$1,305,000 *
Logan-Magnolia Community School District, Iowa
General Obligation School Refunding Bonds
Series 2012

(FAST Closing)
(The Issuer will designate the Bonds as Bank-Qualified as described herein)
(Book Entry Only)
(Parity Bidding Available)

DATE:	Wednesday, April 11, 2012
TIME:	1:30 P.M.
PLACE:	Office of the Superintendent 1200 N. 2^{nd} Ave. Logan, IA 51546-1060
Telephone:	(712)644-2250
Fax:	(712)644-2934

* Preliminary, subject to change

PiperJaffray®

3900 Ingersoll Ave., Suite 110
Des Moines, IA 50312
515/247-2340

OFFICIAL BID FORM

TO: Board of Directors of the Logan-Magnolia Community School District, Iowa (the "Issuer")

Re: $1,305,000 General Obligation School Refunding Bonds, dated June 5, 2012, of the Issuer (the "Bonds")

For all or none of the above Bonds, in accordance with the notice of sale, we will pay you $____________________ (not less than 99.20% par) and accrued interest to date of delivery for Bonds bearing interest rates and maturing on June 1 in each of the stated years as follows:

Coupon	Yield	Due	Coupon	Yield	Due
__________	________	2015	__________	________	2020
__________	________	2016	__________	________	2021
__________	________	2017	__________	________	2022
__________	________	2018	__________	________	2023
__________	________	2019			

________ We hereby elect to have the following issued as term bonds:

Principal Amount	Month and Year (Inclusive)	Maturity Month and Year
$______________	________________ to ________________	________________
$______________	________________ to ________________	________________
$______________	________________ to ________________	________________
$______________	________________ to ________________	________________

Subject to mandatory redemption requirement in the amounts and at the times shown above

__________ We will not elect to have any bonds issued as term bonds

This bid is for prompt acceptance and for delivery of said Bonds to use in compliance with the Official Terms of Offering of General Obligation School Refunding Bonds, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:$_____________________________ TRUE INTEREST RATE _________________________%
(Computed from the dated date)

___________________________ ____________________________________
Account Manager Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the Logan-Magnolia Community School District, in the County of Harrison, State of Iowa, this 11th day of April, 2012.

ATTEST: ______________________________________ __________________________________
District Secretary Board President

___

* Preliminary, subject to change

OFFICIAL TERMS OF OFFERING

This section sets forth the description of certain of the terms of the Bonds as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Bonds. The Bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL REFUNDING BONDS, in the principal amount of $1,305,000 * dated April 1, 2012 in the denomination of $5,000 or multiples thereof, and maturing as shown on the front page of the official statement

* Adjustment to Principal Amount After Determination of Best Bid Each scheduled maturity of the Bonds are subject to increase or decrease. Such adjustments shall be made promptly after the sale and prior to the award of bids by the issuer and shall be in the sole discretion of the Issuer. The Issuer shall only make such adjustments in order to size the Bonds to provide enough funds to refinance the outstanding Bonds and pay costs of issuance. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering yield and Initial Reoffering price on each maturity of the Bonds (said price shall be calculated to the date as indicated by the Issuer).

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Bonds, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's financial advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Issuer (not including accrued interest), less any bond insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule.

The Successful Bidder may not withdraw or modify its bid once submitted to the Issuer for any reason, including post bond adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Optional Redemption: The Bonds maturing after June 1, 2019, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable on December 1, 2012, and semiannually on the 1st day of June and December thereafter. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Book Entry System: The Bonds will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Bonds will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of $13,050 for the Bonds, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Financial Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimilie and email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser ("Purchaser"), and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 99.20% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified on the front cover of the preliminary official statement. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of Superintendent, Logan-Magnolia Community School District, 1200 N. 2nd Ave., Logan, Iowa .

Internet Bidding: Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at the phone number listed on the front cover of this Preliminary Official Statement. Electronic facsimile bids will be sealed and treated as sealed bids. Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to the appointed time, and that the bid is sent to the telecopier number set forth above. The Financial Advisor will, in no instance correct, alter, or in any way change bids submitted through facsimile transmission. Neither the Issuer nor its agents will be responsible for bids submitted by facsimile transmission not received in accordance with the provisions of this Official Terms of Offering. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Neither the Issuer nor its agents will assume liability for the inability of the bidder to reach the above name fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator.

Rates of Interest: The rates of interest specified in the bidder's proposal must conform to the limitations following:

All Bonds of each annual maturity must bear the same interest rate.

Rates of interest bid may be in multiples of 1/8th,1/20th, or 1/100th of 1%.

Rates must be in level or ascending order.

Delivery: The Bonds will be delivered to the Purchaser via FAST delivery with the Paying Agent holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. (When the Bonds are ready for delivery, the Issuer may give the successful bidder five working days notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidder has failed to comply with the offer of purchase.)

Certificate of Purchaser: The Purchaser will be required to certify to the Issuer immediately after the opening of bids: (i) the initial public offering price of each maturity of the Bonds (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds (not less than 10% of each maturity) were sold to the public; or (ii) if less than 10% of any maturity has been sold, the price for that maturity determined as of the time of the sale based upon the reasonably expected initial offering price to the public; and (iii) that the initial public offering price does not exceed their fair market value of the Bonds on the sale date. The purchaser will also be required to provide a certificate satisfactory to the Issuer and Bond Counsel at closing confirming the information required by this paragraph.

