

**POCAHONTAS AREA
COMMUNITY SCHOOL DISTRICT**

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

JUNE 30, 2009

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POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2008 Election)

Raymond Seehusen	President	2009
Jeff Kerns	Vice President	2009
Greg Fritz		2011
Dan Duitscher		2008
Richard Garner		2009
Darwin Eaton		2008
John Behrendsen		2008

(After September 2008 Election)

Raymond Seehusen	President	2009
Jeff Kerns	Vice President	2009
Greg Fritz		2011
Dan Duitscher		2011
Richard Garner		2009
Darwin Eaton		2011
John Behrendsen		2011

School Officials

Joseph Kramer	Superintendent
Diane Pattee	District Secretary/ Treasurer

BRUCE D. FRINK

Certified Public Accountant

To the Board of Education of
Pocahontas Area Community School District:

Member:

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

Services:

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

Plus:

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

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Pocahontas Area Community School District, Pocahontas, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

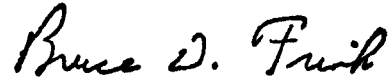
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of Pocahontas Area Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated March 25, 2010 on our consideration of Pocahontas Area Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pocahontas Area Community School District's basic financial statements. We previously audited the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 and 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Bruce D. Frink". The signature is written in a cursive, flowing style.

BRUCE D. FRINK
Certified Public Accountant

March 25, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Pocahontas Area 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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,640,886 in fiscal year 2008 to \$5,708,119 in fiscal year 2009 (a 1% increase), while General Fund expenditures increased from \$5,952,032 in fiscal year 2008 to \$6,042,938 in fiscal year 2009 (a 2% increase).
- General Fund revenues increased only slightly. The increase in expenditures was due primarily to increases in salary and benefits. The General Fund balance decreased over \$334,000 in the prior fiscal year.
- Statewide sales and services tax revenues began to be collected in fiscal year 2009. The fund will be used as part of the new building project.
- The voters approved a \$10,890,000 bond issue for the construction of a new junior-senior high building and improvements to the existing facility.

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 Pocahontas Area 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 Pocahontas Area 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 Pocahontas Area Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the Student Activity Fund and a revenue/expense comparison.

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

Figure A-1
Pocahontas Area Community School District Annual Financial Report

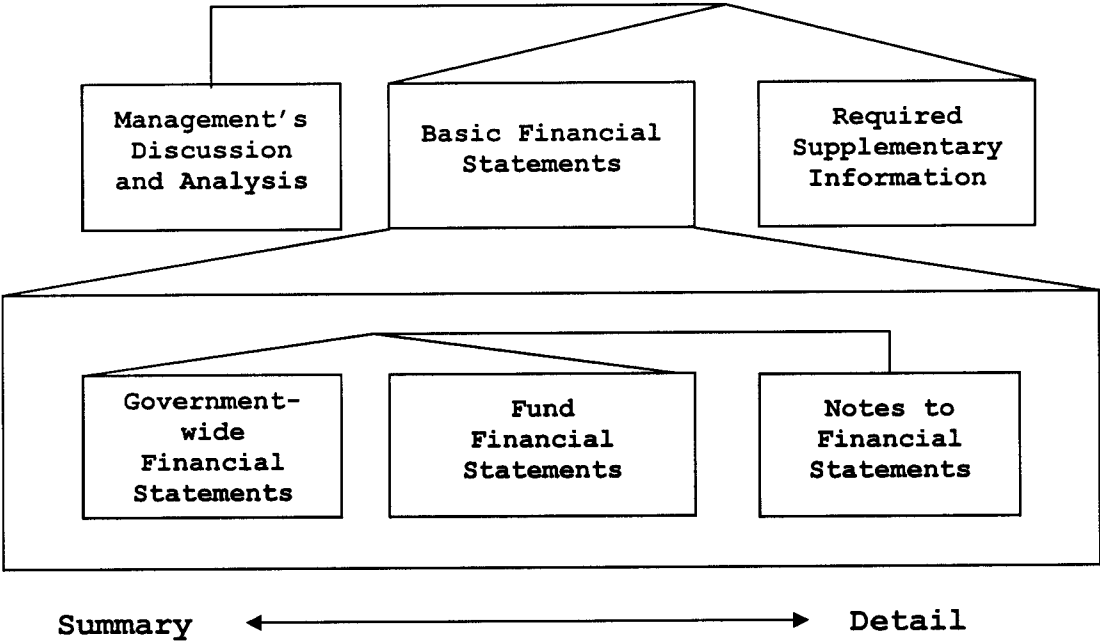


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2009 compared to June 30, 2008

