

Aplington-Parkersburg Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2012

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Independent Auditor's Report

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District, Parkersburg, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with US 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 I 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. I believe my audit provides a reasonable basis for my opinions.

In my 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 Aplington-Parkersburg Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with US generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated January 24, 2013 on my consideration of Aplington-Parkersburg Community School District's internal control over financial reporting and my 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 my 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 my audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aplington-Parkersburg Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrögge
Certified Public Accountant

January 24, 2013

Aplington-Parkersburg Community School District

Management's Discussion and Analysis

Year ended June 30, 2012

Aplington-Parkersburg 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,508,354 in fiscal 2011 to \$8,184,148 in fiscal 2012, while General Fund expenditures increased from \$7,346,206 in fiscal 2011 to \$7,806,413 in fiscal 2012. This resulted in an increase in the District's General Fund balance from \$936,182 in fiscal 2011 to \$1,313,917 in fiscal 2012, a 40.3% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in Local and State revenue. The increase in expenditures was due primarily to an increase in instruction.
- The District's solvency ratio has increased from 6.6% at June 30, 2011 to 10.8% at June 30, 2012. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

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 Aplington-Parkersburg Community School District as a whole and present an overall view of the District's finances.

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

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

Figure A-1
Aplington-Parkersburg Community School District Annual Financial Report

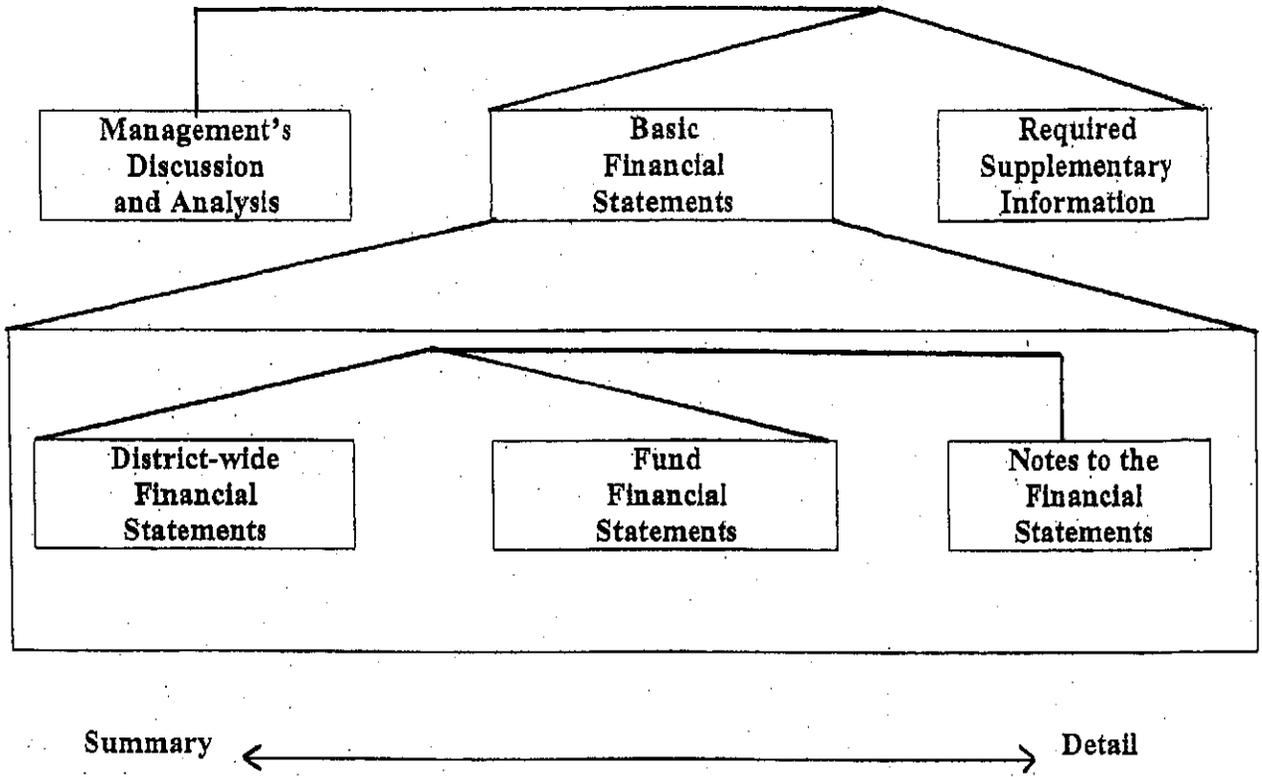


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	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, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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 financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Before and After School Program Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District’s net assets at June 30, 2012 compared to June 30, 2011.

**Figure A-3
Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Current and other assets	\$7,187,070	\$6,220,663	\$53,756	\$69,736	\$7,240,826	\$6,290,399	15.1%
Capital assets	21,580,841	22,369,295	14,064	10,718	21,594,905	22,380,013	-3.5%
Total assets	<u>\$28,767,911</u>	<u>\$28,589,958</u>	<u>\$67,820</u>	<u>\$80,454</u>	<u>\$28,835,731</u>	<u>\$28,670,412</u>	<u>0.6%</u>
Long-term liabilities	\$9,046,506	\$9,070,802	\$-	\$-	\$9,046,506	\$9,070,802	-0.3%
Other liabilities	4,503,516	4,495,421	16,527	16,417	4,520,043	4,511,838	0.2%
Total liabilities	<u>\$13,550,022</u>	<u>\$13,566,223</u>	<u>\$16,527</u>	<u>\$16,417</u>	<u>\$13,566,549</u>	<u>\$13,582,640</u>	<u>-0.1%</u>
Net assets:							
Invested in capital assets, net of related debt	\$12,712,954	\$13,389,295	\$14,064	\$10,718	\$12,727,018	\$13,400,013	-5.0%
Restricted	2,299,271	2,053,670	-	-	2,299,271	2,053,670	12.0%
Unrestricted	205,664	-419,230	37,229	53,319	242,893	-365,911	166.4%
Total net assets	<u>\$15,217,889</u>	<u>\$15,023,735</u>	<u>\$51,293</u>	<u>\$64,037</u>	<u>\$15,269,182</u>	<u>\$15,087,772</u>	<u>1.2%</u>

The District’s combined net assets increased by 1.2%, or approximately \$181,000, from the prior year. The largest portion of the District’s net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased approximately \$8,000, or 2.0% over the prior year. The increase was primarily due to reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$609,000, or 166.4%. The increase in unrestricted net assets was primarily due to revenue exceeding expenditures.