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the Official Statement and the addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Bonds. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Bonds shall not be cause for the purchaser to refuse to accept delivery of the Bonds. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement and in the Official Notice of Sale. Neither the Issuer nor its Financial Consultant will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided on annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

The Issuer has never failed to comply with the Rule.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Bonds qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Bonds from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Issuance Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Issuance Resolution or other issuance documents without prior Issuer consent, in its sole discretion. Either the purchaser or the insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to pay any future continuing disclosure costs of the Issuer associated with any rating changes assigned to the municipal bond insurer after closing (for example, if there is a rating change on the municipal bond insurer that require a material event notice filing by the Issuer, the purchaser or the municipal bond insurer must agree to pay the reasonable costs associated with such filing). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 15, 2012

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE - DTC BOOK ENTRY ONLY

Subject to compliance by the Issuer with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present laws, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purpose; (ii) is not an item of tax preference in computing the federal alternative minimum tax for individuals and corporations; and (iii) is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present Iowa income taxes. The Bonds will be designated as "qualified tax exempt obligations." See "**THE BONDS – Tax Matters**" *herein.*

$1,305,000 *
Logan-Magnolia Community School District, Iowa
General Obligation School Refunding Bonds
Series 2012

Dated: June 5, 2012

The General Obligation School Refunding Bonds described above (the "Bonds") are issuable as fully registered Bonds in the denomination of $5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by Bankers Trust Company as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning December 1, 2012 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2019 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

MATURITY SCHEDULE

Bonds Due	Amount*	Rate *	Yield *	Cusip #'s **	Bonds Due	Amount*	Rate *	Yield *	Cusip #'s **
June 1, 2015	$155,000			541041 EC9	June 1, 2020	$140,000			541041 EH8
June 1, 2016	135,000			541041 ED7	June 1, 2021	150,000			541041 EJ4
June 1, 2017	140,000			541041 EE5	June 1, 2022	150,000			541041 EK1
June 1, 2018	140,000			541041 EF2	June 1, 2023	155,000			541041 EL9
June 1, 2019	140,000			541041 EG0					

$____ _____% Term bond due _______, priced to yield _______, CUSIP # _____________**

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery on or about June 5, 2012. The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

The Date of this Official Statement is ______, 2012

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* *Preliminary, subject to change*

** *CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.*

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The Issuer considers the Official Statement to be “near final” within the meaning of Rule 15c2-12 of the Securities Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

FORWARD-LOOKING STATEMENTS

This Official Statement, including Appendix A, contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “plan,” “expect,” “estimate,” “budget” or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

OFFICIAL STATEMENT
$1,305,000 *
GENERAL OBLIGATION SCHOOL REFUNDING BONDS
LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT, IOWA
SERIES 2012

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Logan-Magnolia Community School District, Iowa (the "Issuer"), in connection with the sale of the Issuer's General Obligation School Refunding Bonds (the "Bonds"). The Bonds are being issued to provide for the crossover refunding of the District's outstanding General Obligation School Bonds, dated August 1, 2003. See "**THE BONDS - Sources and Uses of Funds**" herein.

This Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against all of the property valuation of the Issuer. See "**THE BONDS - Sources and Uses of Funds**" herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

THE BONDS

General

The Bonds are dated as of June 5, 2012 and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 1, 2012, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Bonds are being issued pursuant to the Code of Iowa, 2011, as amended, Chapter 298.

Book Entry Only System

The following information concerning The Depository Trust Company ("DTC"), New York, New York and DTC's book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The Depository Trust Company ("DTC"), New York, NY will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of new York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S equity, corporate and municipal debt issues and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participations include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, national Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relation ship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered in the transaction. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to taken certain steps to augment transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices by provided directly to them.]

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participants in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Security certificates will be printed and delivered to DTC.

The Issuer cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest and premium, if any, on the Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer nor the Paying Agent/Trustee will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as a Bondholder.

Transfer and Exchange

In the event that the Book Entry System is discontinued, any Bond may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Registrar shall execute and deliver a new Bond or Bonds of the same maturity, interest rate, and aggregate principal amount.

Bonds may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Bonds which have been selected for prepayment and is not required to transfer or exchange any Bonds during the period beginning 15 days prior to the selection of Bonds for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Bonds surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

Prepayment

<u>Optional Prepayment</u>: The Bonds maturing after June 1, 2019, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

<u>Notice of Prepayment.</u> Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give notice by ordinary mail not less than thirty (30) days prior to the redemption date to each registered owner thereof.

<u>Mandatory Sinking Fund Redemption</u> The Bonds maturing on _______are subject to mandatory redemption (by lot, as selected by the Registrar) on ____ 1 and _______ in each of the years _____ through _____ at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

____ Term Bond

Mandatory Sinking Fund Date	Principal Amount
	$
(maturity)	

Selection of Bonds for Redemption Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Bonds to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Source of Security for the Bonds

These Bonds are general obligations of the Issuer. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to amount.

BONDHOLDERS' RISKS

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Lack of Rating

No credit rating for the Bonds has been requested. As a general rule, unrated bonds are less liquid in the secondary market than rated bonds, and may bear interest at rates higher than bonds with credit ratings. There can be no assurance that the Bonds will be marketable in the secondary market.