Figure A-3
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current assets	\$ 17,301	5,522	64	43	17,365	5,565	212.04%
Capital assets	2,217	1,890	3	7	2,220	1,897	17.03%
Total assets	<u>19,518</u>	<u>7,412</u>	<u>67</u>	<u>50</u>	<u>19,585</u>	<u>7,462</u>	<u>162.46%</u>
Current liabilities	3,478	2,418	-	-	3,478	2,418	43.84%
Non-current liabilities	11,042	-	-	-	11,042	-	100.00%
Total liabilities	<u>14,520</u>	<u>2,418</u>	<u>-</u>	<u>-</u>	<u>14,520</u>	<u>2,418</u>	<u>500.50%</u>
Net Assets							
Invested in capital assets, net of related debt	2,217	1,890	3	7	2,220	1,897	17.03%
Restricted	1,941	1,607	-	-	1,941	1,607	20.78%
Unrestricted	840	1,497	64	43	904	1,540	-41.30%
Total net assets	<u>\$ 4,998</u>	<u>4,994</u>	<u>67</u>	<u>50</u>	<u>5,065</u>	<u>5,044</u>	<u>0.42%</u>

Restricted assets grew over \$330,000, primarily as a result of sales tax collections and the new bond issue. Capital assets increased as the new building project was begun.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business type Activities		Total School District		Total Change	
2009	2008	2009	2008	2009	2008	2008-09	
\$ 356	270	224	139	580	409	41.81%	
1,423	1,302	267	135	1,690	1,437	17.61%	
2,437	2,329	-	-	2,437	2,329	4.64%	
338	369	-	-	338	369	-8.40%	
2,107	2,302	-	-	2,107	2,302	-8.47%	
43	69	-	-	43	69	-37.68%	
65	40	-	-	65	40	62.50%	
6,769	6,681	491	274	7,260	6,955	4.39%	
4,563	4,197	-	-	4,563	4,197	8.72%	
1,719	1,816	-	-	1,719	1,816	-5.34%	
2	6	495	263	497	269	84.76%	
609	534	-	-	609	534	14.04%	
6,893	6,553	495	263	7,388	6,816	8.39%	
\$ (124)	128	(4)	11	(128)	139	192.09%	

Property tax and unrestricted state grants account for 63% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 85% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$6,768,564 and expenses were \$6,892,280 for the year ended June 30, 2009.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
Total Cost of Services			Net Cost of Services			
		Change			Change	
2009	2008	2008-2009	2009	2008	2008-2009	
Instruction	\$ 4,563	4,197	8.72%	3,076	2,926	5.13%
Support services	1,719	1,816	-5.34%	1,699	1,783	-4.71%
Non-instructional programs	2	6	-66.67%	2	6	-66.67%
Other expenses	609	534	14.04%	336	266	26.32%
Totals	<u>\$ 6,893</u>	<u>6,553</u>	<u>5.19%</u>	<u>5,113</u>	<u>4,981</u>	<u>2.65%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$356,277.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$927,902.
- The net cost of governmental activities was financed with \$2,437,617 in property tax and \$2,107,071 in state foundation aid.

Business-Type Activities

Revenues for business type activities for the year ended June 30, 2009 were \$491,000 and expenses totaled \$494,731. The District's business type activities include the School Nutrition Fund and Discovery Daycare. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The Discovery Daycare Center was established in 2008 as part of a 28E agreement with the city of Pocahontas and the Pocahontas Community Hospital. There is no financial responsibility on the part of the school.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$13,801,457, a large increase from last year's ending fund balances of \$3,167,699.

This is a result of the issuance of almost \$11,000,000 in bonds approved by the voters. This will show a corresponding deficit in the next two years.

Governmental Fund Highlights

- The District's General Fund balance decreased due to revenues not being able to keep pace with expenses. Revenues grew by less than 1%. Allowable growth of 4% or less is insufficient.
- The District's Capital Projects Fund increased as a result of the District collecting statewide sales and services taxes.

Proprietary Fund Highlights

The District's Nutrition Fund decreased primarily as a result of reduced participation.

The Discovery Day Care Center was formed in 2008 as part of a community venture.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and other major funds are not presented in the budgetary comparison on pages 33 and 34.

Legal Budgetary Highlights

The District's receipts were \$278,188 less than budgeted receipts, a variance of 4%. The most significant variance resulted from the District receiving less in state source revenue than originally anticipated.

Total expenditures were less than budgeted in total, 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$2.2 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 23% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$180,669.

