

MOUNT VERNON COMMUNITY SCHOOL DISTRICT
MOUNT VERNON, IOWA

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

JUNE 30, 2009

TABLE OF CONTENTS

	Page
OFFICIALS	4
INDEPENDENT AUDITOR’S REPORT	5-6
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	7-16
BASIC FINANCIAL STATEMENTS	
Exhibit	
District-Wide Financial Statements:	
A Statement of Net Assets	18-19
B Statement of Activities	20-23
Governmental Fund Financial Statements:	
C Balance Sheet	24
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	25
E Statement of Revenues, Expenditures and Changes in Fund Balances	26-27
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	28
Proprietary Fund Financial Statements:	
G Statement of Net Assets	29
H Statement of Revenues, Expenses and Changes in Net Assets	30
I Statement of Cash Flows	31-32
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Net Assets	33
K Statement of Changes in Fiduciary Net Assets	34
Notes to Financial Statements	35-47
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds	50
Notes to Required Supplementary Information – Budgetary Reporting	51
OTHER SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Combining Balance Sheet	54
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	55
Nonmajor Enterprise Funds:	
3 Combining Schedule of Net Assets	56
4 Combining Schedule of Revenues, Expenses and Changes in Net Assets	57
5 Combining Schedule of Cash Flows	58-59
6 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	60-62
7 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	63
8 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	64
9 Schedule of Expenditures of Federal Awards	65-66
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	67-68

TABLE OF CONTENTS
(continued)

	Page
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	69-70
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	71-76

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2008 Election)		
Thomas Wieseler	President	2009
Bob Penn	Vice President	2008
Ann Stoner	Board Member	2008
John Cochrane	Board Member	2009
Paul Morf	Board Member	2009
Deb Herrmann	Board Member	2011
Jeff Walberg	Board Member	2011
<u>Board of Education</u>		
(After September 2008 Election)		
Thomas Wieseler	President	2009
Bob Penn	Vice President	2011
John Cochrane	Board Member	2009
Paul Morf	Board Member	2009
Deb Herrmann	Board Member	2011
Jeff Walberg	Board Member	2011
Ann Stoner	Board Member	2011
<u>School Officials</u>		
Jeff Schwiebert	Superintendent	2009
Matt Burke	District Secretary/Treasurer	2009
Guy Booth	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Mount Vernon 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 Mount Vernon Community School District, 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 the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 Mount Vernon 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 accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2009 on our consideration of Mount Vernon Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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.

The Management's Discussion and Analysis and Budgetary Comparison Information on pages 7 through 16 and 50 through 51 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 Mount Vernon 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 four years ended June 30, 2008 (which are not presented herein). For the three years ended June 30, 2008, we expressed unqualified opinions on those financial statements. For the year ended June 30, 2005, we expressed an adverse opinion on the financial statements due to the omission of the discretely presented component unit and unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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.

Oskaloosa, Iowa
November 25, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mount Vernon 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 \$9,864,340 in fiscal 2008 to \$10,329,676 in fiscal 2009, while General Fund expenditures increased from \$9,520,669 in fiscal 2008 to \$10,368,750 in fiscal 2009. The District's General Fund balance decreased from \$567,638 in fiscal 2008 to \$529,070 in fiscal 2009, a 7% decrease.
- The increase in General Fund revenues was primarily attributable to an increase in state aid and an increase to the State of Iowa funding for the teacher salary improvement program. The increase in General Fund expenditures was due primarily to an increase in the negotiated salary and benefits and an increase in the expenditures related to the increased funding from the State of Iowa teacher salary improvement program.
- In August of 2008, the School Board approved a renewal of a 10% instructional support levy for a five year period beginning July 1, 2011.
- In 2009 the District completed work on facility renovation projects at the elementary school and the middle school primarily for the replacement of the roofs.

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 Mount Vernon 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 Mount Vernon Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The Fiduciary Fund statements provide financial information about activities for which Mount Vernon 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 nonmajor Special Revenue Funds.

