

**COLLINS-MAXWELL
COMMUNITY SCHOOL DISTRICT**

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

JUNE 30, 2012

TABLE OF CONTENTS

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	15
Statement of Activities	B	16-17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	E	21-22
Proprietary Fund Financial Statements:		
Statement of Revenues, Expenses and Changes in Fund Net Assets	F	23
Statement of Cash Flows	G	24
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Assets	H	25
Statement of Changes in Fiduciary Net Assets	I	26
Notes to Financial Statements	J	27
		28-37
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		38
Note to Required Supplementary Information - Budgetary Reporting		39
Schedule of Funding Progress for the Retiree Health Plan		40
Supplementary Information:	<u>Schedule</u>	
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	1	41
Schedule of Changes in Private Purpose Trusts	2	42
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	3	43
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 <u>Government Auditing Standards</u>		44-45
Schedule of Findings		46-48

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Lowell Crouse	President	2013
Mark Huntrods	Vice President	2011
Jeff Lindemoen		2013
Amy Van Maanen		2011
Lori Churchill		2011
(After September 2011 Election)		
Lowell Crouse	President	2013
Mark Huntrods	Vice President	2015
Jeff Lindemoen		2013
Amy Van Maanen		2015
Bryce Caple		2015
School Officials		
Jason Ellingson	Superintendent	
Bonnie Mitchell	District Secretary/ Treasurer	

BRUCE D. FRINK
Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Financial Statement Preparation
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Independent Auditor's Report

To the Board of Education of
Collins-Maxwell Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Collins-Maxwell Community School District, Maxwell 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. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Collins-Maxwell 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 U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2013 on our consideration of Collins-Maxwell Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 14 and 38 through 40 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. We 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

202 Central Avenue East
P.O. Box 241
Clarion, IA 50525

Phone: (515) 532-6659
Fax: (515) 532-3677
bruce@frinkcpa.com

our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Collins-Maxwell Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the 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 3 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 our 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 our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRUCE D. FRINK
Certified Public Accountant

March 29, 2013

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Collins-Maxwell 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 \$4,689,683 in fiscal 2011 to \$4,779,741 in fiscal 2012, while General Fund expenditures increased from \$4,653,187 in fiscal 2011 to \$4,797,303 in fiscal 2012.
- The increase in General Fund revenues was attributable to an increase in state source revenues. The increase in expenditures was due primarily to an increase in salary and benefits. The General Fund balance decreased approximately 1.25%.
- The statewide sales, service and use tax has allowed the District to minimize the property tax levy for debt payments. The District's PPEL (Physical Plant and Equipment Levy) will continue to provide additional funding for the coming years. These supports, along with careful management, should assist the Collins-Maxwell School District in remaining on solid financial footing for the foreseeable future.

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 Collins-Maxwell 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 Collins-Maxwell 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 Collins-Maxwell 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.

Supplementary Information provides detailed information about the Student Activity and Private Purpose Trust funds and a multiyear comparison of revenues and expenditures.

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

Figure A-1
Collins-Maxwell Community School District Annual Financial Report

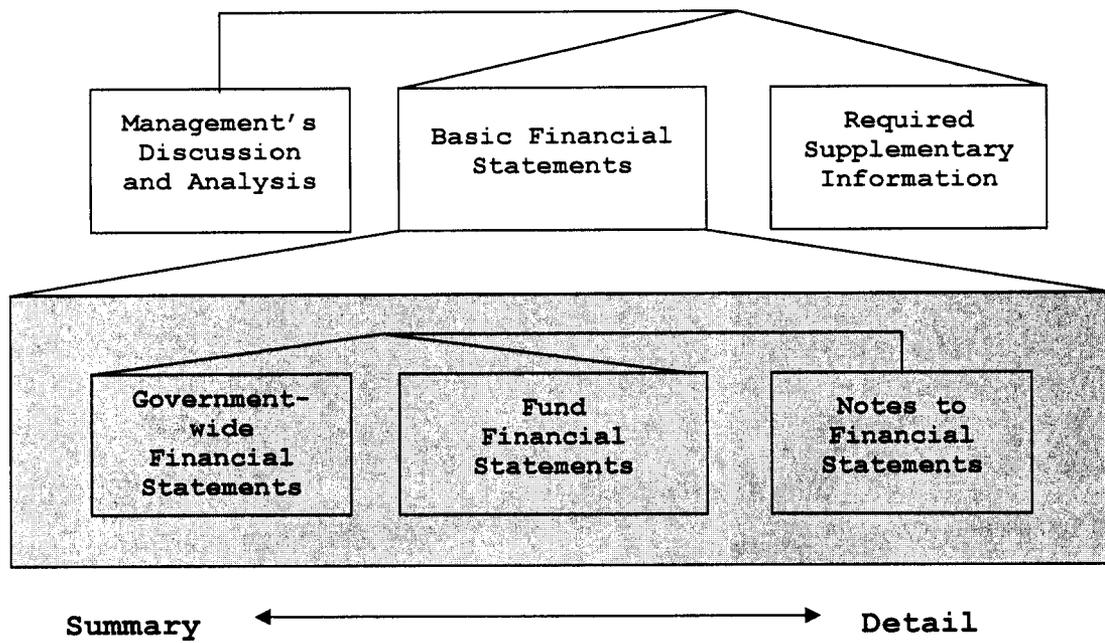


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	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	Activity the District operates similar to private businesses: food services.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects 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 Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3							
Condensed Statement of Net Assets							
(Expressed in Thousands)							
	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 assets	\$ 7,766	5,294	38	41	7,804	5,335	46.28%
Capital assets	3,903	3,405	-	1	3,903	3,406	14.59%
Total assets	11,669	8,699	38	42	11,707	8,741	33.93%
Current liabilities	2,046	2,026	3	3	2,049	2,029	0.99%
Non-current liabilities	3,679	1,128	-	-	3,679	1,128	226.15%
Total liabilities	5,725	3,154	3	3	5,728	3,157	81.44%
Net Assets							
Invested in capital assets, net of related debt	264	2,325	-	1	264	2,326	-88.65%
Restricted	4,355	1,881	-	-	4,355	1,881	131.53%
Unrestricted	1,325	1,339	35	38	1,360	1,377	-1.23%
Total net assets	\$ 5,944	5,545	35	39	5,979	5,584	7.07%

The District's combined net assets grew by over \$395,000 primarily due to growth in Special Revenue and Capital Projects Funds. The unrestricted net assets fell 1% as allowable growth continues to not adequately meet District needs.