Figure A-4 shows the change in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

**Figure A-4
Changes in Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues:							
Program revenues:							
Charges for service	\$825,528	\$763,941	\$263,472	\$266,787	\$1,089,000	\$1,030,728	5.7%
Operating grants, contributions and restricted interest	1,218,142	1,368,315	208,533	193,952	1,426,675	1,562,267	-8.7%
Capital grants, contributions and restricted interest	-	39,629	-	-	-	39,629	-100%
General revenues:							
Property tax	3,562,643	3,240,391	-	-	3,562,643	3,240,391	9.9%
Statewide sales, service and use tax	600,667	584,845	-	-	600,667	584,845	2.7%
Unrestricted state grants	3,481,351	3,015,593	-	-	3,481,351	3,015,593	15.4%
Unrestricted investment earnings	52,842	15,143	105	125	52,947	15,268	346.8%
Other	84,213	24,960	-	-	84,213	24,960	337.4%
Total revenues	\$9,825,386	\$9,052,817	472,110	\$460,864	\$10,297,496	\$9,513,681	8.2%
Program expenses:							
Governmental activities:							
Instruction	\$6,553,623	\$6,042,245	\$-	\$-	\$6,553,623	\$6,042,245	8.5%
Support services	2,318,356	2,271,322	-	-	2,318,356	2,271,322	2.1%
Non-instructional programs	23,220	21,474	484,854	450,422	508,074	471,896	7.7%
Other expenses	736,033	850,161	-	-	736,033	850,161	-13.4%
Total expenses	\$9,631,232	\$9,185,202	\$484,854	\$450,422	\$10,116,086	9,635,624	5.0%
Change in net assets	\$194,154	-\$132,385	-\$12,744	\$10,442	\$181,410	-\$121,943	248.7%

In fiscal year 2012, property tax and unrestricted state grants account for 72% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$10.3 million, of which approximately \$9.8 million was for governmental activities and less than \$0.5 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 8.2% increase in revenues and a 5.0% increase in expenses. Property tax increased approximately \$322,000. The increase in expenses is related to an increase in instruction and non-instructional programs.

Governmental Activities

Revenues for governmental activities were \$9,825,386 and expenses were \$9,631,232 for the year ended June 30, 2012. 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, non-instructional programs and other expenses for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services		Change	Net Cost of Services		Change
	2012	2011	2011-2012	2012	2011	2011-2012
Instruction	\$6,553,623	\$6,042,245	8.5%	\$4,618,243	\$4,006,069	15.3%
Support services	2,318,356	2,271,322	2.1%	2,210,066	2,175,242	1.6%
Non-instructional programs	23,220	21,474	8.1%	23,220	21,474	8.1%
Other expenses	736,033	850,161	-13.4%	736,033	810,532	-13.4%
Totals	\$9,631,232	\$9,185,202	4.9%	\$7,587,562	\$7,013,317	8.2%

- The cost financed by users of the District's programs was \$1,089,000.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,426,675.
- The net cost of governmental activities was financed with \$4,163,310 in property and other taxes and \$3,562,643 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$472,110 and expenses were \$484,854. The District's business type activities include the School Nutrition Fund and Before and After School Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$15,217,889, above last year's ending fund balances of \$15,023,735.

Governmental Fund Highlights

- The General Fund balance increased from \$936,182 to \$1,313,917, due in part to the increase in local and state revenue.
- Capital Projects Funds:
 - Capital Projects -- Statewide Sales, Services and Use Tax Fund balance increased from \$441,228 to \$629,251, due to the increase in local taxes collected.
 - Capital Projects – Physical Plant and Equipment Fund balance increased from \$89,613 to \$110,065, due to the decrease in expenditures over the increase in revenue.
- The Debt Service Fund balance increased by \$5,531 due to the operating transfer from Capital Projects – Statewide Sales, Services and Use Tax.
- Disaster Recovery Fund balance increased by \$255,230 due to a transfer from capital projects.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$58,238 at June 30, 2011 to \$43,986 at June 30, 2012, representing a decrease of approximately 24.5%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$23,712 more than budgeted receipts, a variance of 0.2%. The most significant variance resulted from the District receiving more in local revenue than originally anticipated.

The District's 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 program functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$21.59 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 3.5% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$925,580.

The original cost of the District's capital assets was \$29.42 million. Governmental funds account for \$29.37 million, with the remainder of \$.05 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-2012
Land	\$119,065	\$119,065	\$-	\$-	\$119,065	\$119,065	-
Buildings	19,675,876	20,133,540	-	-	19,675,876	20,133,540	-2.3%
Improvements other than buildings	772,615	798,603	-	-	772,615	798,603	-3.3%
Furniture and equipment	1,013,285	1,318,087	14,064	10,718	1,027,349	1,328,805	-22.7%
Totals	\$21,580,841	\$22,369,295	\$14,064	\$10,718	\$21,594,905	\$22,380,013	-3.5%

Long-Term Debt

At June 30, 2012, the District had \$8,867,887 in long-term debt outstanding. This represents a decrease of approximately 1.3% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$19.1 million.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2012	2011	2011-2012
Line of credit loan	\$262,887	\$-	100%
General obligation bonds	2,980,000	3,200,000	-6.9%
Revenue bond	5,625,000	5,780,000	-2.7%
Totals	\$8,867,887	\$8,980,000	-1.3%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District continues to be financially dependent on state funding, which can change from year to year based on enrollments and legislative actions.
- The District continues to budget for building repairs and equipment replacement as the need arises.
- The District is in the process of a second appeal with FEMA for revisions/de-obligations to previously approved projects following the May 25, 2008 tornado. The District may be required to repay approximately \$975,000 to FEMA. The first appeal was denied. FEMA plans to de-obligate funds previously approved on the temporary facilities project completed in November 2011. The District will continue to work with legislative representatives to help with the second appeal. The District received preliminary information from FEMA that the de-obligated amount was \$755,810 but has not gotten formal notification of the amount as of the report date.

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 Jon Thompson, Superintendent, Aplington-Parkersburg Community School District, 610 North Johnson Road, Parkersburg, IA 50665.