If a rating is assigned now or at a later date, it could later be reduced or removed

The Issuer has not requested a rating from any nationally recognized rating agency. The Issuer could request a rating at a later date or time and, if said rating is applied, it could affect, positively or negatively, the market value of the bonds. In addition, if a rating is secured at a later date, that rating could, thereafter, be increased or decreased based solely on the views of the rating agency. Any revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Loss of Tax Exemption

As discussed under the heading "Tax Exemption" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

On September 12, 2011, President Obama submitted to Congress a legislative proposal entitled the "American Jobs Act of 2011" (the "Jobs Act"). If enacted, as proposed, the Jobs Act would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest, to 28 percent irrespective of the actual marginal tax rate imposed on such taxpayers. The Jobs Act would be effective for taxable years beginning on or after January 1, 2013.
On September 29, 2011, President Obama submitted to Congress a legislative proposal entitled the "Debt Reduction Act of 2011" (the "Reduction Act"). If enacted, as proposed, the Reduction Act would require the Office of Management and Budget establish a steadily declining ratio for debt as a percentage of Gross Domestic Product and would impose a penalty in the event that Congress failed to meet the requirements, including automatic sequestration of spending and the reduction in the value of certain tax incentives, including interest on tax-exempt municipal bonds, potentially (in the extreme) eliminating the exemption from taxation that tax-exempt municipal bonds held at the time of issuance.

It is possible that further legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding the Jobs Act, the Reduction Act and any other pending or proposed federal income tax legislation. The likelihood of the Jobs Act or the Reduction Act being enacted or whether the currently proposed terms of the Jobs Act or the Reduction Act will be altered or removed during the legislative process cannot be reliably predicted.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "THE BONDS– Book-Entry Only System."

Other Factors

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Pending Federal Tax Legislation

From time to time, legislative proposals are pending in Congress that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

LITIGATION

The District encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of these bonds.

ACCOUNTANT

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Nolte, Cornman & Johnson, PC, to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Bonds or the Official Statement. The audited financial statements contained herein are not complete and cannot be relied on to fully portray the financial position of the Issuer.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by ______________ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of $_________ plus accrued interest to the Closing Date.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

THE PROJECT

Proceeds of this issue will be used to provide for the crossover refunding of the the District's outstanding General Obligation School Bonds, dated August 1, 2003, as well as pay for costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS *

Sources of Funds		
	Bond Proceeds	$
	Reoffering Premium	
Total Sources of Funds		$
Uses of Funds		
	Fund Escrow	$
	Costs of Issuance	
	Underwriter's Discount	
	Surplus	
Total Uses of Funds		$

* Preliminary, subject to change

TAX MATTERS

Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The Issuer has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes; (b) is not included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations; and (c) is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

The interest on the Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

Qualified Tax-Exempt Obligations

The Issuer will designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption". Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount of such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a

Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Related Tax Matters

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

There are or may be pending in the Congress of the United States, legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to in this section or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

Opinions

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the section regarding "TAX MATTERS," and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto.

On September 12, 2011, President Obama submitted to Congress a legislative proposal entitled the "American Jobs Act of 2011" (the "Jobs Act"). If enacted, as proposed, the Jobs Act would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest, to 28 percent irrespective of the actual marginal tax rate imposed on such taxpayers. The Jobs Act would be effective for taxable years beginning on or after January 1, 2013.

On September 29, 2011, President Obama submitted to Congress a legislative proposal entitled the "Debt Reduction Act of 2011" (the "Reduction Act"). If enacted, as proposed, the Reduction Act would require the Office of Management and Budget establish a steadily declining ratio for debt as a percentage of Gross Domestic Product and would impose a penalty in the event that Congress failed to meet the requirements, including automatic sequestration of spending and the reduction in the value of certain tax incentives, including interest on tax-exempt municipal bonds, potentially (in the extreme) eliminating the exemption from taxation that tax-exempt municipal bonds held at the time of issuance.

It is possible that further legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding the Jobs Act, the Reduction Act and any other pending or proposed federal income tax legislation. The likelihood of the Jobs Act or Reduction Act being enacted or whether the currently proposed terms of the Jobs Act or Reduction Act will be altered or removed during the legislative process cannot be reliably predicted.

FINANCIAL CONSULTANT

The Issuer has retained Piper Jaffray & Co. as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution, to provide reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, if material, is summarized below under the caption "**APPENDIX C - Form of Continuing Disclosure Certificate**" herein for more information

The Issuer has never failed to comply with the Rule.

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I have reviewed the information contained within the Official Statement of the Logan-Magnolia Community School District, State of Iowa, and to the best of our knowledge, information and belief said Official Statement does not contain any material misstatements of fact nor omissions of any material fact regarding the issue of $1,305,000* General Obligation School Refunding Bonds, Series 2012 of the Issuer to be issued under date of June 5, 2012.

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Lauren Roden
Board Secretary

* Preliminary, subject to change

APPENDIX A - INFORMATION ABOUT THE ISSUER
LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT, IOWA
DISTRICT OFFICIALS

PRESIDENT	Dan Cohrs
BOARD MEMBERS	Kelly Gochenour Matt Pitt Shelley Foutch Todd Cohrs
SUPERINTENDENT	James Hammrich
DISTRICT SECRETARY	Lauren Roden
DISTRICT TREASURER	Lauren Roden
DISTRCT ATTORNEY	Rick Franck

CONSULTANTS

BOND COUNSEL	Ahlers & Cooney PC Des Moines, Iowa
FINANCIAL ADVISOR	Piper Jaffray & Co. Des Moines, Iowa
PAYING AGENT	Bankers Trust Company Des Moines, Iowa

General Information

Logan-Magnolia Community School District is located in western Iowa adjacent to the Iowa-Nebraska boarder. Included within the District (114 sq miles) are the communities of Logan and Magnolia as well as unincorporated portions of Harrison County. The community of Logan, county seat of Harrison County, serves as the judicial and commercial center for the surrounding area.

