
Total fund balances	797,464	66,739	864,203
Total liabilities and fund balances	\$ 847,462	125,079	972,541

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services & Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 353,764	56,201	409,965
Other	4,395	2,512	6,907
State sources	0	39	39
TOTAL REVENUES	<u>358,159</u>	<u>58,752</u>	<u>416,911</u>
EXPENDITURES:			
Current:			
Support services:			
Operation and maintenance of plant	0	2,404	2,404
Other expenditures:			
Facilities acquisitions	382,702	31,511	414,213
TOTAL EXPENDITURES	<u>382,702</u>	<u>33,915</u>	<u>416,617</u>
Excess(Deficiency) of revenues over(under) expenditures	(24,543)	24,837	294
OTHER FINANCING USES:			
Transfer out	(236,491)	0	(236,491)
Excess(Deficiency) of revenues over(under) expenditures and other financing uses	(261,034)	24,837	(236,197)
Fund balances beginning of year, as restated	<u>1,058,498</u>	<u>41,902</u>	<u>1,100,400</u>
Fund balances end of year	<u>\$ 797,464</u>	<u>66,739</u>	<u>864,203</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Musical	\$ (640)	907	153	114
Instrumental Activity	5,334	1,943	1,780	5,497
Music Boosters	3,492	31,011	19,244	15,259
Music Boosters Investment	9,094	26	3,469	5,651
Youth Basketball	100	1	0	101
Athletics	1,628	116,477	97,201	20,904
Baseball/Softball	7,341	22,132	26,322	3,151
Youth Baseball	4,929	3,426	5,390	2,965
Elementary SB	3,492	589	2,503	1,578
Nationals	289	1,002	0	1,291
Science Donations	1,003	2,386	560	2,829
Uniforms	753	2	1	754
Booster Club	(736)	7,017	4,628	1,653
Cheerleaders	357	222	314	265
Academic Decathalon	(2,432)	2,960	1,623	(1,095)
FCCLA	218	13,125	16,405	(3,062)
Ind Arts Club	303	285	87	501
Homecoming	0	650	644	6
National Honor Society	284	369	432	221
Spanish Club	1,015	1,776	349	2,442
Speech Club	(159)	0	0	(159)
Student Council	1,939	3,643	2,661	2,921
Memory Book	1,265	1,327	1,914	678
Yearbook	(766)	8,097	12,824	(5,493)
JH Student Council	405	5,356	5,178	583
Interest	809	0	0	809
North Tama Dance Squad	630	7,395	5,561	2,464
Elementary Drill Team	186	1	0	187
Swing Show	1,987	5,195	680	6,502
Redhawks Readers	2,107	312	226	2,193
Character Counts	4,030	851	2,041	2,840
Art Club	3,006	849	993	2,862
FFA	144	1,707	1,770	81
PTO	3,859	3,438	1,352	5,945
Resident Artist	185	0	0	185
Reading With Character	715	677	595	797
Athletic Improvement	1,225	4	0	1,229
Class of 2010	769	149	918	0
Class of 2011	979	902	1,881	0
Class of 2012	0	9,290	7,012	2,278
Class of 2013	0	921	533	388
Class of 2014	0	356	0	356
Total	\$ 59,139	256,776	227,244	88,671

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 OTHER ENTERPRISE FUNDS
 JUNE 30, 2011

	Book Fair	NT & S	Other	Total
Assets				
Cash and pooled investments	\$ 1,648	582	(616)	1,614
Liabilities				
	0	0	0	0
Net assets				
Unrestricted	\$ 1,648	582	(616)	1,614

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 OTHER ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2011

	Book			Total
	Fair	NT & S	Other	
OPERATING REVENUE:				
Local sources:				
Miscellaneous	\$ 2,143	1,031	24,140	27,314
OPERATING EXPENSES:				
Other enterprise operations:				
Salaries	0	0	7,409	7,409
Benefits	0	0	1,082	1,082
Services	0	0	6,992	6,992
Supplies	2,130	1,747	15,797	19,674
TOTAL OPERATING EXPENSES	2,130	1,747	31,280	35,157
OPERATING INCOME (LOSS)	13	(716)	(7,140)	(7,843)
NON-OPERATING REVENUES:				
Interest income	5	0	12	17
Change in net assets	18	(716)	(7,128)	(7,826)
Net assets beginning of year	1,630	1,298	6,512	9,440
Net assets end of year	\$ 1,648	582	(616)	1,614

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 OTHER ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2011

	Book Fair	NT & S	Other	Total
Cash flows from operating activities:				
Cash received from miscellaneous operating activities	\$ 2,143	1,031	24,140	27,314
Cash payments to employees for services	0	0	(8,491)	(8,491)
Cash payments to suppliers for goods or services	(2,130)	(1,747)	(22,789)	(26,666)
Net cash provided by(used in) operating activities	13	(716)	(7,140)	(7,843)
Cash flows from investing activities:				
Interest on investments	5	0	12	17
Net increase(decrease) in cash and cash equivalents	18	(716)	(7,128)	(7,826)
Cash and cash equivalents at beginning of year	1,630	1,298	6,512	9,440
Cash and cash equivalents at end of year	\$ 1,648	582	(616)	1,614

