

EXIRA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

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Exira Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Tom Benton	President	2013
Bart Peppers	Vice President	2013
Tom Christofferson	Board Member	2011
Denise Walker	Board Member	2011
Ryan Wilson	Board Member	2011
(After September 2011 Election)		
Tom Benton	President	2013
Bart Peppers	Vice President	2013
Lisa Burmeister	Board Member	2015
Terri Harris	Board Member	2015
Ryan Wilson	Board Member	2015
School Officials		
Dean Schnoes	Superintendent	2012
Cindy Paulsen	Business Manager (Resigned March 2012)	2012
Marie Larson	Business Manager (Appointed March 2012)	2012
Rick Franck	Attorney	2012

Exira Community School District

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Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Exira Community School District:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Exira Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated March 20, 2013 on our consideration of Exira 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 these reports are 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 7 through 15 and 44 through 46 be presented to supplement the basic

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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 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 Exira 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 8, 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.



NOLTE, CORNMAN & JOHNSON, P.C.

March 20, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Exira 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 \$3,041,767 at June 30, 2011 to \$3,622,776 at June 30, 2012, while General Fund expenditures increased from \$2,789,437 at June 30, 2011 to \$3,108,685, at June 30, 2012. This resulted in an increase in the District's General Fund balance from a deficit balance of \$330,362 at June 30, 2011 to a positive balance of \$183,729 at June 30, 2012, a 155.61% increase from the prior year.
- The increase in General Fund revenues was attributable primarily to the increase in local revenue in fiscal 2012. The increase in expenditures was due to the increases in the instruction expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Exira 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 Exira 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 Exira Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-1
Exira Community School District Annual Financial Report

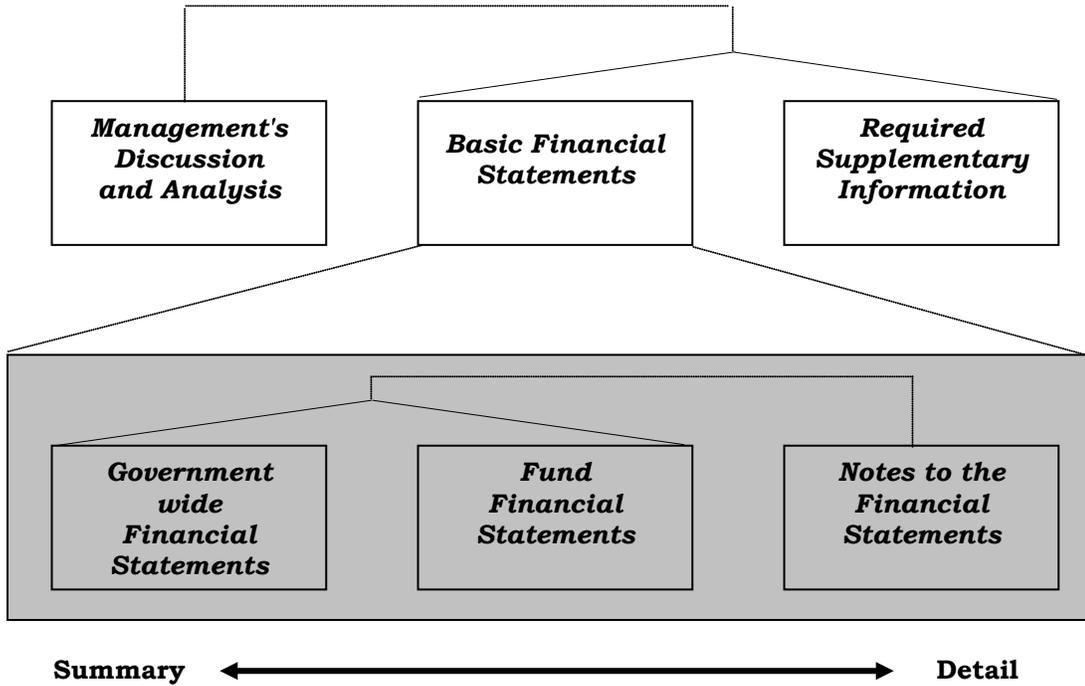


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of 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, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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 total net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 3,138,728	3,803,890	27,065	13,290	3,165,793	3,817,180	-17.06%
Capital assets	2,142,955	1,034,343	10,044	12,351	2,152,999	1,046,694	105.70%
Total assets	5,281,683	4,838,233	37,109	25,641	5,318,792	4,863,874	9.35%
Long-term obligations	1,539,796	1,642,658	-	-	1,539,796	1,642,658	-6.26%
Other liabilities	2,032,231	2,133,438	673	-	2,032,904	2,133,438	-4.71%
Total liabilities	3,572,027	3,776,096	673	-	3,572,700	3,776,096	-5.39%
Net assets:							
Invested in capital assets, net of related debt	792,955	698,952	10,044	12,351	802,999	711,303	12.89%
Restricted	1,033,439	1,044,900	-	-	1,033,439	1,044,900	-1.10%
Unrestricted	(116,738)	(681,715)	26,392	13,290	(90,346)	(668,425)	86.48%
Total net assets	\$ 1,709,656	1,062,137	36,436	25,641	1,746,092	1,087,778	60.52%