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

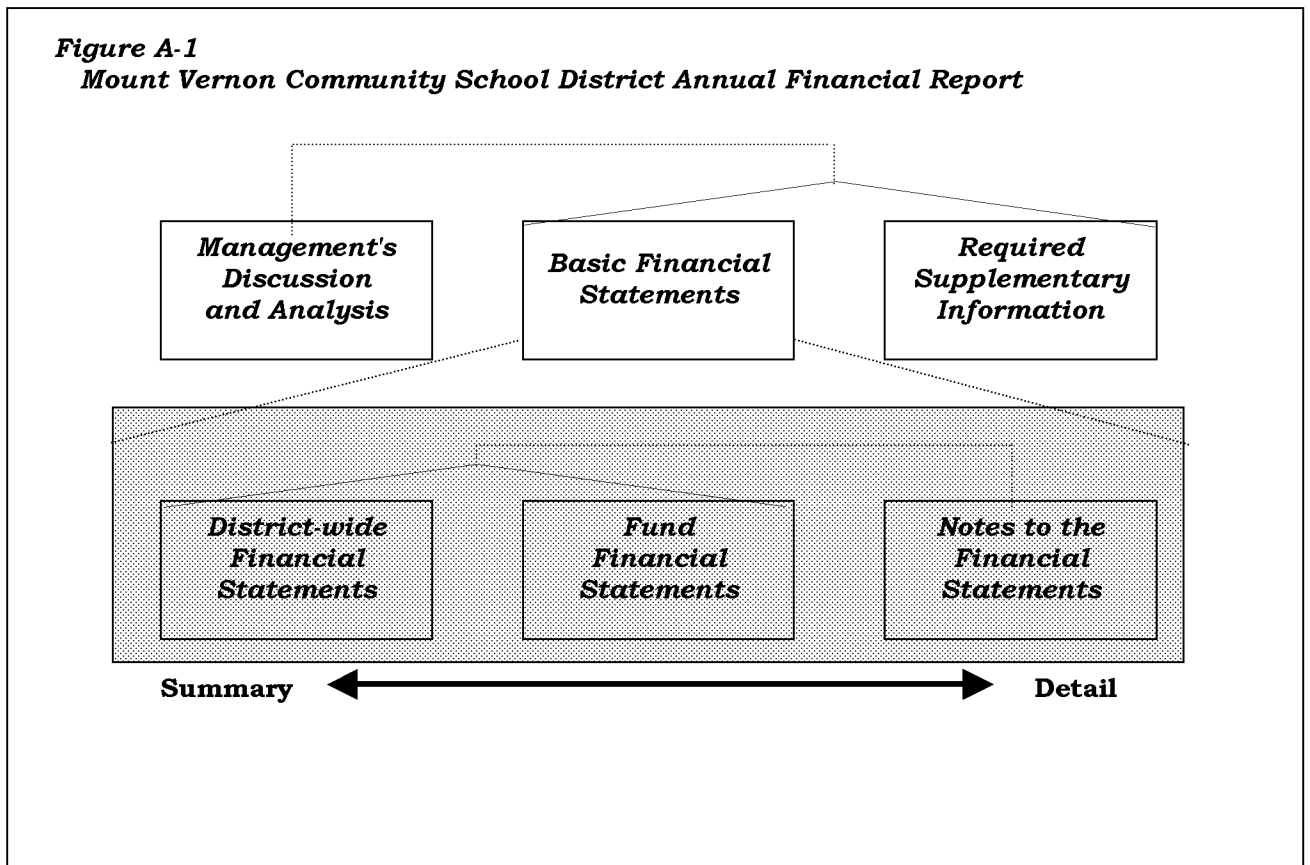


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and 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.

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 governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

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

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

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds – These are funds through which the District administers and accounts for employee wellness program funds.

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 includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 as compared to June 30, 2008.