Basic Financial Statements

Aplington-Parkersburg Community School District

Statement of Net Assets

June 30, 2012

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 3,128,709	\$ 45,772	\$ 3,174,481
Receivables:			
Property tax:			
Delinquent	37,738	-	37,738
Succeeding year	3,314,464	-	3,314,464
Accounts	52,544	36	52,580
Due from other governments	575,644	-	575,644
Net OPEB prepaid liability	77,971	-	77,971
Inventories	-	7,948	7,948
Capital assets, net of accumulated depreciation	21,580,841	14,064	21,594,905
Total Assets	\$ 28,767,911	\$ 67,820	\$ 28,835,731
Liabilities			
Intergovernmental payable	\$ 18,081	\$ -	\$ 18,081
Accounts payable	100,947	-	100,947
Salaries and benefits payable	658,248	8,931	667,179
Accrued interest payable	152,215	-	152,215
Deferred Revenue:			
Succeeding year	3,314,464	-	3,314,464
Other	259,561	7,596	267,157
Long-term liabilities:			
Portion due within one year:			
Line of credit loan	262,887	-	262,887
General obligation bonds	215,000	-	215,000
Revenue bonds	165,000	-	165,000
Early retirement	74,151	-	74,151
Portion due after one year:			
General obligation bonds	2,765,000	-	2,765,000
Revenue bonds	5,460,000	-	5,460,000
Early retirement	104,468	-	104,468
Total Liabilities	\$ 13,550,022	\$ 16,527	\$ 13,566,549
Net Assets			
Invested in capital assets, net of related debt	\$ 12,712,954	\$ 14,064	\$ 12,727,018
Restricted for:			
Categorical funding	473,040	-	473,040
Management levy purposes	45,005	-	45,005
Physical plant and equipment	110,065	-	110,065
Student activities	155,588	-	155,588
Debt service	886,322	-	886,322
Capital projects	629,251	-	629,251
Unrestricted	205,664	37,229	242,893
Total Net Assets	\$ 15,217,889	\$ 51,293	\$ 15,269,182

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2012

<u>Functions/Programs</u>	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 4,334,125	\$ 360,660	\$ 976,294	\$ -
Special instruction	942,452	48,300	212,180	-
Other instruction	1,277,046	318,422	19,524	-
	<u>\$ 6,553,623</u>	<u>\$ 727,382</u>	<u>\$ 1,207,998</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 159,612	\$ -	\$ 5,382	\$ -
Instructional staff services	203,467	-	-	-
Administration services	722,756	-	-	-
Operation and maintenance of plant services	750,123	2,517	-	-
Transportation services	482,398	95,629	4,762	-
	<u>\$ 2,318,356</u>	<u>\$ 98,146</u>	<u>\$ 10,144</u>	<u>\$ -</u>
Non-instructional programs	\$ 23,220	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 8,788	\$ -	\$ -	\$ -
Long-term debt interest	414,442	-	-	-
AEA flow-through	312,803	-	-	-
	<u>\$ 736,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 9,631,232</u>	<u>\$ 825,528</u>	<u>\$ 1,218,142</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 472,818	\$ 249,935	\$ 208,533	\$ -
Before & After School Program	12,036	13,537	-	-
	<u>\$ 484,854</u>	<u>\$ 263,472</u>	<u>\$ 208,533</u>	<u>\$ -</u>
Total	<u>\$ 10,116,086</u>	<u>\$ 1,089,000</u>	<u>\$ 1,426,675</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-2,997,171	\$	-	\$ -2,997,171
	-681,972		-	-681,972
	-939,100		-	-939,100
\$	-4,618,243	\$	-	\$ -4,618,243
\$	-154,230	\$	-	\$ -154,230
	-203,467		-	-203,467
	-722,756		-	-722,756
	-747,606		-	-747,606
	-382,007		-	-382,007
\$	-2,210,066	\$	-	\$ -2,210,066
\$	-23,220		-	\$ -23,220
\$	-8,788	\$	-	\$ -8,788
	-414,442		-	-414,442
	-312,803		-	-312,803
\$	-736,033	\$	-	\$ -736,033
\$	-7,587,562	\$	-	\$ -7,587,562
\$	-	\$	-14,350	\$ -14,350
	-		1,501	1,501
\$	-	\$	-12,849	\$ -12,849
\$	-7,587,562	\$	-12,849	\$ -7,600,411

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2012

	Program Revenues		
	Operating	Capital	
	Grants,	Grants,	
	Contributions	Contributions	
	and	and	
	Restricted	Restricted	
	Interest	Interest	
Expenses	Charges for Services		
General Revenues:			
Property Tax Levied For:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, service and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net assets			
Net assets beginning of year			
Net Assets End of Year			

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 3,140,141	\$ -	\$ 3,140,141
345,250	-	345,250
77,252	-	77,252
600,667	-	600,667
3,481,351	-	3,481,351
52,842	105	52,947
84,213	-	84,213
\$ 7,781,716	\$ 105	\$ 7,781,821
\$ 194,154	\$ -12,744	\$ 181,410
\$ 15,023,735	\$ 64,037	\$ 15,087,772
\$ 15,217,889	\$ 51,293	\$ 15,269,182

Aplington-Parkersburg Community School District

**Balance Sheet
Governmental Funds**

June 30, 2012

	<u>Capital</u>		
	General	Debt Service	Capital Projects
Assets			
Cash and Pooled Investments	\$ 1,374,958	\$ 882,518	\$ 449,113
Receivables:			
Property Tax:			
Delinquent	30,206	3,801	850
Succeeding year	2,701,128	333,611	79,724
Interfund	510,461	-	-
Accounts	52,099	-	-
Due from other governments	286,286	3	289,353
Total Assets	\$ 4,955,138	\$ 1,219,933	\$ 819,040
Liabilities and Fund Balances			
Liabilities:			
Interfund payable	\$ -	\$ -	\$ -
Intergovernmental payable	18,081	-	-
Accounts payable	25,144	-	-
Salaries and benefits payable	637,307	-	-
Deferred Revenue:			
Other	259,561	-	-
Succeeding year property tax	2,701,128	333,611	79,724
Total Liabilities	\$ 3,641,221	\$ 333,611	\$ 79,724
Fund Balances:			
Restricted for:			
Categorical funding	\$ 473,040	\$ -	\$ -
Debt service	-	384,712	-
Debt service-sinking fund	-	501,610	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	629,251
Physical plant and equipment	-	-	110,065
Unassigned	840,877	-	-
Total Fund Balance	\$ 1,313,917	\$ 886,322	\$ 739,316
Total Liabilities and Fund Balances	\$ 4,955,138	\$ 1,219,933	\$ 819,040

See notes to financial statements.