Transportation facilities are provided by U.S. Interstate 29, Iowa Highway 127, numerous paved county roads and the Union Pacific Railway. Continuing educational opportunities within easy commuting distance include: Western Iowa Tech Community College located in Council Bluffs.

District Facilities

Presented below is a recap of the existing facilities of the District:

Building	Construction Date	Grades Served
Jr./Sr. High School	1979	7-12
Elementary	1996, 2004	PK-6

Enrollment

Total enrollment in the District in the fall of the past six school years has been as follows:

Count Date	Enrollment
October-11	574.7
October-10	610.7
October-09	627.3
October-08	643.1
October-07	664.8
October-06	660.3

Open Enrollment

The District has and may have in the future certain students enrolling into or enrolling out of the District. Presented below are open enrollment results for the periods outlined:

Count Date	Enrolled In	Enrolled Out	Net
October-11	82.0	24.0	58.0
October-10	99.0	24.0	75.0
October-09	89.0	24.0	65.0
October-08	72.0	20.0	52.0
October-07	74.0	23.0	51.0
October-06	64.0	20.0	44.0

Staff

Presented below is a list of the District's 106 employees.

Administrators:	4	Media Specialists:	1
Teachers:	51	Nurses:	1
Teacher Aids:	21	Guidance:	1
Custodians:	6	Secretaries:	4
Food Service:	8	Transportation:	8
Other:	1	Maintenance:	0

District Funds

The District is organized and operates pursuant to Chapter 274 of the Code. The District maintains various funds. Presented below is a description of some of the various funds.

The General Fund

The General Fund receives those revenues of the District not specifically required to be deposited in other funds. General fund revenues are obtained from ad-valorem taxation in the District, State foundation aid payments, and minimal federal sources. In addition, revenues generated as miscellaneous revenues including, but not limited to, general fund investment income, and tuition income are deposited in the general fund. The bulk of the general fund revenues are derived from local and State foundation aid sources.

The District receives a mix of property tax and State foundation aid based on a formula which takes into account District enrollment, District property valuations and District costs per pupil. The description of the formula is found in Chapter 257.1 of the Code and reads as follows:

> "For a budget year, each school district in the State is entitled to receive foundation aid in an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the combined district cost per pupil, whichever is less."

The Code allowed for an "Allowable growth," defined as ". . . the amount by which State cost per pupil and district cost per pupil will increase from one budget year to the next" which is calculated on or before October 1 of each year by the department of management of the State.

Presented below is the allowable growth the District has received (in total dollars) for the period indicated:

Fiscal Year	Allowable Growth
2012	$-19,280
2011	22,512
2010	36,910
2009	165,628
2008	71,187

Presented below is the District's per pupil cost for the period indicated:

Fiscal Year	District Per Pupil Cost	State Average Per Pupil Cost
2012	$5,889	$5,883
2011	5,889	5,883
2010	5,774	5,768
2009	5,552	5,546
2008	5,339	5,333

The District has generated a revenue mix in the operating fund as follows:

Fiscal Year	Property Tax Revenues	State Aid Revenues
2012	$1,867,214	$3,655,273
2011	1,786,055	3,442,008
2010	1,573,129	3,714,529
2009	1,512,026	3,372,874
2008	1,479,515	3,169,478

Additional General Fund State and Local Revenues

Instructional Support:

Districts are allowed to fund additional educational programs or enhanced current programs under the instructional support program, which allows a district to generate 10% of the total regular program district cost for the budget year. These revenues can be locally generated from either ad valorem taxation, income surtax or both. In addition, revenues are appropriated by the State and provided to each district depending on formula. The District can participate in the instructional support program by generating local revenues after either (i) scheduling and holding an election on the proposed funding, programs, and mix of funding, which requires 50% approval of those voting at a special district election and allows the program to be funded for a period of up to ten years; or (ii) after scheduling and holding a hearing on the program and mix of funding, which can then be implemented after a 28-day period during which voters of the District can force an election or a recission, for a period of up to five years.

Presented below is a summary of the instructional support levy for the periods indicated:

Fiscal Year	ISL Property Tax	ISL State Aid	ISL Income Surtax
2012	$87,660	$0	$163,668
2011	89,909	14,012	159,679
2010	97,327	26,912	143,084
2009	100,742	31,714	135,037
2008	108,165	31,418	119,078

Management Levy:

A District can levy for certain costs relating to payment of employee benefits, tort insurance and early retirement outside of the General Operating Levy. These revenues are generated through a property tax, and there is no limitation on the tax rate or amount. Presented below is the management fund levies for the period indicated:

Fiscal Year	Management Levy
2012	$225,000
2011	200,000
2010	175,000
2009	130,000
2008	100,000

Educational Improvement Program

The District can schedule and hold an election on funding the educational improvement program if the District's per pupil cost is in excess of 110% of the State average per pupil cost, which takes 50% approval and is funded by a combination of property tax and income surtax.

Cash Reserve Levy

The District can certify a cash reserve levy as a part of its general fund levy but in addition to the property tax levied as a part of each of the above general fund levies. This levy covers cash-flow needs and funds programs when the above revenue sources are reduced. This is levied annually at the discretion of the Board of Directors. The District has levied the following in cash reserve for the period indicated:

Fiscal Year	Regular Cash Reserve	Cash Reserve - SBRC
2012	$275,000	$91,613
2011	354,000	91,715
2010	200,000	93,695
2009	125,000	136,828
2008	110,000	138,524

The School Infrastructure Funds

Physical Plant & Equipment Levies

The District can, at Board discretion, annually levy on ad valorem tax of $.33 per $1,000 of assessed valuation for certain capital, land costs etc. In addition, upon voter approval, the District can institute a property tax or property tax income surtax that generates up to $1.34 per $1,000 of assessed valuation. The District has historically levied the Board discretionary Physical Plant and Equipment Levies.