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

	Governmental Activities June 30,		Business type Activities June 30,		Total District June 30,		Total Change June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$7,682	\$9,008	\$88	\$98	\$7,770	\$9,106	-\$1,336
Capital assets	18,124	16,805	153	170	18,277	16,975	1,302
Total assets	25,806	25,813	241	268	26,047	26,081	-34
Long-term liabilities	11,405	12,035	-	-	11,405	12,035	-630
Other liabilities	4,670	4,871	22	19	4,692	4,890	-198
Total liabilities	16,075	16,906	22	19	16,097	16,925	-828
Net assets:							
Invested in capital assets, Net of related debt	6,719	6,714	153	171	6,872	6,885	-13
Restricted	2,219	1,368	-	-	2,219	1,368	851
Unrestricted	793	824	66	78	859	902	-43
Total net assets	9,731	8,906	219	249	9,950	9,155	795

The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is 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.

Unrestricted net assets represent 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.

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

Figure A-4
Changes in Net Assets
(Expressed in Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business type</u> <u>Activities</u>		<u>Total</u> <u>District</u>		<u>Total</u>
	<u>June 30,</u> <u>2009</u>	<u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>2008</u>	<u>Change</u> <u>June 30,</u> <u>2008-2009</u>
Revenues:							
Program revenues:							
Charges for service	\$1,880	1,842	\$532	\$509	2,412	\$2,351	2.6%
Operating grants, contributions and restricted interest	1,660	1,371	133	127	1,793	1,498	19.7%
Capital grants, contributions and restricted interest	66	-	-	-	66	-	100.0%
General revenues:							
Property tax	3,287	3,268	-	-	3,287	3,268	0.6%
Local option sales and service tax	950	981	-	-	950	981	-3.2%
Unrestricted state grants	4,604	4,361	-	-	4,604	4,361	5.6%
Unrestricted investment earnings	62	121	1	2	63	123	-48.8%
Other	458	366	-	-	458	366	25.1%
Total revenues	12,967	12,310	666	638	13,633	12,948	5.3%
Program expenses:							
Governmental activities:							
Instruction	7,160	6,532	-	-	7,160	6,532	9.6%
Support services	3,571	3,216	-	-	3,571	3,216	11.0%
Non-instructional programs	-	-	696	683	696	683	1.9%
Other expenses	1,411	1,194	-	-	1,411	1,194	18.2%
Total expenses	12,142	10,942	696	683	12,838	11,625	10.4%
Change in net assets	\$825	1,368	(30)	\$(45)	795	\$1,323	-39.9%

Property tax and unrestricted state grants account for 61% of the total governmental activities revenue. The District's expenses primarily relate to instruction and support services, which account for 88% of the total governmental activities expenses.

Overall net assets increased \$795,004 for the current year.

Governmental Activities

Revenues for governmental activities were \$12,966,914 and expenses were \$12,142,062.

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.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services		Net Cost of Services	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Instruction	\$6,532	7,160	4,104	4,436
Support services	3,216	3,571	2,787	3,135
Non-instructional programs	-	-	-	-
Other expenses	1,194	1,411	838	965
Totals	\$10,942	12,142	7,729	8,536

The cost financed by users of the District's programs was \$1,880,309.

- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,659,840.
- The net cost of governmental activities was financed with \$4,597,901 in property and other taxes and \$4,604,334 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$666,260 and expenses were \$696,108. The District's business type activities include the School Nutrition Fund and Daycare Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2009, the School Board approved an increase in meal prices for the 2008-2009 fiscal year to offset increasing food costs in the Nutrition Program.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,810,435 as compared to last year's ending fund balances of \$3,894,455. The primary reason for the decrease was the increase in facilities renovation expenditures.