The District's combined net assets increased by 60.52%, or \$658,314, from the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets are liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased by \$11,461, or 1.10% over the prior year. The increase was primarily due to the increase in fund balance in the Management Levy Fund and Debt Service Fund.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$578,079, or 86.48%. The increase was primarily due to the increase in the General Fund balance.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 584,575	64,017	42,213	51,543	626,788	115,560	442.39%
Operating grants and contributions and restricted interest	221,586	276,034	49,136	53,764	270,722	329,798	-17.91%
General revenues:							
Property tax	1,736,888	1,591,753	-	-	1,736,888	1,591,753	9.12%
Income surtax	122,287	123,104	-	-	122,287	123,104	-0.66%
Statewide sales, services and use tax	186,572	193,459	-	-	186,572	193,459	-3.56%
Unrestricted state grants	1,130,277	1,076,485	-	-	1,130,277	1,076,485	5.00%
Nonspecific program federal grants	792	80,178	-	-	792	80,178	-99.01%
Unrestricted investment earnings	3,955	13,066	18	31	3,973	13,097	-69.66%
Other	81,865	134,126	-	-	81,865	134,126	38.96%
Total revenues	4,068,797	3,552,222	91,367	105,338	4,160,164	3,657,560	13.74%
Program expenses:							
Governmental activities:							
Instructional	2,360,686	1,924,587	-	-	2,360,686	1,924,587	22.66%
Support services	831,882	1,204,205	-	-	831,882	1,204,205	-30.92%
Non-instructional programs	-	-	80,572	111,907	80,572	111,907	-28.00%
Other expenses	228,710	217,316	-	-	228,710	217,316	5.24%
Total expenses	3,421,278	3,346,108	80,572	111,907	3,501,850	3,458,015	1.27%
Changes in net assets	647,519	206,114	10,795	(6,569)	658,314	199,545	229.91%
Beginning net assets	1,062,137	856,023	25,641	32,210	1,087,778	888,233	22.47%
Ending net assets	\$ 1,709,656	1,062,137	36,436	25,641	1,746,092	1,087,778	60.52%

Property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 78.06% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.98% of the revenue from business type activities.

The District's total revenues were approximately \$4,160,164 of which \$4,068,797 was for governmental activities and \$91,367 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 13.74% increase in revenues and a 1.27% increase in expenses. The increase in revenues was due to increases in tuition revenue due to whole grade sharing and state source revenues, the District received during fiscal 2012. The increase in expenses is related to increases instruction expenditures.

Governmental Activities

Revenues for governmental activities were \$4,068,797 and expenses were \$3,421,278. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change	2012	2011	Change
			2011-12			2011-12
Instruction	\$ 2,360,686	1,924,587	22.66%	1,648,246	1,693,712	-2.68%
Support services	831,882	1,204,205	-30.92%	831,882	1,202,705	-30.83%
Other expenses	228,710	217,316	5.24%	134,989	109,640	23.12%
Totals	\$ 3,421,278	3,346,108	2.25%	2,615,117	3,006,057	-13.01%

For the year ended June 30, 2012:

- The cost financed by users of the District’s programs was \$584,575.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$221,586.
- The net cost of governmental activities was financed with \$1,736,888 in local tax, \$122,287 in income surtax, \$186,572 in statewide sales, services and use tax, \$1,130,277 in unrestricted state grants, \$792 in nonspecific program federal grants, \$3,955 in interest income and \$81,865 in other general revenues.

Business type Activities

Revenues of the District’s business type activities were \$91,367 and expenses were \$80,572. The District’s business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,033,312, below last year’s ending fund balance of \$1,592,081. The primary reason for the decrease in combined fund balance in fiscal 2012 is due to the decrease in the Capital Projects Fund balance.

Governmental Fund Highlights

- The District’s General Fund balance increased from a deficit \$330,362 on June 30, 2011 to a positive \$183,729 on June 30, 2012. The District’s General Fund financial position is the product of many factors. Increased revenues from local and state sources during the year combined with decreased support service costs caused the District’s General Fund balance to increase by \$514,091.
- The Capital Projects Fund balance decreased from a balance of \$1,622,161 at the beginning of the fiscal year 2012 to \$533,325. This was a result of the completion of the Middle School addition and remodel construction project during fiscal 2012.

Proprietary Fund Highlights

- The Proprietary Fund net assets increased from \$25,641 at June 30, 2011 to \$36,436 at June 30, 2012, representing an increase of 42.10%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$392,588 more than budgeted revenues, a variance of 10.40%. The most significant variance resulted from the District receiving more in local source revenues than originally anticipated.

Total expenditures were initially 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, the District exceeded its General Fund unspent authorized budget. The District also exceeded its budget in the instruction expenditures functional area and in total.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$2,152,999, 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 amount represents a net increase of 105.7% from last year. Additional detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$122,450.

The original cost of the District's capital assets was \$3,978,251. Governmental funds account for \$3,930,353 with the remainder of \$47,898 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$610,092 at June 30, 2011, compared to \$1,994,962, reported at June 30, 2012. This increase was due to the completion of the middle school addition and remodel during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 19,493	19,493	-	-	19,493	19,493	0.00%
Construction in progress	-	266,282	-	-	-	266,282	-100.00%
Buildings	1,994,962	610,092	-	-	1,994,962	610,092	226.99%
Land improvements	22,144	7,054	-	-	22,144	7,054	213.92%
Machinery and equipment	106,356	131,422	10,044	12,351	116,400	143,773	-19.04%
Total	\$ 2,142,955	1,034,343	10,044	12,351	2,152,999	1,046,694	105.70%

Long-Term Debt

At June 30, 2012, the District had \$1,539,796 in other long-term debt outstanding. This represents a decrease of 6.26% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District also had outstanding Revenue Bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$1,350,000 at June 30, 2012.