The original cost of the District's capital assets was \$7,189,942. Governmental funds account for \$7,152,850, with the remainder of \$37,092 accounted for in the Proprietary School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 144	144	-	-	144	144	0.00%
Construction in progress	466	-	-	-	466	-	100.00%
Site improvements	46	55	-	-	46	55	-16.36%
Buildings	1,278	1,347	-	-	1,278	1,347	-5.12%
Furniture and equipment	283	261	5	5	288	266	8.27%
Totals	<u>\$ 2,217</u>	<u>1,807</u>	<u>5</u>	<u>5</u>	<u>2,222</u>	<u>1,812</u>	<u>22.63%</u>

Long-Term Debt

The voters of the District approved a \$10.89 million bond issue in December, 2008 for the construction of a major addition to the existing middle school/high school. This will be paid off over the next twenty years beginning in June 2010.

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:

- The District has experienced declining enrollment the past several years.
- The allowable growth rate of 4% or less provided by the Legislature is inadequate to meet expected cost increases.
- Mid-year state aid cuts prevent proper planning.
- Iowa law requires that unsettled salary negotiations for teachers go to mandatory arbitration. Invariably arbitrated settlements are higher than current levels of allowable growth in funding (not including the budget cuts after the contracts have been settled and people have been hired).
- Health insurance continues to be a very costly item to the District. Even though concessions have been made by employees in regard to deductibles, and coinsurance, other solutions need to be found. The skyrocketing cost of health care and the insurance to cover the cost will soon be unattainable by many.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", and "GASB 34", to name a few.

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 Diane Pattee, District Secretary, Pocahontas Area Community School District, 202 1st Ave SW, Pocahontas, IA 50574-1910.

Basic Financial Statements

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 13,900,281	43,786	13,944,067
Receivables:			
Property tax:			
Current year	32,736	-	32,736
Succeeding year	3,179,594	-	3,179,594
Due from other governments	79,704	-	79,704
Other receivables	109,371	6,036	115,407
Inventory	-	14,787	14,787
Capital assets, net of accumulated depreciation	2,216,664	2,685	2,219,349
Total assets	<u>19,518,350</u>	<u>67,294</u>	<u>19,585,644</u>
Liabilities			
Accounts payable	140,511	9,644	150,155
Accrued payroll and benefits	25,240	-	25,240
Accrued interest payable	75,273	-	75,273
Deferred revenue:			
Succeeding year property tax	3,179,594	-	3,179,594
Federal programs	57,603	-	57,603
Long term liabilities:			
Portion due within one year:			
Early retirement	152,127	-	152,127
General obligation bonds payable	340,000	-	340,000
Portion due after one year:			
General obligation bonds payable	10,550,000	-	10,550,000
Total liabilities	<u>14,520,348</u>	<u>9,644</u>	<u>14,529,992</u>
Net assets			
Invested in capital assets, net of related debt	2,216,664	2,685	2,219,349
Restricted for:			
Employee benefits	97,281	-	97,281
Management levy	236,002	-	236,002
Physical plant and equipment levy	268,862	-	268,862
Capital projects	1,313,734	-	1,313,734
Categorical funding	25,656	-	25,656
Unrestricted	839,803	54,965	894,768
Total net assets	<u>\$ 4,998,002</u>	<u>57,650</u>	<u>5,055,652</u>

See notes to financial statements.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:	\$ 4,562,890	351,095	1,135,185	(3,076,610)	-	(3,076,610)
Support services:						
Student services	200,865	-	-	(200,865)	-	(200,865)
Instructional staff services	158,918	-	-	(158,918)	-	(158,918)
Administration services	664,608	-	-	(664,608)	-	(664,608)
Operation and maintenance of plant services	429,157	-	14,691	(414,466)	-	(414,466)
Transportation services	265,195	5,182	-	(260,013)	-	(260,013)
	1,718,743	5,182	14,691	(1,698,870)	-	(1,698,870)
Non-instructional programs:						
Community service operations	1,607	-	-	(1,607)	-	(1,607)
Other expenditures:						
AEA flowthrough	234,021	-	234,021	-	-	-
Interest on debt service	75,273	-	13,197	(62,076)	-	(62,076)
Facilities acquisition and construction	119,077	-	25,786	(93,291)	-	(93,291)
Depreciation (unallocated)*	180,669	-	-	(180,669)	-	(180,669)
	609,040	-	273,004	(336,036)	-	(336,036)
Total governmental activities	6,892,280	356,277	1,422,880	(5,113,123)	-	(5,113,123)

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Total
Business type activities:				
Non-instructional programs:				
Nutrition services	494,731	223,960	267,040	(3,731)
Total	<u>\$ 7,387,011</u>	<u>580,237</u>	<u>1,689,920</u>	<u>(5,113,123)</u>
				<u>(3,731)</u>
				<u>(5,116,854)</u>
General Revenues:				
Property tax levied for:				
General purposes			\$ 1,975,382	-
Management			255,194	-
Capital outlay			207,041	-
Statewide sales and services tax			337,637	-
Unrestricted state grants			2,107,071	-
Unrestricted investment earnings			42,571	-
Other			63,467	-
Total general revenues			<u>4,988,363</u>	<u>4,988,363</u>
Change in net assets			(124,760)	(3,731)
Net assets beginning of year			5,122,762	61,381
Net assets end of year			<u>\$ 4,998,002</u>	<u>57,650</u>
				<u>5,055,652</u>