Governmental Fund Highlights

- General Fund revenues increased from \$9,864,340 in fiscal 2008 to \$10,329,676 in fiscal 2009, while General Fund expenditures increased from \$9,520,669 in fiscal 2008 to \$10,368,750 in fiscal 2009. The District's General Fund balance decreased from \$567,638 in fiscal 2008 to \$529,070 in fiscal 2009, a 7% decrease.
- The increase in General Fund revenues was primarily attributable to an increase in state aid and an increase to the State of Iowa funding for the teacher salary improvement program. The increase in General Fund expenditures was due primarily to an increase in the negotiated salary and benefits and an increase in the expenditures related to the increased funding from the State of Iowa teacher salary improvement program.
- In August of 2008, the School Board approved a renewal of a 10% instructional support levy for a five year period beginning July 1, 2011.
- In 2009 the District completed work on facility renovation projects at the elementary school and the middle school primarily for the replacement of the roofs.

BUDGETARY HIGHLIGHTS

Over the course of the year, Mount Vernon Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with the safe and drug free schools and communities federal grant. No functional budget areas were exceeded at year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$18.3 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) More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$644,042.

The original cost of the District's capital assets was \$23.5 million, primarily in the governmental funds.

Figure A-6

Capital Assets, net of Depreciation (Expressed in Thousands)

	Governmental Activities June 30, <u>2009</u>		Business type Activities June 30, <u>2008</u>		Total District June 30, <u>2009</u>		Total Change June 30, <u>2008-2009</u>
Land	\$358	298	-	-	358	298	60
Construction in progress	-	1,088	-	-	-	1,088	-1,088
Buildings	17,022	14,727	-	-	17,022	14,727	2,295
Improvements other than buildings	249	177	-	-	249	177	72
Furniture and equipment	495	515	153	170	648	685	-37
Totals	18,124	16,805	153	170	18,277	16,975	1,302

Long-Term Debt

At June 30, 2009, the District had \$11,405,000 in general obligation debt and capital loan notes outstanding. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

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

	Total District June 30, <u>2009</u>		Total Change June 30, <u>2008-2009</u>
General obligation bonds	\$7,320	7,665	(345)
Local sales tax bonds	\$3,170	3,170	-
Energy Loan Notes	430	485	(55)
Capital Loan Notes	485	715	(230)
Totals	11,405	12,035	(630)

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The Iowa Department of Revenue reduced the projected local option sales and services tax receipts for the District based on a slowing down of sales tax receipts in the State economy.

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 Matt Burke, School District Secretary/Treasurer, Mount Vernon Community School District, 525 Palisades Road SW, Mount Vernon, Iowa, 52314.

Basic Financial Statements

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 3,343,601	\$ 73,265	\$ 3,416,866
Receivables:			
Property tax:			
Current year	36,658	-	36,658
Succeeding year	3,535,210	-	3,535,210
Income surtax	282,520	-	282,520
Accounts	4,075	-	4,075
Due from other governments	480,135	9,165	489,300
Inventories	-	5,248	5,248
Capital assets, net of accumulated depreciation (note 5)	18,124,300	153,119	18,277,419
Total assets	25,806,499	240,797	26,047,296
Liabilities			
Accounts payable	186,422	1,284	187,706
Salaries and benefits payable	834,054	10,364	844,418
Accrued interest payable	80,934	-	80,934
Deferred revenue:			
Succeeding year property tax	3,535,210	-	3,535,210
Other	33,558	10,467	44,025
Long-term liabilities (note 6):			
Portion due within one year:			
Bonds payable	745,000	-	745,000
Notes payable	295,000	-	295,000
Portion due after one year:			
Bonds payable	9,745,000	-	9,745,000
Notes payable	620,000	-	620,000
Total liabilities	16,075,178	22,115	16,097,293

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 6,719,300	\$ 153,119	\$ 6,872,419
Restricted for:			
Categorical funding	18,210	-	18,210
Management levy	92,575	-	92,575
Physical plant and equipment levy	101,267	-	101,267
Other special revenue purposes	39,554	-	39,554
Debt service	748,736	-	748,736
Capital projects	1,218,299	-	1,218,299
Unrestricted	<u>793,380</u>	<u>65,563</u>	<u>858,943</u>
Total net assets	<u>\$ 9,731,321</u>	<u>\$ 218,682</u>	<u>\$ 9,950,003</u>

See notes to financial statements.