Projects			
Disaster Recovery Tornado	Non-major Funds		Total
\$ 24,312	\$ 397,808	\$	3,128,709
-	2,881		37,738
-	200,001		3,314,464
-	-		510,461
-	445		52,544
-	2		575,644
<u>\$ 24,312</u>	<u>\$ 601,137</u>	<u>\$</u>	<u>7,619,560</u>
\$ 510,461	\$ -	\$	510,461
-	-		18,081
74,820	983		100,947
-	20,941		658,248
-	-		259,561
-	200,001		3,314,464
<u>\$ 585,281</u>	<u>\$ 221,925</u>	<u>\$</u>	<u>4,861,762</u>
\$ -	\$ -	\$	473,040
-	-		384,712
-	-		501,610
-	223,624		223,624
-	155,588		155,588
-	-		629,251
-	-		110,065
<u>-560,969</u>	<u>-</u>	<u></u>	<u>279,908</u>
<u>\$ -560,969</u>	<u>\$ 379,212</u>	<u>\$</u>	<u>2,757,798</u>
<u>\$ 24,312</u>	<u>\$ 601,137</u>	<u>\$</u>	<u>7,619,560</u>

Aplington-Parkersburg Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2012

Total fund balances of governmental funds (page 16)	\$ 2,757,798
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	21,580,841
Other long-term assets are not available to pay current period expenditures and therefore, are deferred in the governmental funds	77,971
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	-152,215
Long-term liabilities, including early retirement and capital lease, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-9,046,506</u>
Net assets of governmental activities (page 13)	<u>\$ 15,217,889</u>

Aplington-Parkersburg Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2012

	General	Debt Service	Capital Projects
Revenues:			
Local Sources:			
Local tax	\$ 2,889,947	\$ 345,250	\$ 677,919
Tuition	377,026	-	-
Other	218,050	37,652	3,005
Intermediate sources	-	-	-
State sources	4,442,264	185	42
Federal sources	256,861	-	-
Total Revenues	<u>\$ 8,184,148</u>	<u>\$ 383,087</u>	<u>\$ 680,966</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 3,575,013	\$ -	\$ -
Special instruction	942,282	-	-
Other instruction	883,785	-	-
	<u>\$ 5,401,080</u>	<u>\$ -</u>	<u>\$ -</u>
Support Services:			
Student services	\$ 159,612	\$ -	\$ -
Instructional staff services	203,467	-	-
Administration services	706,520	-	-
Operation and maintenance of plant services	649,958	-	11,865
Transportation services	372,973	-	-
	<u>\$ 2,092,530</u>	<u>\$ -</u>	<u>\$ 11,865</u>
Non-instructional programs	\$ -	\$ -	\$ -
Other Expenditures:			
Facilities acquisition	\$ -	\$ -	\$ 44,977
Long-Term Debt:			
Principal	-	375,000	-
Interest and fiscal charges	-	418,205	-
AEA flow-through	312,803	-	-
	<u>\$ 312,803</u>	<u>\$ 793,205</u>	<u>\$ 44,977</u>
Total Expenditures	<u>\$ 7,806,413</u>	<u>\$ 793,205</u>	<u>\$ 56,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 377,735</u>	<u>\$ -410,118</u>	<u>\$ 624,124</u>
Other Financing Sources (Uses):			
Operating transfers in (out)	\$ -262,887	\$ 415,649	\$ -415,649
Loan proceeds	262,887	-	-
	<u>\$ -</u>	<u>\$ 415,649</u>	<u>\$ -415,649</u>
Net change in fund balances	\$ 377,735	\$ 5,531	\$ 208,475
Fund balances beginning of year	936,182	880,791	530,841
Fund Balances End of Year	<u>\$ 1,313,917</u>	<u>\$ 886,322</u>	<u>\$ 739,316</u>

See notes to financial statements.

Projects				
Disaster Recovery Tornado		Non-Major Funds		Total
\$	-	\$ 250,194	\$	4,163,310
	-	-		377,026
	-	326,850		585,557
	-	-		-
	-	141		4,442,632
	-	-		256,861
<u>\$</u>	<u>-</u>	<u>\$ 577,185</u>	<u>\$</u>	<u>9,825,386</u>
\$	-	\$ 52,801	\$	3,627,814
	-	-		942,282
	-	320,472		1,204,257
<u>\$</u>	<u>-</u>	<u>\$ 373,273</u>	<u>\$</u>	<u>5,774,353</u>
\$	-	\$ -	\$	159,612
	-	-		203,467
	7,657	-		714,177
	-	74,148		735,971
	-	19,470		392,443
<u>\$</u>	<u>7,657</u>	<u>\$ 93,618</u>	<u>\$</u>	<u>2,205,670</u>
<u>\$</u>	<u>-</u>	<u>\$ 12,740</u>	<u>\$</u>	<u>12,740</u>
\$	-	\$ -	\$	44,977
	-	-		375,000
	-	-		418,205
	-	-		312,803
<u>\$</u>	<u>-</u>	<u>\$ -</u>	<u>\$</u>	<u>1,150,985</u>
<u>\$</u>	<u>7,657</u>	<u>\$ 479,631</u>	<u>\$</u>	<u>9,143,748</u>
<u>\$</u>	<u>-7,657</u>	<u>\$ 97,554</u>	<u>\$</u>	<u>681,638</u>
\$	262,887	\$ -	\$	-
	-	-		262,887
<u>\$</u>	<u>262,887</u>	<u>-</u>	<u>\$</u>	<u>262,887</u>
\$	255,230	\$ 97,554	\$	944,525
	-816,199	\$ 281,658	\$	1,813,273
<u>\$</u>	<u>-560,969</u>	<u>\$ 379,212</u>	<u>\$</u>	<u>2,757,798</u>

Aplington-Parkersburg 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, 2012

Net change in fund balances – total governmental funds (page 18) \$ 944,525

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, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 133,035	
Depreciation expense	-921,489	-788,454

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

Issued	\$ -262,887	
Repaid	375,000	112,113

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are, as follows:

Repaid

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

3,763

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

Early retirement	\$ -87,817	
Other postemployment benefits	10,024	-77,793

Change in Net Assets of Governmental Activities (page 15) **\$ 194,154**

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2012

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Assets			
Cash and cash equivalents	\$ 38,471	\$ 7,301	\$ 45,772
Receivables:			
Accounts	-	36	36
Inventories	7,948	-	7,948
Capital assets, net of accumulated depreciation	14,064	-	14,064
Total Assets	\$ 60,483	\$ 7,337	\$ 67,820
Liabilities			
Salaries and benefits payable	\$ 8,901	\$ 30	\$ 8,931
Deferred revenue	7,596	-	7,596
Total Liabilities	\$ 16,497	\$ 30	\$ 16,527
Net Assets			
Invested in capital assets, net of related debt	\$ 14,064	\$ -	\$ 14,064
Unrestricted	29,922	7,307	37,229
Total Net Assets	\$ 43,986	\$ 7,307	\$ 51,293

See notes to financial statements.