Figure A-4 shows the changes 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
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-2012
Revenues:							
Program revenues:							
Charges for service and sales	\$ 170	181	121	99	291	280	3.93%
Operating grants, contributions and restricted interest	1,027	1,077	99	91	1,126	1,168	-3.60%
General revenues:							
Property tax	1,953	1,802	-	-	1,953	1,802	8.38%
Income surtax	118	73	-	-	118	73	61.64%
Statewide sales, services and use tax	430	605	-	-	430	605	-28.93%
Unrestricted state grants	2,129	2,060	-	-	2,129	2,060	3.35%
Unrestricted investment earnings	9	17	-	-	9	17	-47.06%
Other	20	23	-	-	20	23	-13.04%
Total revenues	<u>5,856</u>	<u>5,838</u>	<u>220</u>	<u>190</u>	<u>6,076</u>	<u>6,028</u>	<u>0.80%</u>
Program expenses:							
Governmental activities:							
Instruction	3,618	3,459	-	-	3,618	3,459	4.60%
Support services	1,194	1,224	-	-	1,194	1,224	-2.45%
Non-instructional programs	-	-	224	183	224	183	22.40%
Other expenses	645	478	-	-	645	478	34.94%
Total expenses	<u>5,457</u>	<u>5,161</u>	<u>224</u>	<u>183</u>	<u>5,681</u>	<u>5,344</u>	<u>6.31%</u>
Change in net assets	<u>\$ 399</u>	<u>677</u>	<u>(4)</u>	<u>7</u>	<u>395</u>	<u>684</u>	<u>-42.25%</u>

Property tax and unrestricted state grants account for 67% of the total revenues. The District's expenses primarily relate to instruction and support services which account for 85% of the total expenses. The District continues to direct a greater percentage of its resources to areas that directly effect student education.

Governmental Activities

Revenues for governmental activities were \$5,855,462 and expenses were \$5,457,063 for the year ended June 30, 2012.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-5						
Total and Net Cost of Governmental Activities						
(Expressed in Thousands)						
	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
			Change			Change
	2012	2011	2011-2012	2012	2011	2011-2012
Instruction	\$ 3,618	3,459	4.60%	2,616	2,414	8.37%
Support services	1,194	1,224	-2.45%	1,192	1,214	-1.81%
Other expenses	645	478	34.94%	452	275	64.36%
Totals	<u>\$ 5,457</u>	<u>5,161</u>	<u>5.74%</u>	<u>4,260</u>	<u>3,903</u>	<u>9.15%</u>

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$170,180.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,026,624.
- The net cost of governmental activities was financed with \$1,953,329 in property tax and \$2,129,166 in state foundation aid.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2012 were \$219,870 and expenses totaled \$223,601. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,609,802; a large percent increase over last year's ending fund balances of \$3,203,720. The majority of the increase resulted from the increase in the Capital Projects Fund Statewide Sales, Services and Use Tax Fund due to the issuance of revenue bonds for infrastructure projects.

Governmental Fund Highlights

The 2011-2012 school year brought with it many challenging opportunities and resulted in many successes. This was a year of great change for the District, so we continue to build from our strong foundation as we challenge ourselves to grow.

- In September, the board hired the architectural firm of RDG to design plans for renovation within and the construction of an addition to the elementary in Collins.
- In the spring, sales tax revenue bonds were issued to build \$2 million of work at the elementary. A general construction contract was also awarded in the spring to CPMI. Construction at the elementary began in June 2012, with a completion date scheduled for July 2013.

- In May, Collins-Maxwell awarded diplomas to 36 seniors. Of those, 35 indicated they plan to attend some type of postsecondary institution to expand their learning and prepare for a career.
- Those same seniors gave incredible portfolio presentations in December and April. For the second year, all portfolio presentations were electronic. The District congratulates the students for demonstrating their success with our Student Learning Goals.
- The District successfully met all Adequate Yearly Progress goals in reading, mathematics, and science again for the school year.
- The District continued to receive strong financial and personal support from our various booster clubs. Our students were celebrated and supported in sports, fine arts and other extra-curricular activities. The athletic booster club provided over \$21,000 to the District this year to support and enhance our athletic programs.
- The ACT is the most common college entrance exam taken by our students. A score of 20 or higher on the ACT is considered to be an indicator of probable success in college. Of the 34 ACT - tested juniors and seniors during the 2011-2012 school year, 27 (or 79.4%) of them earned a score of 20 or more.
- The District's Comprehensive School Improvement Plan (CSIP) was certified by the state. Professional development plans for the District, the buildings, and every teacher were aligned to the CSIP to ensure a clear and consistent focus on improvement in our goal areas. This year, the entire District teaching staff engaged in learning and using the Authentic Intellectual Work (AIW) framework.
- Our preschool continued in the MACC building downtown. With the two sections, we averaged twenty-two students for the year.
- The base salary of the teachers for the 2012-2013 school year was increased to \$27,750. Teachers were able to receive their year of experience increase as well as any lane advancements due to staff development or graduate course credits.
- Special education costs continued to rise compared to previous years. The District continues to see an increase in the number of special education students with increasingly severe needs. The District projects to have a deficit of approximately \$139,000 at the end of FY12.
- Select students from the FFA attended the national convention in Indianapolis in the fall.
- The IMPACT Teen Club was once again offered to middle school students throughout the year. The District is thankful to Youth and Shelter Services for providing the supervising personnel and to the Story County Decat board for support a grant to fund the Teen Club. Participation in the C-M Teen Club allows our students to engage in worthwhile activities that support learning and positive social interaction.
- Twenty-five iPads were purchased for use in a pilot in the grade at the start of the school year. Two more iPads were purchased for teacher use to support the students' work.
- Three iPads were purchased for the District's superintendent and two principals to be used for data collection on teacher instructional practices and student engagement. The iPads have allowed for greater note taking and better feedback to improve teaching and learning.
- A used bus was purchased for \$3,500 at the start of the school year.
- Over \$50,000 of fencing was installed at the softball and baseball fields in Collins and the football field in Maxwell.