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 7,160,317	\$ 1,840,448	\$ 883,871	\$ -
Support services:				
Student services	502,479	-	382,800	-
Instructional staff services	466,437	-	18,688	-
Administration services	1,338,216	15,761	-	-
Operation and maintenance of plant services	911,302	14,308	-	-
Transportation services	352,611	2,325	1,630	-
	<u>3,571,045</u>	<u>32,394</u>	<u>403,118</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	99,982	7,467	-	65,501
Long-term debt interest and fiscal charges	487,675	-	-	-
AEA flowthrough	372,851	-	372,851	-
Depreciation (unallocated) *	450,192	-	-	-
	<u>1,410,700</u>	<u>7,467</u>	<u>372,851</u>	<u>65,501</u>
Total governmental activities	<u>12,142,062</u>	<u>1,880,309</u>	<u>1,659,840</u>	<u>65,501</u>
Business-Type Activities:				
Support services:				
Administration services	<u>319</u>	<u>-</u>	<u>-</u>	<u>-</u>

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,435,998)	\$ -	\$ (4,435,998)
(119,679)	-	(119,679)
(447,749)	-	(447,749)
(1,322,455)	-	(1,322,455)
(896,994)	-	(896,994)
(348,656)	-	(348,656)
(3,135,533)	-	(3,135,533)
(27,014)	-	(27,014)
(487,675)	-	(487,675)
-	-	-
(450,192)	-	(450,192)
(964,881)	-	(964,881)
(8,536,412)	-	(8,536,412)
-	(319)	(319)

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities (continued):				
Non-instructional programs:				
Food service operations	\$ 578,815	\$ 434,331	\$ 132,749	\$ -
Daycare operations	78,337	63,491	-	-
Summer daycare operations	38,637	34,402	-	-
	<u>695,789</u>	<u>532,224</u>	<u>132,749</u>	<u>-</u>
Total business-type activities	<u>696,108</u>	<u>532,224</u>	<u>132,749</u>	<u>-</u>
Total	<u>\$ 12,838,170</u>	<u>\$ 2,412,533</u>	<u>\$ 1,792,589</u>	<u>\$ 65,501</u>

General Revenues:

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
 Income surtax
 Statewide sales and services tax
 Unrestricted state grants
 Unrestricted investment earnings
 Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (11,735)	\$ (11,735)
-	(14,846)	(14,846)
-	(4,235)	(4,235)
-	(30,816)	(30,816)
-	(31,135)	(31,135)
(8,536,412)	(31,135)	(8,567,547)
\$ 2,246,755	\$ -	\$ 2,246,755
693,601	-	693,601
346,337	-	346,337
360,725	-	360,725
950,483	-	950,483
4,604,334	-	4,604,334
61,716	1,287	63,003
97,313	-	97,313
9,361,264	1,287	9,362,551
824,852	(29,848)	795,004
8,906,469	248,530	9,154,999
\$ 9,731,321	\$ 218,682	\$ 9,950,003