Debt Service Levy

The debt service levy is an ad valorem tax levied for the payment of bonds and interest and is approved at a special election of the District with minimum of 60% in favor of the proposal. Principal and interest on the Bonds will be paid from this levy

Capital Projects Fund
This fund is used to account for the revenues received from the state-wide school infrastructure sales, services and use tax.

Historic and Potential State and Federal Actions that impact current and future District Budgets

The District's operating budget is subject to change based on events outside of its control, including State and Federal funding. There may be changes in funding that are unknown or unanticipated at this time. Presented below is a discussion of some of the known changes that might impact the District's operating budget:

State Funding

After the appropriation of State Aid (and after the adoption of the District's budget for a particular fiscal year), the Governor and the General Assembly have the ability to rescind all or a portion of the appropriation. Certain areas of the State's budget are exempt from these potential cuts, however, K-12 and community college funding are not exempt from rescission. Historically, rescissions were imposed in an "across-the-board" fashion, and all state funding was reduced in a percentage format. This had the potential to impact schools with low valuation per pupil much greater than schools with high per pupil valuations. In the 2002 General Assembly, the formula for rescission was altered for K-12 funding, such that all future rescissions, if any, would be applied to K-12 education on a "per-pupil" basis.

Historically, the Governor has rescinded state aid in the following percentages since 1980:

Date	Percentage Rescission
10/5/2009	10.00%
12/23/2008	1.50
10/10/2003	2.50
11/1/2001	4.30
4/8/1992	0.62
7/1/1991	3.25
9/3/1983	2.80
12/15/1980	1.00
8/12/1980	3.60

Note – reduction in state aid impacts only the general fund operating account of a district. The revenues pledged for the repayment of these Bonds are not impacted in any away by reductions in State Aid.

Federal Funding

Federal legislation with respect to student achievement in future years may result in sanctions that could have financial implications for the general fund operating budget. The "No Child Left Behind" act of 2001 applies sanctions to under-performing schools that, if the school remains under-performing (as defined by the act) allows the parents of pupils in the school to move to another school, transferring their funding to the new school. This act applies to individual school facilities and does not necessarily apply to school districts, however, the revenue impact to a school district could be material if the school district has a school facility that under-performs and starts to lose enrollment.

GASB 45

In June 2004, the Governmental Accounting Standards Board ("GASB") issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post employment benefits ("OPEB"), defined to include post retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The Issuer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods. In accordance with the requirements of GASB 45, the Issuer's financial statements must comply with these provisions no later than the fiscal year ending June 30, 2010.

Consistent with Iowa Code section 509A.13, the Issuer offers post-retirement health and dental benefits are available to all fulltime employees of the Issuer who retire before attaining age 65. The group health insurance plan provided to full time Issuer employees allows retirees to continue medical coverage until they reach age 65. Although retirees pay 100% of the "cost of coverage", the pre-age 65 group of retirees is grouped with the active employees when determining the cost of coverage. The computation creates an implicit rate subsidy that would not exist if the cost of the coverage for this group (pre-age 65 retirees) was computed separately and paid 100% by that group.

In addition, the district provides a Voluntary Early Retirement Program. This program provides a variable amount/month benefit paid by the district towards the health premium. The district pays the amount of the health premium the year the employee retired. Retire employee is responsible for all increases to the premium, once retired, for seve years or until Medicar eligible, whichever comes first. This explicit benefit is included in this valuation reflected below. There was most recently 0 eligible active employees for FY11-12 that may choose this option upon retirement, and 9 retired employees for which this benefit is already being utilized. This retirement option remains available as a choice for future retirees at this time.

The Issuer contracted for an actuarial determination of the Issuer's implicit and explicit liability under GASB 45 as of July 1, 2009. The report computed the Issuer's Actuarial Accrued Liability ("AAL") at $2,357,000. The report further computed the Issuer's Annual Required Contribution ("ARC") at $244,927 with an offsetting pay-as-you-go funding of $71,676 for a Net OPEB Obligation ("NOO") of $173,248. The Issuer's unfunded actuarial accrued liability may have a material adverse impact upon the Issuer's finances and could force the Issuer to reduce services, raise taxes or both. See Note 7 in Appendix D – Audited Financial Statements of the Issuer.

The Auditor of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of State school districts, including audits of the Issuer, which can be found at the following link http://auditor.iowa.gov/reports/index.html .

Bond Counsel, the Financial Advisor, the Issuer, and the Underwriter undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the State Auditor discussed in the preceding paragraph or included on the State Auditor's website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the State Auditor's website.

Investment of Public Funds

The District invests its funds pursuant to Chapter 12B of the Code. Presented below is the District's investing activities as of January 31, 2012.

Type of Investment	Amount Invested
Local Bank Deposit Account	$254,685.31
ISJIT Money Market	2,049,817.71
ISJIT Time CD's	

Anticipatory Warrants

The District has issued anticipatory warrants as outlined below.:

Fiscal Year	Principal of Warrant Issued
2011B	$0
2011A	0
2010B	0
2010A	586,000
2009B	0
2009A	548,000
2008B	0
2008A	0
2007B	0
2007A	556,000
2006B	0
2006A	621,000
2005B	204,000
2005A	608,000
2004B	438,000

Pensions

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing 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. All full-time employees of the Issuer are required to participate in IPERS. Employees who retire at age 65 (or anytime after age 58 with 30 or more years of service) are entitled to full monthly benefits. IPERS offers five options for distribution of retirement benefits. Benefits become fully vested after completing four years of service or after attaining age 55.