- Breakfast and lunch prices were increased by five cents in the spring for the 2011-2012 school year to fund new changes to the food service program as mandated by the federal government. Adult lunch prices were raised thirty-five cents to comply with federal guidelines.
- The Board approved its FY13 budget with a debt service levy of \$2.92 to pay down debt and allow more sales tax revenue to be used for current facility improvements. The income surtax for the instructional support program remained at five percent. Overall, the total levy remained the same.
- The District received \$429,857 in state sales tax revenue, while spending \$655,810 toward debt and other small improvements in facilities and technology. The District plans to use the balance of sales tax revenue to support larger facility and technology improvements in the near future.
- In April, the board began a 1:1 computer initiative with its approval of a three-year lease with Apple, Inc. worth \$400,000. The lease included 250 iPads for each student in grades 6-12 to use at school and at home. It also included 125 iPads to be used as grade-level sets in the elementary. The lease also provided for iPads for every teacher in the District as well as new laptops for secondary teachers. The lease is being funded with local option sale tax revenue.

Proprietary Fund Highlights

The School Nutrition Fund balance decreased over \$3,000 as cost containment measures continue to pay off, but revenues also need to be maintained.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis of accounting. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 38 and 39.

Legal Budgetary Highlights

The District's receipts were \$1,272,342 less than budgeted receipts, a variance of 17%. The most significant variance resulted from the District receiving less federal and state source revenues than anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. During the year ended June 30, 2012, expenditures exceeded the amounts budgeted in the non-instructional program and other expenditures functions. The District did not exceed the General Fund unspent authorized budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$3.9 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 increase of 15% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$265,845.

The original cost of the District's capital assets was \$8,882,240. Governmental funds account for \$8,863,707, with the remainder of \$18,533 accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Condensed Statement of Net Assets
(Expressed in Thousands)

	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	\$ 226	226	-	-	226	226	0.00%
Construction in progress	199	-	-	-	199	-	100.00%
Site improvements	67	27	-	-	67	27	148.15%
Buildings	2,877	2,967	-	-	2,877	2,967	-3.03%
Furniture and equipment	534	185	-	1	104	133	-21.80%
Totals	\$ 3,903	3,405	-	1	3,473	3,353	3.58%

Long-Term Liabilities

At June 30, 2012, the District had \$785,000 in general obligation bonds outstanding. The District issued \$2,590,000 of revenue bonds to do infrastructure projects in future years. The District also entered into a lease purchase with Apple Computer to provide all secondary students with a laptop computer. Additional information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total District		Total Change
	June 30,		June 30,
	2012	2011	2011-2012
General obligation bonds	\$ 785	1,080	-27.31%
Revenue bonds	2,590	-	100.00%
Lease payable	264	-	100.00%
Early retirement	-	22	-100.00%
Net OPEB liability	40	26	53.85%
Total	\$ 3,679	1,128	326.15%

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- District enrollment decreased again this year, maintaining a downward trend for the District. Open enrollment out requests continue to outbalance open enrollment in requests. Both factors contribute to a loss in funding to support quality programs and services.
- Health insurance rates continue to rise, forcing the District to carry a larger burden of the cost or reduce employee benefits. The District chose to maintain the same level of benefits and worked with its insurance management company to continue to partially self-fund its insurance plan.

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 Bonnie Mitchell, Business Manager, Collins-Maxwell Community School District, 400 Metcalf St, Maxwell, IA 50161.

Basic Financial Statements

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
		School Nutrition	
Assets			
Cash and pooled investments	\$ 5,375,804	32,416	5,408,220
Restricted cash	208,460	-	208,460
Receivables:			
Property tax:			
Current year	22,387	-	22,387
Succeeding year	1,985,835	-	1,985,835
Income surtax - succeeding year	118,423	-	118,423
Due from other governments	36,920	-	36,920
Other receivables	18,351	-	18,351
Inventories	-	5,418	5,418
Capital assets, net of accumulated depreciation	3,902,924	391	3,903,315
Total assets	11,669,104	38,225	11,707,329
Liabilities			
Accounts payable	52,120	-	52,120
Deferred revenues - nutrition	-	3,272	3,272
Accrued interest payable	7,685	-	7,685
Deferred revenue - Succeeding year property tax	1,985,835	-	1,985,835
Long-term liabilities:			
Portion due within one year:			
Lease payable	129,876	-	129,876
General obligation bonds payable	300,000	-	300,000
Portion due after one year:			
Net OPEB liability	40,489	-	40,489
Revenue bonds payable	2,590,000	-	2,590,000
Lease payable	134,032	-	134,032
General obligation bonds payable	485,000	-	485,000
Total liabilities	5,725,037	3,272	5,728,309
Net assets			
Invested in capital assets, net of related debt	4,243,964	391	4,244,355
Restricted for:			
Categorical programs	85,380	-	85,380
Student activities	101,911	-	101,911
Management levy	369,984	-	369,984
Physical plant and equipment levy	12,248	-	12,248
Debt service	13,583	-	13,583
Unrestricted	1,116,997	34,562	1,151,559
Total net assets	\$ 5,944,067	34,953	5,979,020