The District had outstanding early retirement payable from the Special Revenue, Management Fund of \$30,001 at June 30, 2012.

The District also had outstanding Computer lease payable from the Capital Projects: Physical Plant and Equipment Levy Fund of \$111,245 at June 30, 2012.

The District had a net OPEB liability of \$48,550 as of June 30, 2012.

Figure A-7
Outstanding Long-Term Obligations

	Total District		Total Change
	June 30,		June 30,
	2012	2011	2011-12
Revenue bonds	\$ 1,350,000	1,400,000	-3.57%
Early Retirement	30,001	40,321	-25.59%
Computer lease	111,245	163,151	-31.81%
Net OPEB liability	48,550	39,186	23.90%
Total	\$ 1,539,796	1,642,658	-6.26%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marie Larson, District Business Manager/Board Secretary, Exira Community School District, P.O. Box 335, Exira, Iowa, 50076.

Exira Community School District

BASIC FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 1,231,483	24,808	1,256,291
Receivables:			
Property tax:			
Delinquent	22,891	-	22,891
Succeeding year	1,638,758	-	1,638,758
Income surtax	103,071	-	103,071
Due from other governments	142,525	-	142,525
Inventories	-	2,257	2,257
Capital assets, net of depreciation	2,142,955	10,044	2,152,999
TOTAL ASSETS	5,281,683	37,109	5,318,792
LIABILITIES			
Accounts payable	203,854	-	203,854
Salaries and benefits payable	156,373	-	156,373
Interest payable	29,886	-	29,886
Unearned revenue	-	673	673
Deferred revenue:			
Succeeding year property tax	1,638,758	-	1,638,758
Other	3,360	-	3,360
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	60,000	-	60,000
Computer lease payable	54,345	-	54,345
Early retirement payable	5,880	-	5,880
Portion due after one year:			
Revenue bonds payable	1,290,000	-	1,290,000
Computer lease payable	56,900	-	56,900
Early retirement payable	24,121	-	24,121
Net OPEB liability	48,550	-	48,550
TOTAL LIABILITIES	3,572,027	673	3,572,700
NET ASSETS			
Invested in capital assets, net of related debt	792,955	10,044	802,999
Restricted for:			
Categorical funding	213,148	-	213,148
School infrastructure	468,783	-	468,783
Physical plant and equipment	64,542	-	64,542
Management levy	56,872	-	56,872
Student activities	23,195	-	23,195
Debt Service	206,899	-	206,899
Unrestricted	(116,738)	26,392	(90,346)
TOTAL NET ASSETS	\$ 1,709,656	36,436	1,746,092

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants,		Govern- mental Activities	Business Type Activities	Total
		Charges for Services	Contributions and Restricted Interest			
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,705,069	533,030	37,835	(1,134,204)	-	(1,134,204)
Special	391,140	29,469	10,110	(351,561)	-	(351,561)
Other	264,477	22,076	79,920	(162,481)	-	(162,481)
	<u>2,360,686</u>	<u>584,575</u>	<u>127,865</u>	<u>(1,648,246)</u>	<u>-</u>	<u>(1,648,246)</u>
Support services:						
Student	63,956	-	-	(63,956)	-	(63,956)
Instructional staff	58,043	-	-	(58,043)	-	(58,043)
Administration	362,275	-	-	(362,275)	-	(362,275)
Operation and maintenance of plant	218,450	-	-	(218,450)	-	(218,450)
Transportation	129,158	-	-	(129,158)	-	(129,158)
	<u>831,882</u>	<u>-</u>	<u>-</u>	<u>(831,882)</u>	<u>-</u>	<u>(831,882)</u>
Long-term debt interest	57,668	-	-	(57,668)	-	(57,668)
Other expenses:						
AEA flowthrough	93,721	-	93,721	-	-	-
Depreciation(unallocated)*	77,321	-	-	(77,321)	-	(77,321)
	<u>171,042</u>	<u>-</u>	<u>93,721</u>	<u>(77,321)</u>	<u>-</u>	<u>(77,321)</u>
Total governmental activities	3,421,278	584,575	221,586	(2,615,117)	-	(2,615,117)
Business type activities:						
Non-instructional programs:						
Nutrition services	80,572	42,213	49,136	-	10,777	10,777
Total business type activities	<u>80,572</u>	<u>42,213</u>	<u>49,136</u>	<u>-</u>	<u>10,777</u>	<u>10,777</u>
Total	<u>\$ 3,501,850</u>	<u>626,788</u>	<u>270,722</u>	<u>(2,615,117)</u>	<u>10,777</u>	<u>(2,604,340)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,578,914	-	1,578,914
Capital outlay				157,974	-	157,974
Income surtax				122,287	-	122,287
Statewide sales, services and use tax				186,572	-	186,572
Unrestricted state grants				1,130,277	-	1,130,277
Nonspecific program federal grants				792	-	792
Unrestricted investment earnings				3,955	18	3,973
Other				81,865	-	81,865
Total general revenues				<u>3,262,636</u>	<u>18</u>	<u>3,262,654</u>
Changes in net assets				647,519	10,795	658,314
Net assets beginning of year				<u>1,062,137</u>	<u>25,641</u>	<u>1,087,778</u>
Net assets end of year				<u>\$ 1,709,656</u>	<u>36,436</u>	<u>1,746,092</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 458,748	457,517	315,218	1,231,483
Receivables:				
Property tax:				
Delinquent	19,769	2,082	1,040	22,891
Succeeding year	1,454,725	134,033	50,000	1,638,758
Income surtax	103,071	-	-	103,071
Due from other funds	-	8,857	-	8,857
Due from other governments	77,656	64,869	-	142,525
TOTAL ASSETS	\$ 2,113,969	667,358	366,258	3,147,585
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 8,857	-	-	8,857
Accounts payable	203,854	-	-	203,854
Salaries and benefits payable	156,373	-	-	156,373
Deferred revenue:				
Succeeding year property tax	1,454,725	134,033	50,000	1,638,758
Income surtax	103,071	-	-	103,071
Other	3,360	-	-	3,360
TOTAL LIABILITIES	1,930,240	134,033	50,000	2,114,273
Fund balances:				
Restricted for:				
Categorical funding	213,148	-	-	213,148
School infrastructure	-	468,783	-	468,783
Physical plant and equipment	-	64,542	-	64,542
Management levy purposes	-	-	86,873	86,873
Student activities	-	-	23,195	23,195
Debt Service	-	-	206,899	206,899
Unassigned:				
General	(29,419)	-	-	(29,419)
Student activities	-	-	(709)	(709)
Total fund balances	183,729	533,325	316,258	1,033,312
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,113,969	667,358	366,258	3,147,585