Aplington-Parkersburg Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year Ended June 30, 2012

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 249,935	\$ 13,537	\$ 263,472
Operating expenses:			
Non-instructional programs:			
Salaries	\$ 146,086	\$ 9,368	\$ 155,454
Benefits	30,380	1,470	31,850
Purchased services	7,190	-	7,190
Supplies	285,021	1,198	286,219
Depreciation	4,091	-	4,091
Other	50	-	50
Total operating expenses	\$ 472,818	\$ 12,036	\$ 484,854
Operating (loss) income	\$ -222,883	\$ 1,501	\$ -221,382
Non-operating revenues:			
State sources	\$ 4,245	\$ -	\$ 4,245
Federal sources	204,288	-	204,288
Interest income	98	7	105
Total non-operating revenues	\$ 208,631	\$ 7	\$ 208,638
Change in net assets	\$ -14,252	\$ 1,508	\$ -12,744
Net assets beginning of year	58,238	5,799	64,037
Net Assets End of Year	\$ 43,986	\$ 7,307	\$ 51,293

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2012

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Cash flows from operating activities:			
Cash received from daycare fees	\$ -	\$ 13,501	\$ 13,501
Cash received from sale of lunches and breakfasts	250,803	-	250,803
Cash paid to employees for services	-177,111	-10,808	-187,919
Cash paid to suppliers for goods or services	-292,518	-1,198	-293,716
Net cash used by operating activities	<u>\$ -218,826</u>	<u>\$ 1,495</u>	<u>\$ -217,331</u>
Cash flows from non-capital financing activities:			
State grants received	\$ 4,245	\$ -	\$ 4,245
Federal grants received	172,190	-	172,190
Cash in lieu of commodities	31,539	-	31,539
Net cash provided by non-capital financing activities	<u>\$ 207,974</u>	<u>\$ -</u>	<u>\$ 207,974</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	\$ -7,437	\$ -	\$ -7,437
Cash flows from investing activities:			
Interest on investments	\$ 98	\$ 7	\$ 105
Net increase (decrease) in cash and cash equivalents	\$ -18,191	\$ 1,502	\$ -16,689
Cash and cash equivalents beginning of year	56,662	5,799	62,461
Cash and Cash Equivalents End of Year	<u>\$ 38,471</u>	<u>\$ 7,301</u>	<u>\$ 45,772</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating (loss) income	\$ -222,883	\$ 1,501	\$ -221,382
Adjustments to reconcile operating loss to net cash used by operating activities:			
Commodities used	559	-	559
Depreciation	4,091	-	4,091
(Increase) Decrease in inventories	-771	-	-771
(Increase) Decrease in accounts receivable	98	-36	62
Increase (Decrease) in salaries and benefits payable	-646	30	-616
Increase (Decrease) in deferred revenue	771	-	771
Increase (Decrease) in accounts payable	-45	-	-45
Net Cash Used by Operating Activities	<u>\$ -218,826</u>	<u>\$ 1,495</u>	<u>\$ -217,331</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$559 of federal commodities.

See notes to financial statements.

Aplington-Parkersburg Community School District

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

Aplington-Parkersburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Aplington and Parkersburg, Iowa and portions of the predominately agricultural territories in Butler and Grundy Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's 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 non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest 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 non-major governmental funds. Combining schedules are also included for the Capital Project Funds 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 revenues 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 expenditures, including instructional, support and other costs.

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

The Capital Projects Funds are used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The Disaster Recovery Fund is used to account for all resources used in the acquisition, construction and recovery of damaged assets.

The District reports the following major proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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

Property Tax Receivable – Property tax in governmental funds is 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 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.

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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, furniture and equipment, 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 repair 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	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents 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 receivable and other receivables not collected within sixty days after year-end.

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

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.

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

Unassigned – All amounts not included in other spendable classifications.

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

E. Budgets and Budgetary Accounting

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

During the year ended June 30, 2012, expenditures in the non-instructional program exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

(3) **Due From and Due to Other Funds**

The detail of inter-fund receivables and payables at June 30, 2012 is as follows:

Receivable	Payable	Amount
General Fund	Disaster Recovery	\$ 510,461

On May 6, 2010 the District issued an inter-fund note from the General Fund to the Disaster Recovery Fund at 1% interest rate until funds become available.

(4) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 415,649
Capital Projects	General Fund	262,887
Disaster Recovery	Capital Projects	262,887
		\$ 941,423

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 119,065	\$ -	\$ -	\$ 119,065
Total capital assets not being depreciated	\$ 119,065	\$ -	\$ -	\$ 119,065
Capital assets being depreciated:				
Buildings	\$ 24,832,057	\$ -	\$ -	\$ 24,832,057
Improvements other than buildings	1,137,004	52,245	-	1,189,249
Furniture and equipment	3,147,619	80,790	-	3,228,409
Total capital assets being depreciated	\$ 29,116,680	\$ 133,035	\$ -	\$ 29,249,715
Less accumulated depreciation for:				
Buildings	\$ 4,698,517	\$ 457,664	\$ -	\$ 5,156,181
Improvements other than buildings	338,401	78,233	-	416,634
Furniture and equipment	1,829,532	385,592	-	2,215,124
Total accumulated depreciation	\$ 6,866,450	\$ 921,489	\$ -	\$ 7,787,939
Total capital assets being depreciated, net	\$ 22,250,230	\$ -788,454	\$ -	\$ 21,461,776
Governmental Activities Capital Assets, Net	\$ 22,369,295	\$ -788,454	\$ -	\$ 21,580,841
Business type activities:				
Furniture and equipment	\$ 48,625	\$ 7,437	\$ 6,969	\$ 49,093
Less accumulated depreciation	37,907	4,091	6,969	35,029
Business Type Activities Capital Assets, Net	\$ 10,718	\$ 3,346	\$ -	\$ 14,064

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 630,090
Special	170
Other	151,156

Support services:

Administration	12,566
Operation and maintenance of plant services	26,808
Transportation	90,087

Non Instructional

10,612

Total Depreciation Expense – Governmental Activities

\$ 921,489

Business Type Activities:

Food service operations	\$ 4,091
Before & After School	-

Total Depreciation Expense – Business Type Activities

\$ 4,091

(6) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Line of credit loan	\$	\$ 262,887	\$ -	\$ 262,887	\$ 262,887
General obligation bonds	3,200,000	-	220,000	2,980,000	215,000
Statewide sales, services and use tax revenue bonds	5,780,000	-	155,000	5,625,000	165,000
Early retirement	90,802	113,847	26,030	178,619	74,151
Total	\$ 9,070,802	\$ 376,734	\$ 401,030	\$ 9,046,506	\$ 717,038

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed ten years of continuous service to the District. Employees must complete an application, which is subject to approval by the Board of Education. The early retirement incentive for each eligible employee approved by the Board will be \$5,000 yearly and will be applied toward the payment of health insurance premiums under the District's group insurance policy or 60% of the employee's final year's salary, distributed over 2 years into one of the state 403b companies. This incentive will remain in effect until the employee reaches eligibility for Medicare. In the event the Medicare guidelines change, the District will limit this incentive to a maximum of ten years. Early retirement expenditures for the year ended June 30, 2012 totaled \$26,030.