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

See notes to financial statements.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Debt Service	Total
Assets							
Cash and pooled investments	\$ 842,226	109,562	383,347	311,071	12,156,794	-	13,803,000
Receivables:							
Property tax:							
Current year	26,522	-	3,426	2,788	-	-	32,736
Succeeding year	2,191,957	-	180,000	215,498	-	592,139	3,179,594
Due from other governments	46,471	-	-	-	33,233	-	79,704
Other receivables	90,877	3,431	1,356	-	13,707	-	109,371
Total assets	<u>3,198,053</u>	<u>112,993</u>	<u>568,129</u>	<u>529,357</u>	<u>12,203,734</u>	<u>592,139</u>	<u>17,204,405</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	93,136	2,378	-	44,997	-	-	140,511
Accrued payroll and benefits	25,240	-	-	-	-	-	25,240
Deferred revenue:							
Succeeding year property tax	2,191,957	-	180,000	215,498	-	592,139	3,179,594
Federal programs	57,603	-	-	-	-	-	57,603
Total liabilities	<u>2,367,936</u>	<u>2,378</u>	<u>180,000</u>	<u>260,495</u>	<u>-</u>	<u>592,139</u>	<u>3,402,948</u>
Fund balances:							
Reserved for debt service	-	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	12,203,734	-	12,203,734
Reserved for categorical funding	25,656	-	-	-	-	-	25,656
Unreserved	804,461	110,615	388,129	268,862	-	-	1,572,067
Total fund balances	<u>830,117</u>	<u>110,615</u>	<u>388,129</u>	<u>268,862</u>	<u>12,203,734</u>	<u>-</u>	<u>13,801,457</u>
Total liabilities and fund balances	<u>\$ 3,198,053</u>	<u>112,993</u>	<u>568,129</u>	<u>529,357</u>	<u>12,203,734</u>	<u>592,139</u>	<u>17,204,405</u>

See notes to financial statements.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 13,801,457
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	2,216,664
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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.	(75,273)
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Long-term liabilities, including compensated absences and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds	\$ (10,890,000)	
Early retirement	<u>(152,127)</u>	(11,042,127)

Internal Service fund assets that are to be included with governmental funds.	<u>97,281</u>
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Net assets of governmental activities (Exhibit A)	<u>\$ 4,998,002</u>
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POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Total
Revenues:						
Local sources:						
Local tax	\$ 1,975,382	-	255,194	207,041	337,637	2,775,254
Tuition	322,126	-	-	-	-	322,126
Other	141,951	205,855	4,220	10,137	25,786	387,949
State sources	3,057,264	-	186	148	-	3,057,598
Federal sources	211,396	-	-	-	-	211,396
Total revenues	5,708,119	205,855	259,600	217,326	363,423	6,754,323
Expenditures:						
Current:						
Instruction:	4,137,807	193,661	28,420	-	-	4,359,888
Support services:						
Student services	200,865	-	-	-	-	200,865
Instructional staff services	158,918	-	-	-	-	158,918
Administration services	600,849	-	-	45,795	17,964	664,608
Operation and maintenance of plant services	443,676	-	102,260	-	-	545,936
Transportation services	265,195	-	-	-	-	265,195
	1,669,503	-	102,260	45,795	17,964	1,835,522
Non-instructional programs:						
Community service operations	1,607	-	-	-	-	1,607

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment Levy	Capital Projects	Total
Other expenditures:						
AEA flowthrough	234,021	-	-	-	-	234,021
Facilities acquisition and construction	-	-	-	144,511	448,213	592,724
	<u>234,021</u>	<u>-</u>	<u>-</u>	<u>144,511</u>	<u>448,213</u>	<u>826,745</u>
Total expenditures	<u>6,042,938</u>	<u>193,661</u>	<u>130,680</u>	<u>190,306</u>	<u>466,177</u>	<u>7,023,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(334,819)</u>	<u>12,194</u>	<u>128,920</u>	<u>27,020</u>	<u>(102,754)</u>	<u>(269,439)</u>
Other financing sources:						
Proceeds from issuance of general obligation bonds	-	-	-	-	10,890,000	10,890,000
Premium on issuance of bonds	-	-	-	-	13,197	13,197
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,903,197</u>	<u>10,903,197</u>
Net change in fund balance	<u>(334,819)</u>	<u>12,194</u>	<u>128,920</u>	<u>27,020</u>	<u>10,800,443</u>	<u>10,633,758</u>
Fund balances beginning of year (as restated)	<u>1,164,936</u>	<u>98,421</u>	<u>259,209</u>	<u>241,842</u>	<u>1,403,291</u>	<u>3,167,699</u>
Fund balances end of year	<u>\$ 830,117</u>	<u>110,615</u>	<u>388,129</u>	<u>268,862</u>	<u>12,203,734</u>	<u>13,801,457</u>

See notes to financial statements.