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds(page 20)	\$	1,033,312
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.		2,142,955
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		103,071
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.		(29,886)
Long-term liabilities, including bonds payable, early retirement payable, computer lease payable and other post employment benefits are not due and payablein the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(1,539,796)</u>
Net assets of governmental activities(page 18)	\$	<u><u>1,709,656</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,631,344	344,546	78,865	2,054,755
Tuition	504,953	-	-	504,953
Other	134,749	2,415	29,203	166,367
State sources	1,256,013	-	-	1,256,013
Federal sources	95,717	-	-	95,717
TOTAL REVENUES	3,622,776	346,961	108,068	4,077,805
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,679,867	-	14,787	1,694,654
Special	390,059	-	-	390,059
Other	232,247	-	26,702	258,949
	2,302,173	-	41,489	2,343,662
Support services:				
Student	63,322	-	-	63,322
Instructional staff	64,194	831	2,803	67,828
Administration	311,400	1,018	48,885	361,303
Operation and maintenance of plant	163,203	-	7,012	170,215
Transportation	110,672	-	-	110,672
	712,791	1,849	58,700	773,340
Capital outlay	-	1,262,455	-	1,262,455
Long-term debt:				
Principal	-	-	101,906	101,906
Interest and fiscal charges	-	-	61,490	61,490
	-	-	163,396	163,396
Other expenditures:				
AEA Flowthrough	93,721	-	-	93,721
TOTAL EXPENDITURES	3,108,685	1,264,304	263,585	4,636,574
Excess(Deficiency) of revenues over(under) expenditures	514,091	(917,343)	(155,517)	(558,769)
Other financing sources(uses):				
Transfer in	-	-	171,493	171,493
Transfer out	-	(171,493)	-	(171,493)
Total other financing sources(uses)	-	(171,493)	171,493	-
Net change in fund balances	514,091	(1,088,836)	15,976	(558,769)
Fund balance beginning of year	(330,362)	1,622,161	300,282	1,592,081
Fund balance end of year	\$ 183,729	533,325	316,258	1,033,312

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds(page 22) \$ (558,769)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 1,228,755	
Depreciation expense	<u>(120,143)</u>	1,108,612

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 101,906

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,822

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (9,008)

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

Early retirement	10,320	
Other postemployment benefits	<u>(9,364)</u>	<u>956</u>

Changes in net assets of governmental activities(page 19) \$ 647,519

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2012

	<u>School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 24,808
Inventories	2,257
Capital assets, net of depreciation	10,044
TOTAL ASSETS	<u>37,109</u>
LIABILITIES	
Unearned revenue	673
TOTAL LIABILITIES	<u>673</u>
NET ASSETS	
Invested in capital assets	10,044
Unrestricted	26,392
TOTAL NET ASSETS	<u>\$ 36,436</u>

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 42,213
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	30,459
Benefits	4,784
Supplies	42,190
Other	832
Depreciation	2,307
TOTAL OPERATING EXPENSES	80,572
OPERATING LOSS	(38,359)
NON-OPERATING REVENUES:	
State sources	998
Federal sources	48,138
Interest on investments	18
TOTAL NON-OPERATING REVENUES	49,154
Change in net assets	10,795
Net assets beginning of year	25,641
Net assets end of year	\$ 36,436

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 43,366
Cash payments to employees for services	(35,243)
Cash payments to suppliers for goods or services	(36,719)
Net cash used in operating activities	(28,596)
Cash flows from non-capital financing activities:	
State grants received	998
Federal grants received	41,814
Net cash provided by non-capital financing activities	42,812
Cash flows from investing activities:	
Interest on investments	18
Net increase in cash and cash equivalents	14,234
Cash and cash equivalents at beginning of year	10,574
Cash and cash equivalents at end of year	\$ 24,808
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (38,359)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	6,324
Depreciation	2,307
Increase in inventories	(21)
Decrease in accounts receivable	480
Increase in unearned revenue	673
Net cash used in operating activities	\$ (28,596)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at \$6,324.