Line of Credit Loan

The District has entered into a line of credit loan agreement with Midwest One Bank for \$1,000,000, at a current interest rate of 4.95%, with a maturity date of August 15, 2013.

At June 30, 2012 the District had a \$262,886.91 loan balance.

General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond Refinanced June 4, 2008		
		Principal	Interest	Total
2013	3.25%	\$ 215,000	\$ 12,598	\$ 227,598
2014	3.40%	165,000	5,610	170,610
Total		\$ 380,000	\$ 18,208	\$ 398,208

General Obligation Bonds Payable

Year Ending June 30,	Interest Rate	Bond Issued June 1, 2009		
		Principal	Interest	Total
2013	3.75%	\$ -	\$ 106,012	\$ 106,012
2014	3.75%	-	106,013	106,013
2015	3.75%	120,000	106,012	226,012
2016	3.75%	125,000	101,513	226,513
2017	3.75%	135,000	96,825	231,825
2018	3.75%	140,000	91,762	231,762
2019	3.75%	145,000	86,513	231,513
2020	3.75%	155,000	81,075	236,075
2021	4.00%	160,000	75,262	235,262
2022	4.00%	170,000	68,863	238,863
2023	4.00%	180,000	62,062	242,062
2024	4.10%	185,000	54,863	239,863
2025	4.20%	195,000	47,277	242,277
2026	4.30%	205,000	39,088	244,088
2027	4.35%	215,000	30,272	245,272
2028	4.40%	230,000	20,920	250,920
2029	4.50%	240,000	10,800	250,800
Total		\$ 2,600,000	\$ 1,185,132	\$ 3,785,132

Statewide Sales, Services and Use Tax Revenue Bonds

Details of the District's June 30, 2012 Statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond Issued May 1, 2011		
		Principal	Interest	Total
2013	4.50%	\$ 165,000	\$ 283,905	\$ 448,905
2014	4.50%	215,000	275,355	490,355
2015	4.50%	225,000	265,455	490,455
2016	4.50%	235,000	255,105	490,105
2017	4.50%	245,000	244,305	489,305
2018	4.50%	255,000	233,055	488,055
2019	4.50%	265,000	221,355	486,355
2020	4.75%	280,000	208,743	488,743
2021	5.00%	295,000	194,717	489,717
2022	5.10%	310,000	179,438	489,438
2023	5.20%	325,000	163,082	488,082
2024	5.25%	340,000	145,708	485,708
2025	5.30%	360,000	127,242	487,242
2026	5.40%	375,000	107,578	482,578
2027	5.50%	400,000	86,453	486,453
2028	5.60%	420,000	63,692	483,692
2029	5.65%	445,000	39,361	484,361
2030	5.70%	470,000	13,395	483,395
Total		\$ 5,625,000	\$ 3,107,944	\$ 8,732,944

The District has pledged future statewide sales, service and use tax revenues to repay the \$5,885,000 of bonds issued in May 2010. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 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 100 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$8,732,944.

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

- a) \$501,610 of the proceeds from the issuance of the revenue bonds must be deposited into 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 a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2012.

Total principal, interest, and fees paid was \$793,205.

(7) **Pension and Retirement Benefits**

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the years ended June 30, 2012, 2011 and 2010. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$351,055, \$293,614, and \$269,870, respectively, equal to the required contributions for each year.

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

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 71 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligations:

Annual required contribution	\$	65,000
Interest on net OPEB obligation		-2,718
Adjustment to annual required contribution		2,694
Annual OPEB cost	\$	64,976
Contributions made		75,000
Increase in net OPEB obligation	\$	-10,024
Net OPEB obligation beginning of year		-67,947
Net OPEB obligation end of year	\$	-77,971 *
*Prepaid OPEB liability		

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$438,831 to the medical plan. Plan members eligible for benefits contributed \$248,293, or 36% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$65,000	157%	-\$37,000
June 30, 2011	\$65,000	206%	-\$67,947
June 30, 2012	\$65,000	219%	-\$77,971

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$807,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$807,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,418,168 and the ratio of the UAAL to covered payroll was 18%. As of June 30, 2012, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$460 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$312,803 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
At Risk	\$ 21,832
Gifted and Talented Programs	132,821
Dropout Prevention	123,771
Beginning Teacher Mentoring	3,062
Market Factor	4,604
Iowa Early Intervention	36,067
Core Curriculum	48,019
Professional Development	68,007
Preschool Aid	33,862
Teacher Quality	995
Total	<u>\$ 473,040</u>

(12) Subsequent Events

The District has evaluated subsequent events through January 24, 2013 which is the date that the financial statement were available to be issued.

(13) Deficit Balances

The Disaster Recovery Tornado Fund had a deficit balance of \$560,969 at June 30, 2012. The deficit balance was a result of cost incurred exceeding available revenue.

(14) Contingencies

The District may be required to repay approximately \$975,000 to FEMA for de-obligated funding of on the temporary facilities project due to the May 25, 2008 tornado. The District is in the process of a second appeal with FEMA at the date of this report. As of November 12, 2012, the District received preliminary information from FEMA the de-obligated amount was \$755,810. Formal notification of the amount will be forthcoming.

Required Supplementary Information

Aplington-Parkersburg 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, 2012

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>
Receipts:		
Local sources	\$ 5,125,893	\$ 263,577
Intermediate sources	-	-
State sources	4,442,632	4,245
Federal sources	256,861	204,288
Total Receipts	<u>\$ 9,825,386</u>	<u>\$ 472,110</u>
Disbursements:		
Instruction	\$ 5,774,353	\$ -
Support services	2,205,670	-
Non-instructional programs	12,740	484,854
Other expenditures	1,150,985	-
Total Disbursements	<u>\$ 9,143,748</u>	<u>\$ 484,854</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 681,638	\$ -12,744
Other financing sources, net	<u>262,887</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditure/expenses and other financing uses	\$ 944,525	\$ -12,744
Balances beginning of year	<u>\$ 1,813,273</u>	<u>\$ 64,037</u>
Balances End of Year	<u>\$ 2,757,798</u>	<u>\$ 51,293</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	5,389,470	\$ 5,207,677	\$ 181,793
	-	-	-
	4,446,877	4,647,107	-200,230
	461,149	419,000	42,149
\$	10,297,496	\$ 10,273,784	\$ 23,712
<hr/>			
\$	5,774,353	\$ 5,777,000	\$ 2,647
	2,205,670	2,257,565	51,895
	497,594	448,000	-49,594
	1,150,985	1,455,159	304,174
\$	9,628,602	\$ 9,937,724	\$ 309,122
<hr/>			
\$	668,894	\$ 336,060	\$ 332,834
	262,887	-	262,887
<hr/>			
\$	931,781	\$ 336,060	\$ 595,721
\$	1,877,310	\$ 2,230,481	\$ -353,171
<hr/>			
\$	2,809,091	\$ 2,566,541	\$ 242,550

Aplington-Parkersburg Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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. 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 District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2012, expenditures in the non-instructional program function exceeded the amount budgeted.