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 2,623,300	2,605,586	2,297,278	2,173,495	2,132,698	2,051,963	1,930,361	1,853,955
Tuition	169,470	182,271	169,943	208,240	177,998	160,156	197,307	148,428
Other	492,282	420,449	416,087	359,854	480,450	349,277	372,176	285,966
Intermediate sources	0	0	0	23,664	29,821	44,889	0	0
State sources	2,537,059	2,067,317	2,632,741	2,577,545	2,320,017	2,092,833	1,923,128	1,733,213
Federal sources	339,567	463,283	304,305	148,185	147,456	108,421	138,940	103,148
Total	\$ 6,161,678	5,738,906	5,820,354	5,490,983	5,288,440	4,807,539	4,561,912	4,124,710
Expenditures:								
Current:								
Instruction:								
Regular	\$ 2,243,244	2,247,494	2,099,803	2,062,199	2,263,131	2,069,180	1,976,410	1,602,992
Special	677,014	529,315	705,787	608,998	542,850	509,009	556,548	369,907
Other	689,973	834,003	737,042	540,011	292,642	332,365	135,386	450,074
Support services:								
Student	158,443	176,063	183,223	185,259	177,968	187,172	136,781	134,248
Instructional staff	115,010	88,804	132,130	146,603	146,551	167,755	81,459	121,762
Administration	550,813	588,604	578,669	569,465	545,955	548,462	570,538	569,093
Operation and maintenance								
of plant	370,186	386,194	368,027	370,174	318,741	332,797	315,180	286,537
Transportation	277,817	271,396	253,346	276,296	255,552	287,371	231,975	295,949
Central	0	0	0	0	0	0	0	871
Non-instructional programs								
Food service operations	500	0	0	0	0	0	0	0
Other expenditures:								
Facilities acquisitions	414,213	2,518,500	722,259	285,807	247,907	304,021	80,103	10,000
Long-term debt:								
Principal	0	0	0	0	0	42,000	135,500	127,500
Interest	152,240	113,805	750	0	0	1,858	10,553	18,206
AEA flow-through	234,364	222,954	193,592	185,379	177,099	160,424	146,689	147,606
Total	\$ 5,883,817	7,977,132	5,974,628	5,230,191	4,968,396	4,942,414	4,377,122	4,134,745

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

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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
North Tama County 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 North Tama County 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 20, 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 North Tama County Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of North Tama County Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North Tama County 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 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 items I-A-11 and I-B-11 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Tama County 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.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of North Tama County 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 20, 2012

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-11 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - We have added a part-time employee to assist the Business Manager with her duties.

Conclusion - Response accepted.

I-B-11 Bank Reconciliations - We noted during our audit that the District does not reconcile the bank statements to the general ledger on a timely basis.

Recommendation - The District should reconcile bank statement balances to financial statement balances on a monthly basis. The bank reconciliation when performed timely, and reconciling items adjusted would provide support for the cash position. This would allow the user of the monthly financial statements a higher confidence in the amount of cash reflected on the balance sheet.

If the accounting staff is not comfortable using the accounting software to perform bank reconciliations, the District should consider sending their accounting staff to software training on bank reconciliations.

Response - An additional staff member has been hired to alleviate some of the current business manager's responsibilities. We are in the process of training this new employee.

Conclusion - Response accepted.

I-C-11 Gate Admissions - We noted during our audit that the District does not utilize pre-numbered tickets for all event admissions. Currently, the District's practice is to use pre-numbered tickets for sporting events only.

Also, during the audit it appeared that ticket takers responsible for cash collections at the gate were not always reconciling pre-numbered tickets to cash collected and not signing off on the reconciliation before giving custody of the change box to the Athletic Director.

Recommendation - The District should use pre-numbered tickets for all events that there is an admission fee charged and reconciliation procedures set up by the District should be required to be performed.

The exchange in custody of the change box from the ticket takers to the Athletic Director with no reconciliation procedures being performed by the ticket takers constitutes a breakdown in control procedures. The District should review internal control procedures established for handling cash for all activity events and communicate the procedures to the individuals involved.

At the end of the event, cash should be counted and reconciled by two or more individuals (usually the ticket takers) to pre-numbered tickets sold including the amount of the beginning cash. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash. The cash and change box should then be turned into the Athletic Director or designee responsible for the accounting function at the event.

Response - The current practices will be evaluated by the administration and necessary changes will be implemented.

Conclusion - Response accepted.

I-D-11 Grants - We noted during our audit, that when expenditures for specific projects were posted; it appeared that the expenses were not always properly posted to those projects.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures.

Response - With the hiring of an additional staff member better procedures will be put in place to ensure grants are coded to the correct projects.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget - District disbursements for the year ended June 30, 2011 exceeded the amount budgeted in the non-instructional programs program area.

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

Response - The District will monitor the budget more closely in the future and amend as needed.

Conclusion - Response accepted.

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

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

II-D-11 Business Transactions - No business transactions between the District and District officials were noted.

- 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 variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-11 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-11 Categorical Funding - No instances were noted of categorical funding being 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.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified annual reports (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,058,498
Revenues/Transfers in:		
Sales tax revenues	\$ 353,764	
Other local revenues	4,395	358,159
		1,416,657
Expenditures/transfers out:		
Other	\$ 382,702	
Transfers to other funds		
Debt service fund	236,491	619,193
		619,193
Ending balance		\$ 797,464

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 four accounts in the Special Revenue, Student Activity Fund that had deficit balances at the end of the year totaling \$9,809. The District also had deficit unrestricted net assets in the Other Enterprise Fund of \$616.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit. The District should consider additional approval of bills from the Student Activity Fund. A workout plan for the deficit accounts should also be considered for the Student Activity Fund.

Response - We will evaluate these accounts to determine why there are deficits. Once we determine a cause or causes we will work to find a solution.

Conclusion - Response accepted.