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Assets	
Cash and pooled investments	\$ 381,867
Liabilities	-
Net assets	
Restricted for scholarships	\$ 381,867

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest income	\$ 5,007
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	61,147
Change in net assets	(56,140)
Net assets beginning of year	438,007
Net assets end of year	\$ 381,867

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) Summary of Significant Accounting Policies

The Exira Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Exira, Iowa, and the predominate agricultural territory in Guthrie, Audubon and Cass 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, Exira Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Exira Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District also reports a fiduciary fund which focus on net assets and changes in net assets. The District's fiduciary fund is the Private Purpose Trust Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these

pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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, machinery and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial

statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures exceeded the amounts budgeted in the instruction functional area and in total and the District exceeded its General Fund unspent authorized balance.

(2) **Cash and Pooled Investments**

The District's deposits 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.

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$647,086 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 111,919
Debt Service	Capital Projects: Physical Plant and Equipment Levy	59,574
Total		<u>\$ 171,493</u>

The Capital Projects: Statewide Sales, Services and Use Tax transfer to Debt Service was needed for principal and interest payments on the District's revenue bond indebtedness.

The Capital Projects: Physical Plant and Equipment Levy transfer to Debt Service was needed for principal payments on the District's computer lease indebtedness.

(4) Due From and Due to Other Funds

At June 30, 2012 the interfund receivable and payable consisted of the following:

Receivable Fund	Payable Fund	Amount
Capital Projects: Physical Plant and Equipment Levy	General Fund	<u>\$ 8,857</u>

The General Fund is repaying the Capital Projects: Statewide Sales, Services and Use Tax for money borrowed for expenditures that were miscoded.

(5) Iowa School Cash Anticipation Program (ISCAP)

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

The District pledges its state foundation aid payments and General Fund receipts as security for the warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The series 2011-2012A included taxable and tax-exempt warrants. The District participated in the issuance of the taxable warrants. The interest rates on the taxable Series 2011-2012A and taxable Series 2011-2012B warrants are variable rates, calculated daily, based on the one-month LIBOR rate plus 100 basis points. A summary of the District's ISCAP activity for the year ended June 30, 2012 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2011-12A	6/30/2011	6/23/2012	\$ -	499,451	499,451	-
2011-12B	1/26/2012	1/25/2013	-	100,000	100,000	-
			\$ -	599,451	599,451	-

During the year ended June 30, 2012, the District paid \$2,175 of interest on the ISCAP warrants.

(6) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,493	-	-	19,493
Construction in progress	266,282	1,188,985	1,455,267	-
Total capital assets not being depreciated	285,775	1,188,985	1,455,267	19,493
Capital assets being depreciated:				
Buildings	1,565,537	1,460,660	-	3,026,197
Land improvements	13,991	16,621	-	30,612
Machinery and equipment	836,295	17,756	-	854,051
Total capital assets being depreciated	2,415,823	1,495,037	-	3,910,860
Less accumulated depreciation for:				
Buildings	955,445	75,790	-	1,031,235
Land improvements	6,937	1,531	-	8,468
Machinery and equipment	704,873	42,822	-	747,695
Total accumulated depreciation	1,667,255	120,143	-	1,787,398
Total capital assets being depreciated, net	748,568	1,374,894	-	2,123,462
Governmental activities capital assets, net	\$ 1,034,343	2,563,879	1,455,267	2,142,955
Business type activities:				
Machinery and equipment	\$ 47,898	-	-	47,898
Less accumulated depreciation	35,547	2,307	-	37,854
Business type activities capital assets, net	\$ 12,351	(2,307)	-	10,044

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 15,295
Other		4,836
Support services:		
Student		375
Instructional		340
Operation and maintenance of plant		3,539
Transportation		18,437
		<u>42,822</u>
Unallocated depreciation		<u>77,321</u>
		<u><u>\$ 120,143</u></u>
Business type activities:		
Food services		<u><u>\$ 2,307</u></u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue bonds	\$ 1,400,000	-	50,000	1,350,000	60,000
Early retirement	40,321	11,761	22,081	30,001	5,880
Computer lease	163,151	-	51,906	111,245	54,345
Net OPEB liability	39,186	9,364	-	48,550	-
				<u>1,539,796</u>	<u>120,225</u>
Total	<u>\$ 1,642,658</u>	<u>21,125</u>	<u>123,987</u>	<u>1,539,796</u>	<u>120,225</u>

Revenue Bonds

Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of September 30, 2009			
	Interest Rates	Principal	Interest	Total
2013	3.25 %	\$ 60,000	52,034	112,034
2014	3.25	60,000	50,084	110,084
2015	3.25	70,000	47,971	117,971
2016	3.25	70,000	45,696	115,696
2017	3.25	70,000	43,421	113,421
2018-2022	3.63-4.00	350,000	180,356	530,356
2023-2027	4.00-4.63	375,000	108,733	483,733
2028-2030	4.63	295,000	24,282	319,282
Total		<u>\$ 1,350,000</u>	<u>552,577</u>	<u>1,902,577</u>

The District has pledged future statewide sales, services and use tax revenues to repay \$1,450,000 of bonds dated September 30, 2009. The bonds were issued for the purpose of school infrastructure. The bonds are payable solely from the proceeds

of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,902,577. For the current year, \$50,000 in principal and \$53,821 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$186,572.