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and pooled investments	\$ 1,242,221	\$ 452,213	\$ 1,384,432	\$ 264,735	\$ 3,343,601
Receivables:					
Property tax:					
Current year	22,976	8,260	-	5,422	36,658
Succeeding year	2,323,069	688,950	-	523,191	3,535,210
Income surtax	282,520	-	-	-	282,520
Interfund receivable (note 4)	18,905	-	-	-	18,905
Accounts	3,540	-	-	535	4,075
Due from other governments	278,018	-	202,117	-	480,135
Total assets	\$ 4,171,249	\$ 1,149,423	\$ 1,586,549	\$ 793,883	\$ 7,701,104
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 168,978	\$ -	\$ 437	\$ 17,007	\$ 186,422
Salaries and benefits payable	834,054	-	-	-	834,054
Interfund payable (note 4)	-	-	-	18,905	18,905
Deferred revenue:					
Succeeding year property tax	2,323,069	688,950	-	523,191	3,535,210
Other	316,078	-	-	-	316,078
Total liabilities	3,642,179	688,950	437	559,103	4,890,669
Fund balances:					
Reserved for:					
Categorical funding	18,210	-	-	-	18,210
Debt service	-	23,249	-	-	23,249
Local option sales and services tax sinking fund	-	437,224	-	-	437,224
Local option sales and services tax revenue bonds	-	-	317,000	-	317,000
Unreserved, reported in:					
General fund	510,860	-	-	-	510,860
Special revenue funds	-	-	-	234,780	234,780
Capital projects fund	-	-	1,269,112	-	1,269,112
Total fund balances	529,070	460,473	1,586,112	234,780	2,810,435
Total liabilities and fund balances	\$ 4,171,249	\$ 1,149,423	\$ 1,586,549	\$ 793,883	\$ 7,701,104

See notes to financial statements.

MOUNT VERNON 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		\$ 2,810,435
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.		18,124,300
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		282,520
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.		(80,934)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(11,405,000)</u>
Net assets of governmental activities		<u><u>\$ 9,731,321</u></u>

See notes to financial statements.

MOUNT VERNON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 2,485,672	\$ 693,329	\$ 950,483	\$ 467,104	\$ 4,596,588
Tuition	1,470,733	-	36,692	-	1,507,425
Other	109,708	6,002	-	422,666	538,376
State sources	5,701,389	272	-	184	5,701,845
Federal sources	562,174	-	-	-	562,174
Total revenues	<u>10,329,676</u>	<u>699,603</u>	<u>987,175</u>	<u>889,954</u>	<u>12,906,408</u>
Expenditures:					
Current:					
Instruction	6,707,377	-	7,917	342,470	7,057,764
Support services:					
Student services	502,479	-	-	-	502,479
Instructional staff services	376,381	-	117,175	-	493,556
Administration services	1,191,761	-	-	161,987	1,353,748
Operation and maintenance of plant services	897,856	-	-	28,056	925,912
Transportation services	320,045	-	-	84,888	404,933
	<u>3,288,522</u>	<u>-</u>	<u>117,175</u>	<u>274,931</u>	<u>3,680,628</u>
Other expenditures:					
Facilities acquisition	-	-	1,631,754	170,514	1,802,268
Long term debt:					
Principal	-	630,000	-	-	630,000
Interest and fiscal charges	-	446,236	1,187	-	447,423
AEA flowthrough	372,851	-	-	-	372,851
	<u>372,851</u>	<u>1,076,236</u>	<u>1,632,941</u>	<u>170,514</u>	<u>3,252,542</u>
Total expenditures	<u>10,368,750</u>	<u>1,076,236</u>	<u>1,758,033</u>	<u>787,915</u>	<u>13,990,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,074)</u>	<u>(376,633)</u>	<u>(770,858)</u>	<u>102,039</u>	<u>(1,084,526)</u>

MOUNT VERNON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other financing sources (uses):					
Sale of equipment	\$ 506	\$ -	\$ -	\$ -	\$ 506
Interfund transfers in	-	825,197	-	-	825,197
Interfund transfers out	-	-	(570,879)	(254,318)	(825,197)
Total other financing sources (uses)	<u>506</u>	<u>825,197</u>	<u>(570,879)</u>	<u>(254,318)</u>	<u>506</u>
Net change in fund balances	(38,568)	448,564	(1,341,737)	(152,279)	(1,084,020)
Fund balances beginning of year	<u>567,638</u>	<u>11,909</u>	<u>2,927,849</u>	<u>387,059</u>	<u>3,894,455</u>
Fund balances end of year	<u>\$ 529,070</u>	<u>\$ 460,473</u>	<u>\$ 1,586,112</u>	<u>\$ 234,780</u>	<u>\$ 2,810,435</u>

See notes to financial statements.