Aplington-Parkersburg Community School District

**Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)**

Required Supplementary Information

June 30, 2012

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$807	\$807	0.0%	\$3,369	24%
2011	July 1, 2009	\$-	\$807	\$807	0.0%	\$3,559	23%
2012	July 1, 2009	\$-	\$807	\$807	0.0%	\$4,418	18%

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

Other Supplementary Information

Aplington-Parkersburg Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 241,682	\$ 156,126	\$ 397,808
Receivables:			
Property Tax:			
Delinquent	2,881	-	2,881
Succeeding year	200,001	-	200,001
Accounts	-	445	445
Intergovernmental	2	-	2
Total Assets	\$ 444,566	\$ 156,571	\$ 601,137
Liabilities & Fund Equity			
Liabilities:			
Accounts payable	\$ -	\$ 983	\$ 983
Salaries and benefits payable	20,941	-	20,941
Deferred Revenue:			
Succeeding year property tax	200,001	-	200,001
Total liabilities	\$ 220,942	\$ 983	\$ 221,925
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 223,624	\$ -	\$ 223,624
Student activities	-	155,588	155,588
Total fund balances	\$ 223,624	\$ 155,588	\$ 379,212
Total Liabilities and Fund Equity	\$ 444,566	\$ 156,571	\$ 601,137

Aplington-Parkersburg Community School District

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds

Year Ended June 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local Sources:			
Local tax	\$ 250,194	\$ -	\$ 250,194
Other	802	326,048	326,850
State sources	141	-	141
Total Revenues	<u>\$ 251,137</u>	<u>\$ 326,048</u>	<u>\$ 577,185</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 52,801	\$ -	\$ 52,801
Other instruction	-	320,472	320,472
Support Services:			
Operation & maintenance of plant services	74,148	-	74,148
Transportation services	19,470	-	19,470
Non-instructional	12,740	-	12,740
Total Expenditures	<u>\$ 159,159</u>	<u>\$ 320,472</u>	<u>\$ 479,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 91,978</u>	<u>\$ 5,576</u>	<u>\$ 97,554</u>
Fund balances beginning of year	<u>\$ 131,646</u>	<u>\$ 150,012</u>	<u>\$ 281,658</u>
Fund Balance End of Year	<u>\$ 223,624</u>	<u>\$ 155,588</u>	<u>\$ 379,212</u>

Aplington-Parkersburg Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 339,899	\$ 109,214	\$ 449,113
Receivables:			
Property Tax:			
Delinquent	-	850	850
Succeeding year	-	79,724	79,724
Due from other governments	289,352	1	289,353
Total Assets	\$ 629,251	\$ 189,789	\$ 819,040
Liabilities & Fund Equity			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	\$ 79,724	\$ 79,724
Total Liabilities	\$ -	\$ 79,724	\$ 79,724
Fund Balances:			
Restricted for:			
School infrastructure	\$ 629,251	\$ -	\$ 629,251
Physical plant and equipment	-	110,065	110,065
Total fund balances	\$ 629,251	\$ 110,065	\$ 739,316
Total Liabilities and Fund Balances	\$ 629,251	\$ 189,789	\$ 819,040

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year Ended June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ 600,667	\$ 77,252	\$ 677,919
Other	3,005	-	3,005
State sources	-	42	42
Total Revenues	<u>\$ 603,672</u>	<u>\$ 77,294</u>	<u>\$ 680,966</u>
Expenditures:			
Support Services:			
Operation and maintenance of plant services	\$ -	\$ 11,865	\$ 11,865
Other Expenditures:			
Facilities acquisition	-	44,977	44,977
Total Expenditures	<u>\$ -</u>	<u>\$ 56,842</u>	<u>\$ 56,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 603,672</u>	<u>\$ 20,452</u>	<u>\$ 624,124</u>
Other Financing Sources (Uses):			
Operating transfers in	\$ 262,887	\$ -	\$ 262,887
Operating transfers out	-678,536	-	-678,536
	<u>-415,649</u>	<u>-</u>	<u>-415,649</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 188,023</u>	<u>\$ 20,452</u>	<u>\$ 208,475</u>
Fund balances beginning of year	441,228	89,613	530,841
Fund Balances End of Year	<u>\$ 629,251</u>	<u>\$ 110,065</u>	<u>\$ 739,316</u>

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 28,434	\$ 96,374	\$ 99,856	\$ 676	\$ 25,628
Music	21,669	2,145	640	-	23,174
Wellness	620	-	-	-	620
All weather track	1,266	6	70	-	1,202
Class of 2012	5,106	2,590	7,696	-	-
Class of 2013	2,251	376	566	513	2,574
Class of 2014	2,869	1,195	1,390	-1,042	1,632
Class of 2015	1,445	376	566	1,032	2,287
Class of 2016	5,901	4,488	4,571	-	5,818
Class of 2017	2,557	1,125	-	-	3,682
Class of 2018	-	1,409	65	2,869	4,213
High School Library	443	-	443	-	-
National Honor Society	2,462	1,585	2,316	-	1,731
Student Senate	817	2,492	2,393	-	916
Future Farmers of America	4,484	13,333	13,599	-	4,218
Cheerleaders	1,801	4,259	4,268	-	1,792
Musical	3,902	3,522	2,968	-	4,456
Drill Team	2,646	7,334	6,497	-	3,483
Spanish Club	4,287	13,180	9,096	-	8,371
Speech & Drama	5,212	3,006	3,089	-	5,129
Concessions	1,560	19,292	20,373	-	479
Popper	510	-	-	-	510
Elementary	10,037	2,732	1,474	-	11,295
Band trip	1,965	2,635	1,657	-	2,943
General Athletics	1,359	43,001	44,153	-207	-
Lift-A-Thon	6,397	1,834	1,174	-469	6,588
S.A.D.D.	162	-	-	-	162
Pop/Lounge	-	1,607	1,467	-	140
N.F.L.	8,656	-	5,131	-	3,525
Greenhouse	1,556	-	-	-	1,556
High School Activity	2,001	7,641	3,000	-4,187	2,455
Industrial Arts Projects	1,236	687	1,177	-	746
SAGA	20	88	79	4,187	4,216
Field Maintenance	78	17,814	14,026	-	3,866
Middle School:					
Athletics	27	-	3	-	24
Promotion	312	-	45	-	267
Drama	536	727	957	-	306
Student Council	3,651	1,599	2,955	842	3,137
Athletic resale	59	-	-	-	59
Magazine sales	20	10,937	6,681	-4,214	62
Library	3,167	3,653	4,275	-	2,545
D C Trip	2,161	40,896	39,414	-	3,643