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

- a) \$119,109 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 and services 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.

Computer Leases

Details of the District's June 30, 2012 computer lease indebtedness is as follows:

Year Ending June 30,	Computer lease dated August 12, 2010				
	Interest Rates	Principal	Interest	Total	
2013	4.70	% \$ 54,345	5,230	59,575	
2014	4.70	56,900	2,675	59,575	
Total		\$ 111,245	7,905	119,150	

Early Retirement

The District offers a voluntary early retirement plan to its licensed employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. The school District will pay the cost of the single premium at the level it was when the employee retired. A liability has been recorded in the Statement of Net Assets for government-wide activities for these early retirement benefits. Early retirement expenditures for the year ended June 30, 2012 totaled \$22,081.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered 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 \$97,773, \$94,385 and \$108,422, respectively, equal to the required contributions for each year.

(9) Risk Management

The Exira Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health, dental, vision, prescription drugs and long-term disability.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2012 was \$198,706.

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

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$93,721 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) 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 40 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

The District pays a cash benefit based on 60% of the retiree's final salary. The cash benefit is shown as an explicit subsidy and an OPEB liability.

The medical/prescription drug coverage is provided through 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 benefit plan on a pay-as-you-go basis.

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

The following table shows the components of the District's annual OPEB cost for 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	\$ 27,000
Interest on net OPEB obligation	1,764
Adjustment to annual required contribution	(1,400)
Annual OPEB cost	<u>27,364</u>
Contributions made	<u>(18,000)</u>
Increase in net OPEB obligation	9,364
Net OPEB obligation beginning of year	39,186
Net OPEB obligation end of year	<u><u>\$ 48,550</u></u>

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

For the year ended June 30, 2012, the District contributed \$18,000 to the medical and explicit plans. Plan members eligible for benefits contributed \$13,000, or 41.94% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 27,000	25.93%	\$ 20,000
2011	27,186	29.43%	39,186
2012	27,364	65.78%	48,550

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 \$1,532,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$196,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,096,026, and the ratio of the UAAL to covered payroll was 17.9%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by .5% each year until reaching the 5% ultimate trend rate.

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

Projected claim costs of the medical plan are for the \$344 per month for retirees who have attained age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(12) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2012, the District exceeded its General Fund unspent authorized budget. During the year ended June 30, 2012, the expenditures in the instruction functional area and in total exceeded the certified budget.

(13) Deficit Fund Balances/Net Assets

The General Fund had a deficit unassigned fund balance of \$29,419 at June 30, 2012. The Student Activity Fund had a deficit unassigned fund balance of \$709 at June 30, 2012. The Governmental Activities had a deficit unrestricted net assets of \$116,738 at June 30, 2012.

(14) Categorical Funding

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

Program	Amount
Home school assistance program	\$ 43,642
Dropout and dropout prevention	108,548
Salary improvement program	31,001
Educator quality, professional development	14,068
Core curriculum	14,389
Beginning administrator mentoring	1,500
Total	<u>\$ 213,148</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXIRA COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 2,726,075	42,231	2,768,306	2,177,735	2,177,735	590,571
State sources	1,256,013	998	1,257,011	1,361,189	1,361,189	(104,178)
Federal sources	95,717	48,138	143,855	237,660	237,660	(93,805)
Total revenues	<u>4,077,805</u>	<u>91,367</u>	<u>4,169,172</u>	<u>3,776,584</u>	<u>3,776,584</u>	<u>392,588</u>
Expenditures/expenses:						
Instruction	2,343,662	-	2,343,662	1,940,000	1,940,000	(403,662)
Support services	773,340	-	773,340	962,000	962,000	188,660
Non-instructional programs	-	80,572	80,572	120,000	120,000	39,428
Other expenditures	1,519,572	-	1,519,572	1,614,655	1,614,655	95,083
Total expenditures/expenses	<u>4,636,574</u>	<u>80,572</u>	<u>4,717,146</u>	<u>4,636,655</u>	<u>4,636,655</u>	<u>(80,491)</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(558,769)	10,795	(547,974)	(860,071)	(860,071)	312,097
Balance beginning of year	<u>1,592,081</u>	<u>25,641</u>	<u>1,617,722</u>	<u>1,269,204</u>	<u>1,269,204</u>	<u>348,518</u>
Balance end of year	<u>\$ 1,033,312</u>	<u>36,436</u>	<u>1,069,748</u>	<u>409,133</u>	<u>409,133</u>	<u>660,615</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012

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

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

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

During the year ended June 30, 2012, the District exceeded its General Fund unspent authorized budget. During the year ended June 30, 2012, the expenditures in the instruction functional area and in total exceeded the certified budget.