POCAHONTAS AREA 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, 2009

Net change in fund balances - total governmental funds (Exhibit E)	\$ 10,633,758
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**Amounts reported for governmental activities in the State 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 Net 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:

Expenditures for capital assets	\$ 590,426	
Depreciation expense	<u>(180,669)</u>	409,757

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

(75,273)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.

(10,890,000)

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

Early retirement additions	(152,127)
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Internal Service Fund transactions are not reported in the General Fund as revenues and expenditures, however the General Fund is the source of these revenues and use of the expenditures.

(50,875)

Change in net assets of governmental activities (Exhibit B)	<u>\$ (124,760)</u>
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POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2009

	Enterprise Funds			Governmental Activities
	School Nutrition	Discovery Day Care	Total	Internal Service
Assets				
Cash and pooled investments	\$ 41,173	2,613	43,786	97,281
Other receivables	6,036	-	6,036	-
Inventories	14,787	-	14,787	-
Capital assets, net of accumulated depreciation	2,685	-	2,685	-
Total assets	<u>64,681</u>	<u>2,613</u>	<u>67,294</u>	<u>97,281</u>
Liabilities:				
Accounts payable	9,644	-	9,644	-
Net assets				
Invested in capital assets, net of related debt	2,685	-	2,685	-
Reserved for employee benefits	-	-	-	97,281
Unrestricted	52,352	2,613	54,965	-
Total net assets	<u>\$ 55,037</u>	<u>2,613</u>	<u>57,650</u>	<u>97,281</u>

See notes to financial statements.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	Enterprise Funds			Governmental Activities
	School Nutrition	Discovery Day Care	Total	Internal Service
Operating revenue:				
Local sources:				
Charges for services	\$ 146,230	77,730	223,960	676,178
Operating expenses:				
Non-instructional programs:				
Food service operations:				
Salaries	81,505	-	81,505	-
Benefits	36,674	-	36,674	-
Services	3,323	-	3,323	-
Supplies	181,048	-	181,048	-
Depreciation	2,170	-	2,170	-
Total operating expenses	304,720	-	304,720	-
Community service programs:				
Salaries	-	65,480	65,480	-
Benefits	-	9,189	9,189	-
Services	-	93,606	93,606	-
Supplies	-	21,736	21,736	-
	-	190,011	190,011	-
Internal service programs:				
Benefits	-	-	-	727,053
Total operating expenses	304,720	190,011	494,731	727,053
Operating (loss)	(158,490)	(112,281)	(270,771)	(50,875)
Non-operating revenues:				
Interest income	224	26	250	-
Contributions	-	114,868	114,868	-
State sources	3,030	-	3,030	-
Federal sources	148,892	-	148,892	-
	152,146	114,894	267,040	-
Change in fund net assets	(6,344)	2,613	(3,731)	(50,875)
Net assets beginning of year	61,381	-	61,381	148,156
Net assets end of year	\$ 55,037	2,613	57,650	97,281

See notes to financial statements.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2009

	School Nutrition	Discovery Day Care	Total	Governmental Activities Internal Service
Cash flows from operating activities:				
Cash received from sale of services	\$ 140,229	77,730	217,959	676,178
Cash payments to employees for services	(118,179)	(74,669)	(192,848)	(727,053)
Cash payments to suppliers for goods or service.	(158,881)	(115,342)	(274,223)	-
Net cash (used by) operating activities	(136,831)	(112,281)	(249,112)	(50,875)
Cash flows from non-capital financing activities:				
State grants received	3,030	114,868	117,898	-
Federal grants received	127,856	-	127,856	-
Net cash provided by non-capital financing activities	130,886	114,868	245,754	-
Cash flows from capital financing activities				
Capital contributions	-	114,868	114,868	-
Cash flows from investing activities:				
Interest on investments	224	26	250	-
Net (decrease) in cash and cash equivalents	(5,721)	117,481	111,760	(50,875)
Cash and cash equivalents beginning of year	46,894	-	46,894	148,156
Cash and cash equivalents end of year	\$ 41,173	117,481	158,654	97,281
Reconciliation of operating (loss) to net cash used by operating activities:				
Operating (loss)	\$ (158,490)	(112,281)	(270,771)	(50,875)
Adjustments to reconcile operating (loss) to cash (used by) operating activities:				
Depreciation expense	2,170	-	2,170	-
Commodities used	21,036	-	21,036	-
Decrease in other receivables	(6,001)	-	(6,001)	-
Decrease in inventory	(5,190)	-	(5,190)	-
Increase in accounts payable	9,644	-	9,644	-
	\$ (136,831)	(112,281)	(249,112)	(50,875)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$21,036.