IPERS plan members are required to contribute a percentage of their annual salary, which amounted to 3.9% in fiscal year 2008, 4.1% in fiscal year 2009, 4.3% in fiscal year 2010 and 4.5% in fiscal year 2011. The Issuer is also required to make annual contributions to IPERS equal to amounts required by State statute. The Issuer's share, payable from the applicable funds of the Issuer, is provided by an annual levy of taxes without limit or restriction as to rate or amount against all the taxable property of the Issuer. All contributions are on a current basis. See "**APPENDIX B—AUDITED FINANCIAL STATEMENTS**" for additional information on IPERS.

The following table sets forth the statutorily required contributions made by the Issuer to IPERS for Fiscal Years 2008 through, and including, 2011. The Issuer has always made their full statutorily required contributions to IPERS. The Issuer cannot predict the levels of funding that will be required in the future.

Fiscal Year	Amount Contributed	% of Covered Payroll
2008	$218,875	9.95
2009	250,040	10.45
2010	267,777	10.95
2011	28.3,695	11.45

Source: Logan-Magnolia Community School District Independent Auditor's Reports for Fiscal Year Ending June 30, 2011.

The fund is administered by the State with administration costs paid from income derived from invested funds. IPERS has an unfunded actuarial liability and unrecognized actuarial loss. The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial report of IPERS for fiscal year 2011 (the "IPERS CAFR"). A complete copy of the IPERS CAFR can be obtained by visiting IPERS website at: http://www.ipers.org/publications/misc/pdf/financial/cafr/cafr.pdf or by writing to IPERS at P.O. Box 9117, Des Moines, Iowa 50306-9117. According to IPERS, as of the end of fiscal year 2011, there were approximately 328,975 total members participating in IPERS, including Issuer employees. IPERS does not break out the funding status for each participating entity, therefore, it is not possible to determine the Issuer's allocable share of the funding status of IPERS.

Fiscal Year Ended June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability [b]	Unfunded Actuarial Accrued Liability (Actuarial Value) [b]-[a]	Funded Ratio (Actuarial Value) [a]/[b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[b-a]/[c]]
2006	$19,144,036,519	$21,651,122,419	$2,507,085,900	88.42%	$5,523,863,321	45.39%
2007	20,759,628,415	23,026,113,782	2,266,485,367	90.16	5,781,706,199	39.20
2008	21,857,423,183	24,522,216,589	2,664,793,406	89.13	6,131,445,367	43.46
2009	21,123,979,941	26,018,593,823	4,894,613,882	81.19	6,438,643,124	76.02
2010	21,537,458,560	26,468,419,650	4,930,961,090	81.37	6,571,182,005	75.04
2011	22,575,309,199	28,257,080,114	5,681,770,915	79.89	6,574,872,719	86.42

Source: IPERS Comprehensive Annual Financial Report (Fiscal Year 2011)

When calculating the funding status of IPERS for fiscal year 2011, the following assumptions were used: (1) the amortization period for the total unfunded actuarial liability is 30 years (which is consistent with the maximum acceptable amortization period set forth by the Governmental Accounting Standards Board ("GASB") in GASB Statement No. 25); (2) the rate of return on investments is assumed to be 7.5%; (3) salaries are projected to increase 4.0-17% for IPERS, depending on years of service; and (4) the rate of inflation is assumed to be 3.25% for prices and 4.0% for wages.

Bond Counsel, the Issuer and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor's website or links to other Internet sites accessed through the IPERS website.

Population

Presented below are population figures as officially reported by the U.S. Census for the periods indicated for the cities of Logan and Magnolia:

Year	Logan	Magnolia
2010	1534	183
2000	1545	200
1990	1401	204
1980	1540	207
1970	1526	206
1960	1605	215
1950	1550	207

Population by Age

Presented below is the 2010 Census figures according to age group for Harrison County and the State of Iowa:

Age Group	Harrison County	State of Iowa
Under 19 years of age	26.4%	26.9%
20 to 24 years of age	4.3	7.0
25 to 44 years of age	21.9	24.5
45 to 64 years of age	29.6	26.7
65 to 84 years of age	14.6	12.4
85 and over	3.2	2.3
Median age	42.9	38.1

Major Employers

Presented below is a summary of the largest employers in the District:

Employer	Business	Approximate Employees
Agriland F.S.	Fertilizer, chemicals	6
Harrison County	County government	136
LJL Construction	General contractor	6
Logan-Magnolia CSD	Education	110
Martin Luther Home	Group home for adults	32
Perfection Learning Corp	Educational publisher	232
Schilderberg Construction	Limestone products	10
Schwertley Bros.	Manufacturing	6
USDA Office Complex	Soil conservation, ASCS	18
Western iowa Limestone	Limestome products	12
Westmont Care Center	Nursing Home	60

Unemployment Statistics

The State of Iowa Department of Job Service reports unemployment unadjusted rates as follows (December 2011):

National Average:	8.50%
State of Iowa:	5.60%
Harrison County:	5.30%

Historical Employment Statistics

Presented below are the historical unemployment rates for the years indicated for Harrison County and the State of Iowa.