EXIRA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION

For Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 196,000	\$ 196,000	0.0%	\$ 1,677,432	11.7%
2011	July 1, 2009	-	196,000	196,000	0.0%	1,373,842	14.3%
2012	July 1, 2009	-	196,000	196,000	0.0%	1,096,026	17.9%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SUPPLEMENTARY INFORMATION

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue			Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds		
ASSETS					
Cash and pooled investments	\$ 85,833	22,486	108,319	206,899	315,218
Receivables:					
Property tax:					
Delinquent	1,040	-	1,040	-	1,040
Succeeding year	50,000	-	50,000	-	50,000
TOTAL ASSETS	\$ 136,873	22,486	159,359	206,899	366,258
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred revenue:					
Succeeding year property tax	\$ 50,000	-	50,000	-	50,000
TOTAL LIABILITIES	50,000	-	50,000	-	50,000
Fund balances:					
Restricted for:					
Management levy purposes	86,873	-	86,873	-	86,873
Student activities	-	23,195	23,195	-	23,195
Debt service	-	-	-	206,899	206,899
Unassigned	-	(709)	(709)	-	(709)
Total fund balances	86,873	22,486	109,359	206,899	316,258
TOTAL LIABILITIES AND FUND BALANCES	\$ 136,873	22,486	159,359	206,899	366,258

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue			Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds		
REVENUES:					
Local sources:					
Local tax	\$ 78,865	-	78,865	-	78,865
Other	6,051	22,076	28,127	1,076	29,203
TOTAL REVENUES	84,916	22,076	106,992	1,076	108,068
EXPENDITURES:					
Current:					
Instruction:					
Regular	14,787	-	14,787	-	14,787
Other	-	26,702	26,702	-	26,702
Support services:					
Instructional staff	2,803	-	2,803	-	2,803
Operation and maintenance of plant	48,885	-	48,885	-	48,885
Transportation	7,012	-	7,012	-	7,012
Long-term debt:					
Principal	-	-	-	101,906	101,906
Interest and fiscal charges	-	-	-	61,490	61,490
TOTAL EXPENDITURES	73,487	26,702	100,189	163,396	263,585
Excess(Deficiency) of revenues over(under) expenditures	11,429	(4,626)	6,803	(162,320)	(155,517)
Other financing sources					
Transfers in	-	-	-	171,493	171,493
Net change in fund balances	11,429	(4,626)	6,803	9,173	15,976
Fund balances beginning of year	75,444	27,112	102,556	197,726	300,282
Fund balances end of year	\$ 86,873	22,486	109,359	206,899	316,258

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 403,914	53,603	457,517
Receivables:			
Property tax:			
Delinquent	-	2,082	2,082
Succeeding year	-	134,033	134,033
Due from other funds	-	8,857	8,857
Due from other governments	64,869	-	64,869
TOTAL ASSETS	\$ 468,783	198,575	667,358
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	134,033	134,033
TOTAL LIABILITIES	-	134,033	134,033
Fund balances:			
Restricted for:			
School infrastructure	468,783	-	468,783
Physical plant and equipment	-	64,542	64,542
Total fund balances	468,783	64,542	533,325
TOTAL LIABILITIES AND FUND BALANCES	\$ 468,783	198,575	667,358

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 186,572	157,974	344,546
Other	2,414	1	2,415
Total revenues	<u>188,986</u>	<u>157,975</u>	<u>346,961</u>
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	-	831	831
Administration	1,000	18	1,018
Capital outlay	1,202,651	59,804	1,262,455
Total expenditures	<u>1,203,651</u>	<u>60,653</u>	<u>1,264,304</u>
Excess(Deficiency) of revenues over(under) expenditures	(1,014,665)	97,322	(917,343)
Other financing uses:			
Transfers out	(111,919)	(59,574)	(171,493)
Net change in fund balances	(1,126,584)	37,748	(1,088,836)
Fund balance beginning of year	<u>1,595,367</u>	<u>26,794</u>	<u>1,622,161</u>
Fund balance end of year	<u>\$ 468,783</u>	<u>64,542</u>	<u>533,325</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Art	\$ 140	-	-	140
Athletics	19,313	14,418	14,253	19,478
Cheerleading	123	-	-	123
Drill Team	487	-	-	487
Leadership Club	3,919	6,978	10,549	348
Student Council	207	-	-	207
FFA	248	-	-	248
Pals	159	-	-	159
Spanish	79	-	-	79
National Honor Society	106	-	-	106
Faces	399	-	-	399
Band	(620)	-	-	(620)
Class of 2009	79	-	-	79
Class of 2010	748	-	-	748
Class of 2011	589	-	-	589
Class of 2012	761	-	761	-
Class of 2013	346	-	346	-
Class of 2014	135	-	135	-
Class of 2015	5	-	-	5
Class of 2016	-	658	658	-
Interest	(111)	22	-	(89)
Total	\$ 27,112	22,076	26,702	22,486

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Hansen Scholarship	Sorensen Scholarship	Kommers Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 255,433	124,055	2,379	381,867
LIABILITIES	-	-	-	-
NET ASSETS				
Restricted for scholarships	\$ 255,433	124,055	2,379	381,867

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Hansen Scholarship	Sorensen Scholarship	Kommers Scholarship	Total
Additions:				
Local sources:				
Interest income	\$ 2,647	2,345	15	5,007
Deductions:				
Instruction:				
Regular:				
Scholarships awarded	2,647	58,000	500	61,147
Changes in net assets	-	(55,655)	(485)	(56,140)
Net assets beginning of year	255,433	179,710	2,864	438,007
Net assets end of year	\$ 255,433	124,055	2,379	381,867