See notes to financial statements.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2012

	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:					
Governmental activities:					
Instruction	170,180	831,859	(2,615,967)	-	(2,615,967)
Support services:					
Student	96,302	-	(96,302)	-	(96,302)
Instructional staff	88,761	-	(88,761)	-	(88,761)
Administration	458,190	-	(458,190)	-	(458,190)
Operation and maintenance of plant	360,995	2,231	(358,764)	-	(358,764)
Transportation	190,176	-	(190,176)	-	(190,176)
	1,194,424	2,231	(1,192,193)	-	(1,192,193)
Other expenses:					
AEA flowthrough	180,069	180,069	-	-	-
Long-term liabilities interest	42,173	99	(42,074)	-	(42,074)
Facilities acquisition and construction	159,619	12,366	(147,253)	-	(147,253)
Depreciation (unallocated)*	262,772	-	(262,772)	-	(262,772)
	644,633	192,534	(452,099)	-	(452,099)
	5,457,063	1,026,624	(4,260,259)	-	(4,260,259)
Total governmental activities	170,180	1,026,624	(4,260,259)	-	(4,260,259)
Business type activities:					
Non-instructional programs:					
Nutrition services	121,339	98,531	-	(3,731)	(3,731)
Total	291,519	1,125,155	(4,260,259)	(3,731)	(4,263,990)
	\$ 5,680,664				

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2012

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,498,782	-	1,498,782
Capital outlay				131,568	-	131,568
Management				150,445	-	150,445
Debt service				172,534	-	172,534
Income surtax				118,401	-	118,401
Statewide sales, services and use tax				429,857	-	429,857
Unrestricted state grants				2,129,166	-	2,129,166
Unrestricted investment earnings				9,211	-	9,211
Other				19,694	-	19,694
Total general revenues				4,659,658	-	4,659,658
Change in net assets				399,399	(3,731)	395,668
Net assets beginning of year				5,544,668	38,684	5,583,352
Net assets end of year				\$ 5,944,067	34,953	5,979,020

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

See notes to financial statements.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2012

	Special Revenue			Capital Projects			Debt Service	Total
	General	Student Activity	Management Levy	Statewide Sales, Services and Use Tax Levy	Physical Plant and Equipment Levy Projects			
\$ 1,312,569	101,911	368,259	3,563,028	10,743	19,294	5,375,804		
-	-	-	208,460	-	-	208,460		
17,183	-	1,725	-	1,505	1,974	22,387		
1,459,147	-	-	-	133,600	393,088	1,985,835		
118,423	-	-	-	-	-	118,423		
36,920	-	-	-	-	-	36,920		
18,351	-	-	-	-	-	18,351		
<u>\$ 2,962,593</u>	<u>101,911</u>	<u>369,984</u>	<u>3,771,488</u>	<u>145,848</u>	<u>414,356</u>	<u>7,766,180</u>		

Assets

Cash and investments	
Restricted cash	
Receivables:	
Property tax:	
Current year	
Succeeding year	
Income surtax - succeeding year	
Due from other governments	
Other receivables	
Total assets	

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2012

	Special Revenue			Capital Projects		Debt Service	Total
	General	Student Activity	Management Levy	Statewide Sales, Services and Use Tax Levy	Physical Plant and Equipment Levy Projects		
Liabilities:							
Accounts payable	\$ 52,120	-	-	-	-	-	52,120
Deferred revenue:							
Succeeding year property tax	1,459,147	-	-	-	133,600	393,088	1,985,835
Succeeding year income surtax	118,423	-	-	-	-	-	118,423
Total liabilities	1,629,690	-	-	-	133,600	393,088	2,156,378
Fund balances:							
Restricted for:							
Categorical programs	85,380	-	-	-	-	-	85,380
Student activities	-	101,911	-	-	-	-	101,911
Management levy	-	-	369,984	-	-	-	369,984
School infrastructure	-	-	-	3,771,488	-	-	3,771,488
Physical plant and equipment levy	-	-	-	-	12,248	-	12,248
Debt service	-	-	-	-	-	21,268	21,268
Unassigned	1,247,523	-	-	-	-	-	1,247,523
Total fund balances	1,332,903	101,911	369,984	3,771,488	12,248	21,268	5,609,802
Total liabilities and fund balances	\$ 2,962,593	101,911	369,984	3,771,488	145,848	414,356	7,766,180

See notes to financial statements.