See notes to financial statements.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

		-
	Private Purpose Trusts	Agency Funds Sports Boosters
Assets		
Cash and pooled investments	\$ 9,772	26,023
Liabilities		
Other payables	-	26,023
Net Assets		
Reserved for special purposes	\$ 9,772	-

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	<u>Private Purpose Trust Fund</u>
Additions:	
Local sources:	
Miscellaneous	\$ 186
Total additions	<u>186</u>
Deductions:	
Support services:	
Scholarships	<u>600</u>
Change in net assets	(414)
Net assets beginning of year	<u>10,186</u>
Net assets end of year	<u>\$ 9,772</u>

See notes to financial statements.

POCHONTAS AREA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Pocahontas Area Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Pocahontas, Rolfe, Havelock & Plover, Iowa, and agricultural territory in Pocahontas and Palo Alto 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, Pocahontas Area 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. Pocahontas Area Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pocahontas County Assessor's Conference Board.

B. Basis of Presentation

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

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in 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 attributable to the acquisition, construction or improvement of those assets.

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to treat all funds major funds for clarity of presentation.

The District reports the following major governmental funds:

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

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

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

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

The Physical Plant and Equipment Levy is used for the acquisition of capital assets (over \$500) and the maintenance and purchase of land improvements and facilities.

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

The District's major proprietary funds are the Enterprise, School Nutrition Fund and Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the District's medical insurance plan.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund 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 non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. 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 become 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

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

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

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

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

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

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

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, 2009 expenditures exceeded the amount budgeted in the non-instructional programs and other expenditures functions. The District did not exceed its General Fund unspent authorized budget.

2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 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, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$11,555,577</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

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

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 143,945	-	-	143,945
Construction in progress	-	466,177	-	466,177
Land	143,945	466,177	-	610,122
Capital assets being depreciated:				
Site Improvements	330,411	7,470	-	337,881
Buildings	3,445,085	-	-	3,445,085
Furniture and Equipment	2,642,983	116,779	-	2,759,762
Total capital assets being depreciated	6,418,479	124,249	-	6,542,728
Less accumulated depreciation for:				
Site Improvements	275,052	16,893	-	291,945
Buildings	2,097,967	68,901	-	2,166,868
Furniture and Equipment	2,382,498	94,875	-	2,477,373
Total accumulated depreciation	4,755,517	180,669	-	4,936,186
Total capital assets being depreciated, net	1,662,962	(56,420)	-	1,606,542
Governmental activities, capital assets, net	\$ 1,806,907	409,757	-	2,216,664
Business type activities:				
Furniture and equipment	\$ 37,092	-	-	37,092
Less accumulated depreciation	32,237	2,170	-	34,407
Business type activities capital assets, net	\$ 4,855	(2,170)	-	2,685
Depreciation expense was charged to the following functions:				
Governmental activities:				
Unallocated				\$ 180,669
				\$ 180,669
Business Type activities				
Food service operations				\$ 2,170
				\$ 2,170

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$249,848, \$224,788, and \$201,803 respectively, equal to the required contributions for each year.

(5) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$234,021 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(6) Commitments

In December, 2008, the voters of the District approved a \$10,890,000 bond issue for constructing a major addition to the existing middle school/high school. As of June 30, 2010, the general obligation bonds had been sold, but no bids had been accepted. Bids totaling \$8,800,642 were awarded in July, 2009. \$466,177 of preparation costs had been incurred at June 30, 2009 and are included in construction in progress in Note 3.

In July 2009, the District approved a \$155,520 of computer purchases.

In September 2009, the District approved a \$360,000 Rural Economic Development Loan for the purchase of equipment.

(7) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

	<u>General Obligation Bond</u>	<u>Early Retirement Payable</u>	<u>Total</u>
Balance beginning of year	\$ -	-	-
Additions	10,890,000	152,127	11,042,127
Reductions	-	-	-
Balance end of year	<u>\$10,890,000</u>	<u>152,127</u>	<u>11,042,127</u>

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of May 1, 2009</u>			
	<u>Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	4.00%	\$ 451,639	340,000	791,639
2011	4.00	438,039	355,000	793,039
2012	4.00	423,839	370,000	793,839
2013	4.00	409,039	390,000	799,039
2014	4.00	393,439	405,000	798,439
2015-2019	4.00	1,707,594	2,345,000	4,052,594
2020-2024	4.00-4.20	1,190,864	2,955,000	4,145,864
2025-2029	4.25-4.50	508,396	3,730,000	4,238,396
Total		<u>\$5,522,849</u>	<u>10,890,000</u>	<u>16,412,849</u>