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2012

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Middle School (continued):					
Juice sales	\$ 138	\$ -	\$ -	\$ -	138
Pictures	935	1,463	1,983	-	415
Vocal music	524	122	-	-	646
Band	1,108	244	263	-	1,089
Elementary:					
ATOM Elementary project	3,589	8,194	8,009	-	3,774
Parkersburg Library	76	2,087	2,087	-	76
Total	\$ 150,012	\$ 326,048	\$ 320,472	\$ -	\$ 155,588

Aplington-Parkersburg Community School District

**Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds**

For the Last Nine Years

	Modified Accrual Basis			
	2012	2011	2010	2009
Revenues:				
Local Sources:				
Local tax	\$ 4,163,310	\$ 3,825,236	\$ 3,493,130	\$ 3,364,364
Tuition	377,026	379,206	361,955	318,896
Other	585,557	424,838	621,888	1,070,971
Intermediate sources	-	-	-	-
State sources	4,442,632	3,942,740	3,402,325	4,006,833
Federal sources	256,861	480,797	2,311,745	634,407
Total	\$ 9,825,386	\$ 9,052,817	\$ 10,191,043	\$ 9,395,471
Expenditures:				
Instruction:				
Regular instruction	\$ 3,627,814	\$ 3,478,937	\$ 4,173,767	\$ 3,768,659
Special instruction	942,282	817,305	864,670	876,402
Other instruction	1,204,257	1,007,584	1,151,037	1,190,256
Support services:				
Student services	159,612	182,141	40,331	40,694
Instructional staff services	203,467	189,895	313,482	317,245
Administrative services	714,177	703,798	735,020	686,580
Operation and maintenance of plant services	735,971	738,355	787,603	1,393,633
Transportation services	392,443	339,916	305,513	566,420
Non-instructional programs	12,740	9,925	7,757	7,690
Other expenditures:				
Facilities acquisition	44,977	173,083	4,115,969	19,035,478
Long-term debt:				
Principal	375,000	325,000	210,000	1,130,000
Interest and other charges	418,205	429,305	337,950	176,116
AEA flow-through	312,803	331,142	327,394	273,857
Total	\$ 9,143,748	\$ 8,726,386	\$ 13,370,493	\$ 29,463,030

See accompanying independent auditor's report.

Modified Accrual Basis				
2008	2007	2006	2005	2004
\$ 3,408,697	\$ 3,241,494	\$ 3,116,380	\$ 2,833,215	\$ 2,891,080
318,678	345,948	320,342	298,814	314,914
552,681	487,570	466,783	382,787	792,664
-	-	-	-	-
3,960,837	3,796,150	3,730,438	3,640,225	3,194,555
158,221	170,914	170,888	250,388	224,896
<u>\$ 8,399,114</u>	<u>\$ 8,042,076</u>	<u>\$ 7,804,831</u>	<u>\$ 7,405,429</u>	<u>\$ 7,418,109</u>
\$ 3,260,757	\$ 3,198,502	\$ 3,146,628	\$ 3,220,726	\$ 3,084,911
845,460	915,034	806,494	736,950	1,362,937
886,436	873,667	788,842	774,968	545,102
59,355	102,868	229,827	221,810	127,511
271,993	245,754	295,706	280,722	306,411
611,976	598,455	712,495	677,074	795,733
732,427	692,113	747,734	637,839	623,781
293,809	487,279	379,475	255,392	308,478
7,075	6,609	6,107	4,571	2,188
1,163,712	225,179	152,468	67,076	48,764
1,400,000	175,000	170,000	286,967	251,835
95,620	72,825	80,560	93,486	130,622
260,889	249,614	240,057	238,210	240,613
<u>\$ 9,889,509</u>	<u>\$ 7,842,899</u>	<u>\$ 7,756,393</u>	<u>\$ 7,495,791</u>	<u>\$ 7,828,886</u>

**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**

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
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated January 24, 2013. I conducted my 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 my audit, I considered the Aplington-Parkersburg Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting.

My 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, I identified certain deficiencies in internal control over financial reporting I consider to be material weaknesses and other deficiencies I 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 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. I consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-12 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aplington-Parkersburg Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance 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, 2012 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

Aplington-Parkersburg Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Aplington-Parkersburg Community School District's responses and, accordingly, I 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 Aplington-Parkersburg Community School District and other parties to whom Aplington-Parkersburg 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Aplington-Parkersburg Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge
Certified Public Accountant

January 24, 2013

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2012

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 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 – I 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 will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

I-B-12 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small schools and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting:

II-A-12 Certified Budget – Expenditures for the year ended June 30, 2012 exceed the certified budget amounts in the non-instructional program.

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

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

II-B-12 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

II-C-12 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-12 Business Transactions – Business transactions between the District and District officials or employees are as follows:

<u>Name, Title & Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Calvin Voss – Board Member & Owner of Voss Repair	Repairs and maintenance	<u>\$2,396</u>

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

II-E-12 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 the coverage is adequate for current operations.

II-F-12 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-12 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting (continued):

II-I-12 Deposits and Investments – 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 were noted, except as follows:

A resolution naming official depositories has not been adopted by the District as required by Chapter 12C.2 of the Code of Iowa.

Recommendation – The District should adopt a depository resolution in amounts sufficient to cover anticipated balances at all approved depositories as required by Chapter 12C.2 of the Code of Iowa.

Response – A resolution was approved by the Board adopting a depository and establishing the maximum amount for the bank at the August 13, 2012 Board meeting.

Conclusion – Response accepted.

II-J-12 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

II-K-12 Categorical Funding – No instances were noted of categorical funding being used to supplant rather the supplement other funds.

According to proposed administrative rules, “Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting.” I noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation – All categorical funding expenditures should be posted to the correct expenditure account as the expenditures are incurred.

Response – We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion – Response accepted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2012

Part II - Other Findings Related to Statutory Reporting (continued):

II-L-12 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	441,228
Revenues/transfers in:			
Sales tax revenues	\$	286,371	
Other local revenues		3,005	
School infrastructure supplemental amount		314,296	
			<hr/>
		\$	603,672
Expenditures/transfers out:			
Transfers to other funds:			
Debt service fund			<hr/>
			415,649
Ending balance		\$	<hr/> <u>629,251</u>

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 2.04974	\$ 600,667
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

II-M-12 Deficit Balances – The Disaster Recovery Tornado Fund had a deficit balance of \$560,461 at June 30, 2012.

Recommendation – The District should continue to monitor this situation and investigate alternatives to eliminate this deficit in order to return the fund to a sound financial condition.

Response – We are working on this.

Conclusion – Response accepted.