COLLINS-MAXWELL 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 (Exhibit C)		\$ 5,609,802
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Income surtax receivable at June 30, 2012 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.		118,423
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		3,902,924
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.		(7,685)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.		
General obligation bonds	\$ (785,000)	
Revenue bonds	(2,590,000)	
Lease payable	(263,908)	
Net OPEB liability	<u>(40,489)</u>	<u>(3,679,397)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 5,944,067</u>

See notes to financial statements.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2012

	Special Revenue			Capital Projects		Debt Service	Total
	General	Student Activity	Management Levy	Statewide Sales, Services and Use Tax Levy	Physical Plant and Equipment Levy Projects		
Revenues:							
Local sources:							
Local tax	\$ 1,565,950	-	150,445	429,857	131,568	172,534	2,450,354
Tuition	153,201	-	-	-	-	-	153,201
Other	51,644	125,754	752	12,366	1,316	-	191,832
State sources	2,751,028	-	87	-	76	99	2,751,290
Federal sources	257,918	-	-	-	-	-	257,918
Total revenues	4,779,741	125,754	151,284	442,223	132,960	172,633	5,804,595
Expenditures:							
Current:							
Instruction:							
Regular Instruction	3,476,253	116,036	33,158	-	-	-	3,625,447
Support services:							
Student	96,302	-	-	-	-	-	96,302
Instructional staff	88,761	-	-	-	-	-	88,761
Administration	454,651	-	-	3,539	-	-	458,190
Operation and maintenance of plant	326,544	-	24,451	-	10,000	-	360,995
Transportation	174,723	-	9,426	-	3,500	-	187,649
	1,140,981	-	33,877	3,539	13,500	-	1,191,897

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2012

	Special Revenue			Capital Projects			Debt Service	Total
	General	Student Activity	Management Levy	Statewide Sales, Services and Use Tax Levy	Physical Plant and Equipment Levy	Projects		
Other expenditures:								
AEA flowthrough	180,069	-	-	-	-	-	-	180,069
Long-term liabilities:								
Principal	-	-	-	-	-	-	295,000	295,000
Interest	-	-	-	-	-	-	37,623	37,623
Facilities acquisition and construction	-	-	199,293	199,293	723,726	-	-	923,019
	<u>180,069</u>	<u>-</u>	<u>-</u>	<u>199,293</u>	<u>723,726</u>	<u>-</u>	<u>332,623</u>	<u>1,435,711</u>
Total expenditures	<u>4,797,303</u>	<u>116,036</u>	<u>67,035</u>	<u>202,832</u>	<u>737,226</u>	<u>-</u>	<u>332,623</u>	<u>6,253,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,562)</u>	<u>9,718</u>	<u>84,249</u>	<u>239,391</u>	<u>(604,266)</u>	<u>-</u>	<u>(159,990)</u>	<u>(448,460)</u>
Other financing sources(uses):								
Sale of property	634	-	-	-	-	-	-	634
Proceeds from issuance of long-term debt	-	-	2,590,000	2,590,000	263,908	-	-	2,853,908
Operating transfers in	-	-	-	(456,517)	331,517	-	125,000	456,517
Operating transfers (out)	-	-	-	-	-	-	-	(456,517)
	<u>634</u>	<u>-</u>	<u>-</u>	<u>2,133,483</u>	<u>595,425</u>	<u>-</u>	<u>125,000</u>	<u>2,854,542</u>
Net change in fund balances	<u>(16,928)</u>	<u>9,718</u>	<u>84,249</u>	<u>2,372,874</u>	<u>(8,841)</u>	<u>-</u>	<u>(34,990)</u>	<u>2,406,082</u>
Fund balances beginning of year	<u>1,349,831</u>	<u>92,193</u>	<u>285,735</u>	<u>1,398,614</u>	<u>21,089</u>	<u>-</u>	<u>56,258</u>	<u>3,203,720</u>
Fund balances end of year	<u>\$ 1,332,903</u>	<u>101,911</u>	<u>369,984</u>	<u>3,771,488</u>	<u>12,248</u>	<u>-</u>	<u>21,268</u>	<u>5,609,802</u>

COLLINS-MAXWELL 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 (Exhibit E) \$ 2,406,082

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

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities. This represents the change in the receivable from the prior year. 51,233

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those 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 activity for the year is as follows:

Acquisition of capital assets	\$ 763,400	
Depreciation expense	<u>(265,299)</u>	498,101

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

Issued	(2,853,908)	
Repaid	<u>295,000</u>	(2,558,908)

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

Early retirement	22,005	
Other postemployment benefits	<u>(14,564)</u>	7,441

Interest on long-term liabilities 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. (4,550)

Change in net assets of governmental activities (Exhibit B) \$ 399,399

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2012

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ <u>121,339</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	78,971
Benefits	12,304
Supplies	131,780
Depreciation	<u>546</u>
Total operating expenses	<u>223,601</u>
Operating (loss)	<u>(102,262)</u>
Non-operating revenues:	
State sources	2,046
Federal sources	96,278
Interest income	<u>207</u>
	<u>98,531</u>
Changes in net assets	(3,731)
Net assets beginning of year	<u>38,684</u>
Net assets end of year	<u>\$ <u>34,953</u></u>

See notes to financial statements.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2012

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 121,375
Cash payments to employees for services	(91,275)
Cash payments to suppliers for goods or services	<u>(109,130)</u>
Net cash (used by) operating activities	<u>(79,030)</u>
Cash flows from non-capital financing activities:	
State grants received	2,046
Federal grants received	<u>76,455</u>
Net cash provided by non-capital financing activities	<u>78,501</u>
Cash flows from investing activities:	
Interest on investments	<u>207</u>
Net (decrease) in cash and cash equivalents	(322)
Cash and cash equivalents beginning of year	<u>32,738</u>
Cash and cash equivalents end of year	<u>\$ 32,416</u>
Reconciliation of operating (loss) to net cash (used by) operating activities:	
Operating (loss)	\$ (102,262)
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:	
Depreciation	546
Commodities used	19,823
Decrease in inventory	2,827
Increase in unearned revenue	<u>36</u>
	<u>\$ (79,030)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2012, the District received federal commodities valued at \$19,823.