MOUNT VERNON 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 \$ (1,084,020)

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 Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 1,903,166	
Capital assets contributed by others	60,000	
Depreciation expense	<u>(644,042)</u>	1,319,124

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 630,000

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, however, interest expense is recognized as the interest accrues, regardless of when it is due. (40,252)

Change in net assets of governmental activities \$ 824,852

See notes to financial statements.

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	<u>Nonmajor Enterprise Funds</u>
Assets	
Cash and cash equivalents	\$ 73,265
Due from other governments	9,165
Inventories	5,248
Capital assets, net of accumulated depreciation (note 5)	<u>153,119</u>
Total assets	<u>240,797</u>
Liabilities	
Accounts payable	1,284
Salaries and benefits payable	10,364
Deferred revenue	<u>10,467</u>
Total liabilities	<u>22,115</u>
Net Assets	
Invested in capital assets	153,119
Unrestricted	<u>65,563</u>
Total net assets	<u>\$ 218,682</u>

See notes to financial statements.

MOUNT VERNON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	<u>Nonmajor Enterprise Funds</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>532,224</u>
Operating expenses:	
Support services:	
Administration	319
Non-instructional programs	<u>695,789</u>
	<u>696,108</u>
Operating loss	<u>(163,884)</u>
Non-operating revenues:	
Interest on investments	1,287
State sources	5,923
Federal sources	<u>126,826</u>
Total non-operating revenues	<u>134,036</u>
Change in net assets	(29,848)
Net assets beginning of year	<u>248,530</u>
Net assets end of year	<u>\$ <u>218,682</u></u>

See notes to financial statements.

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	<u>Nonmajor Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 432,560
Cash received from miscellaneous operating activities	100,890
Cash payments to employees for services	(258,302)
Cash payments to suppliers for goods or services	<u>(399,134)</u>
Net cash used by operating activities	<u>(123,986)</u>
Cash flows from non-capital financing activities:	
State grants received	5,923
Federal grants received	<u>118,340</u>
Net cash provided by non-capital financing activities	<u>124,263</u>
Cash flows from investing activities:	
Interest on investments	<u>1,287</u>
Net increase in cash and cash equivalents	1,564
Cash and cash equivalents beginning of year	<u>71,701</u>
Cash and cash equivalents end of year	<u>\$ 73,265</u>

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	<u>Nonmajor Enterprise Funds</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (163,884)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	17,268
Commodities used	8,486
Decrease in interfund receivable	14,613
Decrease in accounts receivable	8,613
(Increase) in due from other governments	(8,262)
(Increase) in inventories	(3,495)
(Decrease) in accounts payable	(1,449)
Increase in salaries and benefits payable	3,248
Increase in deferred revenue	<u>876</u>
Net cash used by operating activities	\$ <u><u>(123,986)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$8,486 of federal commodities.

See notes to financial statements.

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2009

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>917</u>	\$ <u>21,065</u>
Liabilities:		
Accounts payable	-	113
Other payables	<u>-</u>	<u>20,952</u>
Total liabilities	<u>-</u>	<u>21,065</u>
Net assets:		
Reserved for scholarships	\$ <u><u>917</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

MOUNT VERNON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 Year Ended June 30, 2009

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 1,000	
Interest	<u>17</u>	
Total additions		<u>1,017</u>
Deductions:		
Instruction:		
Scholarships awarded		<u>1,000</u>
Change in net assets		17
Net assets beginning of year		<u>900</u>
Net assets end of year	\$	<u><u>917</u></u>
See notes to financial statements.		

MOUNT VERNON COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Mount Vernon Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Mount Vernon, Iowa, and agricultural territory in Johnson, Jones, and Linn 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, Mount Vernon 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. Mount Vernon Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

The District appoints members of the Mount Vernon School Foundation Board, which is considered a related organization.

B. Basis of Presentation

District-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 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.