Required Supplementary Information

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 3,485,329	339,078	3,824,407	3,880,548	3,880,548	(56,141)
State sources	3,057,598	3,030	3,060,628	3,312,963	3,312,963	(252,335)
Federal sources	211,396	148,892	360,288	330,000	330,000	30,288
Total revenues	6,754,323	491,000	7,245,323	7,523,511	7,523,511	(278,188)
Expenditures/Expenses:						
Instruction	4,359,888	-	4,359,888	5,693,343	5,693,343	1,333,455
Support services	1,835,522	-	1,835,522	3,052,260	3,052,260	1,216,738
Non-instructional programs	1,607	494,731	496,338	359,482	359,482	(136,856)
Other expenditures	826,745	-	826,745	759,654	759,654	(67,091)
Total expenditures/expenses	7,023,762	494,731	7,518,493	9,864,739	9,864,739	2,346,246
Excess (deficiency) of revenues over (under) expenditures/expenses	(269,439)	(3,731)	(273,170)	(2,341,228)	(2,341,228)	2,068,058
Other financing sources (uses)	10,903,197	-	10,903,197	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	10,633,758	(3,731)	10,630,027	(2,341,228)	(2,341,228)	2,068,058
Balance beginning of year	3,167,699	61,381	3,229,080	3,442,187	3,442,187	(213,107)
Balance end of year	\$ 13,801,457	57,650	13,859,107	1,100,959	1,100,959	1,854,951

See accompanying independent auditor's report.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

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

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

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

During the year ended June 30, 2009, expenditures exceeded the amounts budgeted in the non-instructional programs and other expenditures functions. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Concessions	-	10	10	-
Computer Supplies	393	-	-	393
Graduated Classes	6,253	-	-	6,253
Class of 2008	1,577	-	-	1,577
Class of 2009	3,686	142	2,894	934
Class of 2010	100	14,486	12,254	2,332
Class of 2011	183	205	277	111
Class of 2012	-	235	94	141
Towel Fee	483	30	513	-
Locker Rent	2,411	285	787	1,909
Board of Education	398	640	931	107
Mock Trial	217	1,029	414	832
Pop/Juice - Vending	4,302	4,008	6,409	1,901
Administrative Resale	61	-	61	-
Vocal Music	1,287	1,552	2,256	583
Instrumental Music	3,629	5,815	3,818	5,626
Band Uniforms	1,136	660	1,426	370
Band Insurance	686	-	-	686
Drill Team	3,461	9,324	9,019	3,766
Football	145	12,184	11,287	1,042
Activity Trips	208	-	208	-
Cheerleaders	1,948	2,343	3,080	1,211
Weight Training	187	250	-	437
Golf	-	1,596	1,596	-
Basketball	1,341	11,095	7,812	4,624
Boys Basketball Camp	581	3,478	3,257	802
Volleyball	-	2,988	1,908	1,080
Softball/Baseball	-	10,126	10,126	-
Softball Trips	589	908	844	653
Track	-	7,745	5,173	2,572
Track Trip - Boys	298	681	733	246
Track Trip - Girls	2,369	278	420	2,227
Cross Country	-	1,011	1,011	-
Wrestling	-	6,722	6,722	-
Activity Tickets	-	10,807	8,374	2,433
Activity Tickets/Senior Citizens	982	190	-	1,172
Wrestling Mothers	6,417	8,430	7,179	7,668
Football Camp	2,366	7,168	8,366	1,168
Athletic Resale	615	287	287	615
Volleyball Camp	402	280	-	682

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
District Football	-	231	231	-
Girls Basketball Camp	-	2,523	331	2,192
Marketing Class	28	-	-	28
Cross Country Special Fund	644	-	583	61
Trading Post Store	467	15,007	14,397	1,077
Science Club	47	-	-	47
Art Club	236	-	-	236
Mystery Photo Contest	50	-	-	50
Student Council	537	100	473	164
Character Education	-	251	160	91
FFA	5,139	17,365	16,543	5,961
Home Ec Club	14	-	-	14
Home Ec Resale	49	447	443	53
Spanish Club	192	-	-	192
Annual	2,720	8,690	10,388	1,022
Softball Concessions	8,843	5,450	5,359	8,934
Baseball Concessions	8,085	5,967	9,189	4,863
Newspaper	7	-	-	7
Dramatics	-	1,250	1,250	-
National Honor Society	-	284	228	56
Jr High Math	93	-	-	93
Softball Parents	3,777	-	-	3,777
Elementary Sunshine Fund	118	745	635	228
Energy and Power Class	300	-	-	300
Swing Choir	-	450	-	450
Mentoring Program	45	-	-	45
Task Force Fund	155	824	823	156
MS Concessions	785	-	-	785
Jump Rope for Heart	559	4,963	1,963	3,559
HS Take Charge for Education	1,379	645	340	1,684
Schwig Marketing	1,713	1,000	-	2,713
MS Take Charge for Education	209	326	401	134
Carnival	3,962	1,812	1,147	4,627
After Prom Party	1,519	8,183	7,852	1,850
Interest	8,038	2,354	1,379	9,013
Total	<u>98,421</u>	<u>205,855</u>	<u>193,661</u>	<u>110,615</u>