See notes to financial statements.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2012

	Private Purpose Trusts
	<u>Scholarships</u>
Assets	
Cash	\$ 303,515
Land	<u>587,500</u>
Total assets	<u>891,015</u>
Net Assets	
Reserved for scholarships	<u>891,015</u>
Total net assets	<u>\$ 891,015</u>

See notes to financial statements.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2012

	Private Purpose Trusts
	<u>Scholarships</u>
Additions:	
Local sources:	
Rent	\$ 80,842
Contributions	10,000
Interest on investments	<u>1,887</u>
Total additions	<u>92,729</u>
Deductions:	
Support services:	
Property maintenance costs	22,625
Scholarships	<u>52,800</u>
Total deductions	<u>75,425</u>
Change in net assets	17,304
Net assets beginning of year	<u>873,711</u>
Net assets end of year	<u>\$ 891,015</u>

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

Collins-Maxwell Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Collins and Maxwell, Iowa, and agricultural area in Jasper, Marshall, Polk and Story 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, Collins-Maxwell 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. Collins-Maxwell Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but 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 Story 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

Invested in capital assets, net of related debt consists of unspent debt proceeds, 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 not meeting the definition of the 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 segments 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. The District has elected to present all governmental and proprietary funds as major funds for clarity of presentation.

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 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 Capital Projects, Physical Plant and Equipment Levy Fund is utilized to account for the maintenance and equipping of the District's facilities.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The Capital Projects Fund, Statewide Sales, Services and Use Tax is used to account for funds raised by the statewide sales, services and use tax. These funds are being used for debt retirement and infrastructure expenses.

The District reports the following major proprietary fund:

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

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

The Private Purpose Trust Funds are used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

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 Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund 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 financial statements:

Cash Investments and Cash Equivalents - The cash balances of most District funds are invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

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

Property Tax Receivable - Property tax in 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 that the tax asking is certified by the Board of Education. Current 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 by April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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 and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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. No intangibles assets were noted that exceeded the threshold amount.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivables, income surtax 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.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2012.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosure is reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures exceeded the amounts budgeted in the non-instructional program and other expenditures functions. The District did not exceed the General Fund unspent authorized budget.

(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.

The District had no investments at June 30, 2012.

(3) 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	\$ 226,464	-	-	226,464
Construction in Progress	-	199,294	-	199,294
	<u>226,464</u>	<u>199,294</u>	<u>-</u>	<u>425,758</u>
Capital assets being depreciated:				
Site Improvements	259,827	55,884	-	315,711
Buildings	5,460,698	20,024	-	5,480,722
Furniture and Equipment	<u>2,153,318</u>	<u>488,198</u>	<u>-</u>	<u>2,641,516</u>
Total capital assets being depreciated	<u>7,873,843</u>	<u>564,106</u>	<u>-</u>	<u>8,437,949</u>
Less accumulated depreciation for:				
Site Improvements	233,258	15,786	-	249,044
Buildings	2,493,993	110,015	-	2,604,008
Furniture and Equipment	<u>1,968,233</u>	<u>139,498</u>	<u>-</u>	<u>2,107,731</u>
Total accumulated depreciation	<u>4,695,484</u>	<u>265,299</u>	<u>-</u>	<u>4,960,783</u>
Total capital assets being depreciated, net	<u>3,178,359</u>	<u>298,807</u>	<u>-</u>	<u>3,477,166</u>
Governmental activities, capital assets, net	<u>\$ 3,404,823</u>	<u>498,101</u>	<u>-</u>	<u>3,902,924</u>
Business type activities:				
Furniture and equipment	\$ 18,533	-	-	18,533
Less accumulated depreciation	<u>17,596</u>	<u>546</u>	<u>-</u>	<u>18,142</u>
Business type activities capital assets, net	<u>\$ 937</u>	<u>(546)</u>	<u>-</u>	<u>391</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 2,527
Unallocated				<u>262,772</u>
Total depreciation expenses - governmental activities				<u>\$ 265,299</u>
Business Type activities:				
Food service operations				<u>\$ 546</u>

(4) 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, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% of their annual salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$247,590, \$203,464, and \$196,248 respectively, equal to the required contributions for each year.

(5) Risk Management

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

(6) 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 \$180,069 for year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(7) Long-Term Liabilities

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

	Balance Beginning Year	Additions	Reductions	Balance End of Year	Due Within One Year
Revenue Bonds	\$ -	2,590,000	-	2,590,000	-
General Obligation Bonds	1,080,000	-	295,000	785,000	300,000
Early Retirement	22,005	-	22,005	-	-
Net OPEB Liabilities	25,925	14,564	-	40,489	-
Capital Lease Payable	-	263,908	-	263,908	129,876
Total	\$1,127,930	2,868,472	317,005	3,679,397	429,876

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

Year Ending June 30,	General Obligation Bonds			Revenue Bonds			Capital Lease Payable		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2013	3.40%	\$300,000	27,592	0.00%	\$ -	37,696	1.90%	\$129,876	8,445
2014	3.55%	310,000	17,393	0.00%	-	64,623	1.90%	134,032	4,289
2015	3.65%	175,000	6,387	0.00%	-	64,622	-	-	-
2016	-	-	-	1.30%	140,000	63,923	-	-	-
2017	-	-	-	1.25%	140,000	62,347	-	-	-
2018-2022	-	-	-	1.50-2.40%	750,000	274,219	-	-	-
2023-2027	-	-	-	2.55-3.05%	850,000	176,465	-	-	-
2028-2031	-	-	-	3.10-3.25%	710,000	41,095	-	-	-
		<u>\$785,000</u>	<u>51,372</u>		<u>\$2,590,000</u>	<u>784,990</u>		<u>\$263,908</u>	<u>12,734</u>

Revenue Bonds Payable

In 2012, the District issued \$2,590,000 of revenue bonds for infrastructure projects. They are to be repaid with proceeds from the statewide sales, services, and use tax.