Calendar Year	Harrison County	State of Iowa
2011	5.10%	6.00%
2010	5.50	6.70
2009	4.60	6.00
2008	4.10	4.10
2007	3.80	3.80
2006	3.80	3.70
2005	5.00	4.60

Retail Sales

Presented below are retail sales statistics for the City of Logan, for the period indicated:

Year Ended	Retail Sales	Number of Permits
2011*	$6,655,717	72
2010*	6,254,269	77
2009*	6,449,100	77
2008**	6,340,493	78
2007**	6,372,335	83
2006**	6,004,891	75
2005**	6,496058	73

* reported as of June 30
** reported as of March 31

Median Family Income

Harrison County had a 2000 median family income of $38,141, compared to $39,469 for the State of Iowa. The following table represents the distribution of family incomes for the Counties at the time of the 2000 census:

Household Income	Number of Households	Percent of Households
Under $10,000	476	7.8
10,000 to 14,000	476	7.8
15,000 to 24,999	913	15.0
25,000 to 34,999	921	15.1
35,000 to 49,999	1243	20.4
50,000 to 74,999	1276	20.9
75,000 to 99,999	517	8.5
100,000 to 149,999	195	3.2
150,000 to 199,999	40	.7
200,000 or more	47	.8

Effective Buying Income

The private publication "Sales & Marketing Management" has developed a wealth indicator termed "effective buying income" (EBI) defined as personal income less personal tax and non tax payments, which is considered by the publication to be a bulk measurement of market potential.

	2009 County	2009 State
Retail Sales (000)	$117,137	$40,982,154
Total EBI (000)	272,200	57,558,473
Median Household EBI	38,561	38,919
% of Households by EBI		
$10,000 to $19,999	20.1%	19.9%
$20,000 to $34,999	24.5	24.2
$35,000 to $49,999	21.7	20.5
$50,000 and over	33.7	35.4

Legislation

It can be anticipated that, from time to time, legislative proposals may be considered by the Iowa General Assembly that would, if enacted, alter or amend one or more of the tax matters described herein. It cannot be predicted whether or in what forms any of such proposals may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for the levy of taxes by the Issuer.

Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds: "The governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding [twenty] years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

Property Tax Assessment

In compliance with section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are as follows:

Fiscal Year	Residential Rollback	Ag. Land & Buildings	Commercial
2012-13	50.7518	57.5411	100.0000
2011-12	48.5299	69.0152	100.0000
2010-11	46.9094	66.2715	100.0000
2009-10	45.5893	93.8568	100.0000
2008-09	44.0803	90.1023	99.7312
2007-08	45.4460	100.0000	100.0000

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2011 are used to calculate tax liability for the tax year starting July 1, 2012 through June 30, 2013. Presented below are the historic property valuations of the Issuer by class of property.

Property Valuations

Actual Valuation						
Valuation as of January	2011	2010	2009	2008	2007	2006
Fiscal Year	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Residential:	123,471,582	122,437,241	120,694,818	115,984,622	115,386,348	105,973,154
Agricultural Land:	92,696,552	65,751,480	65,757,932	40,058,774	40,057,665	33,532,050
Ag Buildings:	3,860,429	2,760,549	2,693,722	3,258,684	3,153,192	3,164,285
Commercial:	9,392,460	9,555,321	9,788,812	8,956,653	8,953,544	8,663,218
Industrial:	1,041,464	1,041,464	1,041,464	1,041,464	1,041,464	1,041,464
Personal RE:	0	0	0	0	0	0
Railroads:	4,917,232	4,494,447	4,103,097	3,393,526	2,985,568	2,545,008
Utilities:	3,426,752	3,340,720	3,328,368	3,201,007	3,049,252	3,097,183
Other:	0	0	0	0	0	0
Total Valuation:	238,806,471	209,381,222	207,408,213	175,894,730	174,627,033	158,016,362
Less Military:	362,066	358,330	365,008	371,372	376,928	360,260
Net Valuation:	238,444,405	209,022,892	207,043,205	175,523,358	174,250,105	157,656,102
TIF Valuation:	0	0	0	0	0	0
Utility Replacement:	6,946,194	6,748,695	6,557,249	6,328,058	5,581,072	5,763,736

Taxable Valuation						
Valuation as of January	2011	2010	2009	2008	2007	2006
Fiscal Year	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Residential:	62,664,046	59,418,694	56,617,219	52,876,562	50,862,636	48,280,941
Agricultural Land:	53,338,646	45,378,488	43,578,837	37,597,895	36,092,882	33,532,050
Ag Buildings:	2,221,347	1,905,194	1,785,177	3,058,494	2,841,090	3,164,285
Commercial:	9,392,460	9,555,321	9,788,812	8,956,653	8,929,477	8,663,218
Industrial:	1,041,464	1,041,464	1,041,464	1,041,464	1,041,464	1,041,464
Personal RE:	0	0	0	0	0	0
Railroads:	4,917,232	4,494,447	4,103,097	3,393,526	2,977,542	2,545,008
Utilities:	3,426,752	3,340,720	3,328,368	3,201,007	3,049,252	3,097,183
Other:	0	0	0	0	0	0
Total Valuation:	137,001,947	125,134,328	120,242,974	110,125,601	105,794,343	100,324,149
Less Military:	362,066	358,330	365,008	371,372	376,928	360,260
Net Valuation:	136,639,881	124,775,998	119,877,966	109,754,229	105,417,415	99,963,889
TIF Valuation:	0	0	0	0	0	0
Utility Replacement:	4,253,656	4,332,011	4,099,532	4,273,943	4,234,334	4,193,613