See accompanying independent auditor's report.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

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

For the Last Six Years

	Modified Accrual Basis					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 2,775,254	2,698,079	2,741,371	2,860,784	2,427,585	2,517,174
Tuition	322,126	256,959	306,267	299,640	272,844	372,820
Other	387,949	438,379	452,789	474,365	647,988	469,473
State sources	3,057,598	3,131,561	2,892,756	2,977,811	3,044,235	2,770,916
Federal sources	211,396	156,493	195,572	194,882	246,869	208,871
Total	<u>\$ 6,754,323</u>	<u>6,681,471</u>	<u>6,588,755</u>	<u>6,807,482</u>	<u>6,639,521</u>	<u>6,339,254</u>
Expenditures:						
Instruction	\$ 4,359,888	4,241,245	3,924,140	4,082,812	4,178,727	4,429,520
Support services:						
Student	200,865	195,476	185,746	210,223	216,071	221,500
Instructional staff	158,918	182,084	177,872	171,911	263,801	105,627
Administration	664,608	616,079	702,218	660,310	587,190	599,322
Operation and maintenance of plant	545,936	557,945	529,866	572,294	917,113	502,100
Transportation	265,195	285,589	320,268	280,330	252,082	297,064
Non-instructional programs	1,607	6,037	2,824	4,037	2,790	5,165
Other expenditures:						
Debt Service:						
Principal	-	-	-	-	24,457	54,459
Interest	-	-	-	-	612	3,274
Facilities acquisition	592,724	154,854	112,518	359,164	-	182,124
AEA flowthrough	234,021	230,198	225,342	219,447	222,156	226,294
Total	<u>\$ 7,023,762</u>	<u>6,469,507</u>	<u>6,180,794</u>	<u>6,560,528</u>	<u>6,664,999</u>	<u>6,626,449</u>

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

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

Member:

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

Services:

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

Plus:

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

To the Board of Education of the
Pocahontas Area 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 Pocahontas Area Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pocahontas Area 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 Pocahontas Area Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pocahontas Area 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies including deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Pocahontas Area Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Pocahontas Area Community School District's financial statements that is more than inconsequential will not be prevented or detected by Pocahontas Area Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Pocahontas Area Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items I-A-09 and I-B-09, to be material weaknesses.

Compliance and Other Matters

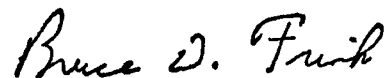
As part of obtaining reasonable assurance about whether Pocahontas Area Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could 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. We noted immaterial instances of non-compliance or other matters to be 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, 2009 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.

Pocahontas Area 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 Pocahontas Area 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 Pocahontas Area Community School District and other parties to whom Pocahontas Area 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 Pocahontas Area Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

March 25, 2010

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 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. We have noted the duties of the individual include: 1) preparation of checks, signing of checks, recording the transactions in the journals, and reconciling the bank; 2) receiving cash receipts, preparing the receipt, making up the bank deposit, and recording the transaction in the journals.

Recommendation - We realize with a limited number of administrative employees, segregation of duties to eliminate incompatible duties is difficult. We also realize the job description, as defined by the Code of Iowa, of certain members of the administrative staff make the segregations even more difficult and the elimination of the possibility of administrative override of the system improbable. However, we feel the board and administration should review these policies annually and with each personnel change to insure the best possible control climate is maintained.

Response - We will investigate possible alternatives to this situation.

Conclusion - Response accepted.

I-B-09 Auditor Drafting of the Financial Statements and Related Footnote Disclosures

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

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

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

Conclusion - Response accepted.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, exceeded the certified budget amounts in the non-instructional programs and other expenditures functions.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed budget.
- Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion - Response accepted.
- II-B-09 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-09 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-09 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-09 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-09 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- II-G-09 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-H-09 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-I-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

POCAHONTAS AREA COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

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

II-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$ -
Statewide sales and services tax revenue	337,637
Expenditures/transfers out:	
School infrastructure:	
Building	<u>(337,637)</u>
Ending balance	\$ <u>-</u>