The District has pledged future statewide sales, services, and use tax revenues to repay the \$2,590,000 bonds issued in June 2012. The bonds were issued for the purpose of financing various infrastructure projects. 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 2031. 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 approximately 50 percent of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the notes is \$3,374,990. For the current year no principal or interest were paid on revenue bonds and total statewide sales, services, and use tax revenues were \$429,857.

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

- a) \$208,760 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services, and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into 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 complied with all the revenue bond provisions during the year ended June 30, 2012.

(8) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	\$125,000
Capital Projects, Physical Plant and Equipment Levy	Capital Projects, Statewide Sales, Services and Use Tax	<u>331,517</u>
		<u>\$456,517</u>

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

(9) 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 49 active members and 5 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 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 benefits 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 obligation:

Annual required contribution	\$20,154
Interest on net OPEB Obligation	648
Adjustment to annual required contribution	(1,612)
Annual OPEB Cost	19,190
Contributions made	(4,626)
Increase in net OPEB obligation	14,564
Net OPEB obligation beginning of year	25,925
Net OPEB obligation end of year	<u>\$40,489</u>

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

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 and the two preceding years are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$17,631	23.8%	\$13,428
June 30, 2011	17,829	29.9	25,925
June 30, 2012	19,190	24.1	40,489

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 \$152,336, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$152,336. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,118,000 and the ratio of the UAAL to covered payroll was 4.9%. 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, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis from information provided by the District.

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

(10) Commitments

The District issued \$2,590,000 of revenue bonds in June 2012 for various infrastructure projects. Bids totaling over \$2,000,000 were accepted in June 2012, however, construction had not yet begun at year end. Preliminary costs of \$199,294 had been made from existing funds as of June 30, 2012 and are shown as construction in progress.

Required Supplementary Information

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2012

	Governmental Fund Types		Proprietary Fund Type		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original		
Revenues:								
Local sources	\$ 2,795,387		121,546		2,916,933	3,280,011	(363,078)	
State sources	2,751,290		2,046		2,753,336	3,296,796	(543,460)	
Federal sources	257,918		96,278		354,196	720,000	(365,804)	
Total revenues	<u>5,804,595</u>		<u>219,870</u>		<u>6,024,465</u>	<u>7,296,807</u>	<u>(1,272,342)</u>	
Expenditures:								
Instruction	3,625,447		-		3,625,447	4,480,000	854,553	
Support services	1,191,897		-		1,191,897	2,460,800	1,268,903	
Non-instructional programs	-		223,601		223,601	190,000	(33,601)	
Other expenditures	1,435,711		-		1,435,711	1,147,399	(288,312)	
Total expenditures	<u>6,253,055</u>		<u>223,601</u>		<u>6,476,656</u>	<u>8,278,199</u>	<u>1,801,543</u>	
Excess (deficiency) of revenues over (under) expenditures	(448,460)		(3,731)		(452,191)	(981,392)	529,201	
Other financing sources (uses)	2,854,542		-		2,854,542	(75,000)	2,929,542	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,406,082		(3,731)		2,402,351	(1,056,392)	3,458,743	
Balance beginning of year	3,203,720		38,684		3,242,404	1,857,237	1,385,167	
Balance end of year	<u>\$ 5,609,802</u>		<u>34,953</u>		<u>5,644,755</u>	<u>800,845</u>	<u>4,843,910</u>	

See accompanying independent auditor's report.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Note 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a 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 function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2012, expenditures exceeded the amounts budgeted in the non-instructional program and other expenditures functions. The District did not exceed the General Fund unspent authorized budget.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	Jul 1, 2009	\$0	\$162	\$162	0.0%	\$3,039	5.3%
2011	Jul 1, 2009	\$0	\$159	\$159	0.0%	\$2,988	5.3%
2012	Jul 1, 2009	\$0	\$152	\$152	0.0%	\$3,118	4.9%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Supplementary Information

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Vocal Music	\$ 1,686	1,762	2,228	1,220
Instrumental Music	-	942	827	115
Music	919	-	-	919
CM Athletics	174	-	50	124
CMB Athletics	(3,434)	31,543	20,858	7,251
JH Track	39	-	-	39
Golf	-	678	639	39
Football	4,623	7,689	12,312	-
Baseball	521	3,228	3,749	-
Boys Basketball	119	-	-	119
Wrestling	411	1,087	986	512
Youth Wrestling	116	-	-	116
Girls Basketball	2	-	-	2
Volleyball	4,137	1,819	5,956	-
Soccer	2,624	2,710	4,010	1,324
Softball	1,733	906	1,627	1,012
Girls Track	45	-	-	45
FFA	9,275	13,018	11,703	10,590
Greenhouse	28,170	-	2,100	26,070
Class of 2012	297	-	239	58
Class of 2014	535	-	-	535
Class of 2013	876	4,920	4,760	1,036
Dance Team	2,472	14,514	13,358	3,628
National Honor Society	182	-	82	100
HS Academic	1,321	-	165	1,156
HS Student Council	987	1,789	2,726	50
Powerlifting	537	-	-	537
MS Student Council	5,566	9,911	7,910	7,567
JH Softball	170	-	-	170
CHAMPS	754	368	100	1,022
Vending	3,370	500	3,120	750
Robotics	250	-	250	-
Yearbook	264	4,900	774	4,390
Football Cheerleaders	(124)	124	-	-
Cheerleader	2,195	3,357	2,675	2,877
Wrestling Cheerleaders	200	-	200	-
Book Fair	199	6,297	6,296	200
TAG	-	100	100	-
Shop	64	-	-	64
Elementary	3,874	4,730	3,605	4,999
Pepsi	14,468	3,844	2,631	15,681
JH Basketball	580	-	-	580
JH Volleyball	-	3,198	-	3,198
JH Cheerleading	244	-	-	244
Courtyard	893	100	-	993
Baseball	69	681	-	750
Preschool	-	777	-	777
Interest	790	262	-	1,052
Total	\$ 92,193	125,754	116,036	101,911