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 2,054,755	1,888,289	1,696,276	1,406,221	1,285,459	1,340,675	1,226,960	1,213,463	1,019,143
Tuition	504,953	5,852	28,835	40,531	57,519	82,465	82,801	50,198	228,444
Other	166,367	205,918	209,295	139,673	200,339	166,746	136,159	187,492	259,823
Intermediate sources	-	-	-	-	-	-	-	-	8,501
State sources	1,256,013	1,239,194	1,156,372	1,545,708	1,621,046	1,375,450	1,383,015	1,381,716	1,243,062
Federal sources	95,717	192,942	290,899	133,491	116,129	141,076	156,475	104,680	226,247
Total	\$ 4,077,805	3,532,195	3,381,677	3,265,624	3,280,492	3,106,412	2,985,410	2,937,549	2,985,220
Expenditures:									
Instruction:									
Regular	\$ 1,694,654	1,242,762	1,378,272	1,484,015	1,481,617	1,311,369	1,377,586	1,364,905	1,332,693
Special	390,059	369,028	232,407	386,566	332,071	316,938	260,313	274,345	360,844
Other	258,949	242,902	334,338	323,855	319,683	309,460	294,968	139,941	358,266
Support services:									
Student	63,322	69,045	65,024	92,401	85,598	79,930	76,484	67,789	41,595
Instructional staff	67,828	362,519	109,928	106,717	101,009	116,746	103,906	96,062	59,972
Administration	361,303	347,471	402,385	341,719	372,074	334,110	311,712	295,432	281,365
Operation and maintenance of plant	170,215	270,971	271,475	262,427	308,008	308,785	283,948	247,495	214,094
Transportation	110,672	114,736	111,480	119,285	138,609	93,507	88,585	88,432	108,074
Central	-	-	-	-	-	-	-	-	954
Non-instructional programs	-	-	-	-	-	-	-	122	3,425
Capital outlay	1,262,455	378,944	302,713	189,278	188,677	91,734	87,299	151,776	63,857
Long-term debt:									
Principal	101,906	109,575	-	-	145,000	60,000	60,000	30,000	-
Interest	61,490	71,167	-	-	943	6,725	8,480	9,630	-
Other expenditures:									
AEA flow-through	93,721	107,676	107,475	103,200	101,287	97,203	95,304	93,982	90,188
Total	\$ 4,636,574	3,686,796	3,315,497	3,409,463	3,574,576	3,126,507	3,048,585	2,859,911	2,915,327

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Exira Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Exira 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 20, 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 Exira Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Exira Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Exira Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Exira Community School District's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Exira 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.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 20, 2013

EXIRA 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 noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

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

Response - The district will review their control procedures and obtain the maximum internal control possible with our limited number of employees.

Conclusion - Response accepted.

I-B-12 Board Policies - We noted during our audit some of the policies in the District's board policy book appears to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a more timely manner.

Response - We are currently reviewing the board policies. Series 100-600 will be done by June 2013 and 600-900 will be done by June 2014.

Conclusion - Response accepted.

Other Matters:

I-C-12 Student Activity Fund - We noted that the District's Student Activity Fund has several old class accounts. We also noted several accounts in the Student Activity Fund that appear to be high school clubs and accounts.

Recommendation - Upon graduation, the remaining balance in old class accounts should be redistributed to other individual activity fund accounts, used as startup funds for the next incoming class or transferred to another student activity fund account. Due to the whole grade sharing of the high school with the Elk Horn-Kimballton Community School District, the District should transfer these remaining high school clubs and accounts to Elk Horn-Kimballton.

Response - The balance in the old class funds have now been moved to the Athletic Account and the High School Funds have been sent to Elk Horn-Kimballton.

Conclusion - Response accepted.

EXIRA 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 - District expenditures for the year ended June 30, 2012, exceeded the certified budget amounts in the instruction functional area and in total. The District also exceeded its General Fund unspent authorized budget.

Recommendation - The District should contact the Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.

Response - The District has gone to the SBRC and has made the necessary cuts to prevent overspending in 2013.

Conclusion - Response accepted.

II-B-12 Questionable Disbursements - We noted no expenditures that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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

II-G-12 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

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

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

II-J-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 used to supplant rather than supplement other funds.

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.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified annual reports (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2012 audit:

Beginning balance		\$ 1,595,367
Revenues:		
Sales tax revenues	\$ 186,572	
Other local revenues	2,414	188,986
	<u> </u>	<u>1,784,353</u>
Expenditures/transfers out:		
School infrastructure construction	\$ 1,180,027	
Other	23,624	
Transfers to other funds:		
Debt service fund	111,919	1,315,570
	<u> </u>	<u> </u>
Ending balance		<u>\$ 468,783</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

II-M-12 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be re-issued. Once checks have been outstanding for two years, the checks should be submitted to the Treasurer of Iowa as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - We are currently verifying the outstanding checks and have started the paperwork process of submitting these to the Treasurer of Iowa as unclaimed property.

Conclusion - Response accepted.

II-N-12 Financial Condition - The General Fund had a deficit unassigned fund balance of \$29,419 at June 30, 2012. The Student Activity Fund also had a deficit unassigned balance of \$709. The Governmental Activities had a deficit unrestricted net assets of \$116,738 at June 30, 2012.

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

Response - The District will address the negative balances and take the needed steps to correct them as quickly as possible.

Conclusion - Response accepted.