See accompanying independent auditor's report.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Private Purpose Trusts

Year ended June 30, 2012

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Atwood Trust	\$ 15,640	10,096	500	25,236
Lions Club	5,326	30	-	5,356
Brethren	5,472	39	250	5,261
Robison Educational Opportunity Fund	<u>847,273</u>	<u>82,564</u>	<u>74,675</u>	<u>855,162</u>
Total	<u>\$ 873,711</u>	<u>92,729</u>	<u>75,425</u>	<u>891,015</u>

See accompanying independent auditor's report.

COLLINS-MAXWELL 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	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 2,450,354	2,477,413	2,242,840	2,155,623	1,978,105	1,968,465	1,822,223	1,886,379	1,749,664
Tuition	153,201	180,529	71,472	85,995	94,385	126,671	215,461	147,557	122,126
Other	191,832	196,617	240,666	303,053	267,687	295,368	224,408	197,490	153,445
State sources	2,751,290	2,696,237	2,336,628	2,794,560	2,796,247	2,581,360	2,538,211	2,410,086	2,211,514
Federal sources	257,918	284,496	346,984	142,795	133,000	110,827	145,682	89,737	121,278
Total	\$5,804,595	5,835,292	5,238,590	5,482,026	5,269,424	5,082,691	4,945,985	4,731,249	4,358,027
Expenditures:									
Instruction	\$ 3,625,447	3,444,692	3,387,378	3,403,711	3,136,260	3,044,761	2,794,039	2,732,563	2,553,271
Support services:									
Student	96,302	98,739	106,269	89,363	89,818	79,943	50,864	74,809	75,025
Instructional staff	88,761	138,990	156,750	158,726	155,090	154,064	174,582	271,000	189,210
Administration	458,190	465,729	456,563	509,566	483,980	473,002	464,577	433,544	458,896
Operation and maintenance of plant	360,995	345,871	337,045	345,842	345,604	318,243	347,620	387,612	389,323
Transportation	187,649	179,150	154,753	159,315	165,695	160,463	248,149	133,490	119,164
Non-instructional programs:									
Community service and education operations	-	-	-	-	-	-	-	-	3,000
Other expenditures:									
Facilities acquisition	923,019	185,387	75,970	55,931	154,683	141,004	89,446	10,562	44,641
Debt service:									
Principal	295,000	285,000	280,000	275,000	260,000	255,000	195,000	185,000	175,000
Interest and service charges	37,623	47,312	56,412	65,350	73,150	80,800	140,483	149,657	157,982
AEA flowthrough	180,069	200,245	198,258	182,969	172,246	162,388	154,124	148,384	147,670
Total	\$6,253,055	5,391,115	5,209,398	5,245,773	5,036,526	4,869,668	4,658,884	4,526,621	4,313,182

BRUCE D. FRINK
Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual, Partnership and Corporate Tax Preparation
- Year Round Tax Planning
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Financial Statement Preparation
- Bank Loan Assistance

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

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

To the Board of Education of the
Collins-Maxwell Community School District:

We have audited the accompanying financial statements of the governmental activities and each major fund of Collins-Maxwell 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 our report thereon dated March 29, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Collins-Maxwell Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Collins-Maxwell Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Collins-Maxwell Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Collins-Maxwell Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-12 and I-B-12 to be material weaknesses.

202 Central Avenue East
P.O. Box 241
Clarion, IA 50525

Phone: (515) 532-6659
Fax: (515) 532-3677
bruce@frinkcpa.com

Compliance and Other Matters

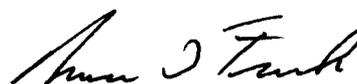
As part of obtaining reasonable assurance about whether Collins-Maxwell Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Collins-Maxwell Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Collins-Maxwell Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Collins-Maxwell Community School District and other parties to whom Collins-Maxwell Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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



BRUCE D. FRINK
Certified Public Accountant

March 29, 2013

COLLINS-MAXWELL 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 - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

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

Response - We will review procedures and investigate available alternatives.

Conclusion - Response accepted.

I-B-12 Auditor Drafting of the Financial Statements and Related Footnote Disclosures - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 115, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - Expenditures for the year ended June 30, 2012 exceeded the certified budgeted amounts in the non-instructional program and other expenditures functions. The District did not exceed its unspent authorized budget.

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 we believe 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 - No business transactions between the District and District officials or employees were noted.

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 that 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 - A variance in the basic enrollment data certified to the Department of Education was noted. The District counted one student in FY11 who did not attend.

Recommendation - The District should develop procedures to ensure accurate counts are taken throughout the year and accurate enrollment data is certified to the Iowa Department of Education.

Response - The District will carefully track students and no longer report them unless they are still being served.

Response - Response accepted.

II-H-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.

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

II-J-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

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

COLLINS-MAXWELL COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2012

Part II: Other Findings Related to Required 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		\$1,398,614
Revenues/transfers in:		
Sales tax revenues	\$ 429,857	
Other local revenues	12,366	
Proceeds of revenue bonds issued	<u>2,590,000</u>	<u>3,032,223</u>
		4,430,837
Expenditures/transfers out:		
Buildings and improvements	202,832	
Transfers to other funds:		
Debt service fund	125,000	
Other transfers	<u>331,517</u>	<u>659,349</u>
Ending balance		<u>\$3,771,488</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	<u>\$1.02</u>	<u>\$125,000</u>