Valuation Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation
2011	245,390,599	14.88%	140,893,537	13.64%
2010	215,771,587	1.02%	129,108,009	4.14%
2009	213,600,454	17.46%	123,977,498	8.73%
2008	181,851,416	1.12%	114,028,172	3.99%
2007	179,831,177	10.04%	109,651,749	5.27%
2006	163,419,838	2.24%	104,157,502	1.00%

Tax Rates

Presented below are the taxes levied by the District for the fund groups as presented, for the period indicated:

Fiscal Year	Operating Fund	Management Fund	Board PPEL	Voter PPEL	Play Ground	Debt Service	School House	Total Levy
2012	14.46242	1.74273	0.31689	0.00000	0.00000	1.24197	0.00000	17.76401
2011	14.40628	1.61320	0.33000	0.00000	0.00000	1.36315	0.00000	17.71263
2010	13.79597	1.53471	0.33000	0.00000	0.00000	1.63693	0.00000	17.29761
2009	13.78935	1.18557	0.33000	0.00000	0.00000	1.72663	0.00000	17.03155
2008	14.20459	0.96008	0.33000	0.00000	0.00000	1.50098	0.00000	16.99565
2007	14.14963	0.77572	0.33000	0.00000	0.00000	1.62326	0.00000	16.87861

Historic Tax Rates

Presented below are the tax rates by taxing entity for residents of the City of Logan:

Fiscal Year	City	School	College	State	Assessor	Ag Extens	Hospital	County	Total Levy Rate
2012	16.49034	17.76401	0.81035	0.00300	0.34387	0.25197	0.00000	8.12257	43.78611
2011	16.36537	17.71263	0.80838	0.00300	0.32841	0.30000	0.00000	8.26443	43.78222
2010	16.94981	17.29761	0.92505	0.00300	0.34693	0.30000	0.00000	8.54365	44.36605
2009	14.99120	17.03155	0.82972	0.00350	0.29854	0.30000	0.00000	8.76363	42.21814
2008	15.17673	16.99565	0.86321	0.00350	0.31715	0.30000	0.00000	8.73309	42.38933
2007	15.07363	16.87861	0.64683	0.00400	0.29908	0.25714	0.00000	8.35700	41.51629

Presented below are the tax rates by taxing entity for residents of the City of Magnolia:

Fiscal Year	City	School	College	State	Assessor	Ag Extens	Hospital	County	Total Levy Rate
2012	16.47588	17.76401	0.81035	0.00300	0.34387	0.25197	0.00000	8.12257	43.77165
2011	17.05199	17.71263	0.80838	0.00300	0.32841	0.30000	0.00000	8.26443	44.46884
2010	17.15006	17.29761	0.92505	0.00300	0.34693	0.30000	0.00000	8.54365	44.56630
2009	16.65105	17.03155	0.82972	0.00350	0.29854	0.30000	0.00000	8.76363	43.87799
2008	14.41949	16.99565	0.86321	0.00350	0.31715	0.30000	0.00000	8.73309	41.63209
2007	12.66430	16.87861	0.64683	0.00400	0.29908	0.25714	0.00000	8.35700	39.10696

Tax Collection History

Presented below are the actual ad-valorem tax levies and collections for the periods indicated:

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2012	$2,293,475	In Collection	In Collection
2011	2,195,967	$2,190,183	99.74%
2010	1,972,414	1,969,338	99.84%
2009	1,867,539	1,866,951	99.97%
2008	1,770,224	1,870,084	105.64%
2007	1,740,697	1,742,194	100.09%
2006	1,711,500	1,707,965	99.79%
2005	1,705,928	1,702,009	99.77%

Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2011 largest taxpayers within the Issuer, as provided by the Auditors Offices of each of said counties. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.:

Taxpayer	2011 Taxable Valuation	Percent of Total
Union Pacific	$3,775,150	2.68%
Mid American Energy	3,308,800	2.35%
Iowa Telecom	2,246,402	1.59%
Perfection Form Co	1,435,018	1.02%
Sieck and Find, LLC	1,376,064	0.98%
Westmont Investors, LLC	1,229,375	0.87%
Chicago Central & Pacific	1,142,082	0.81%
Maguire Revocable, Jerry	1,050,949	0.75%
Clifford Lundergard Revocable Trust	686,476	0.49%
Keay, Clinton	683,306	0.48%
	Total of Top 10 Taxpayers:	12.02%

Direct Debt

Presented below is the principal and interest on the District's outstanding general obligation bonds, presented by fiscal year and issue, including the Bonds:

Fiscal Year	P & I 1-Aug-03	P & I 7-Jul-10	P & I 5-Jun-12	P&I Total
2012	55,258	304,090	0	359,348
2013	55,258	299,995	0	355,253
2014	0	300,825	19,170	319,995
2015	0	141,190	174,170	315,360
2016	0	0	153,085	153,085
2017	0	0	156,870	156,870
2018	0	0	155,330	155,330
2019	0	0	153,440	153,440
2020	0	0	151,340	151,340
2021	0	0	159,030	159,030
2022	0	0	156,255	156,255
2023	0	0	158,255	158,255
Totals	110,515	1,046,100	1,436,945	2,593,560

School Infrastructure Sales, Services & Use Tax Revenue Bonds

The Issuer does not have any outstanding School Infrastructure Sales & Services Tax Revenue Bonds.

Debt Limit

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The District's debt limit, based upon said valuation, amounts to the following:

1/1/2010 Actual Valuation:	215,771,587
X	0.05
Statutory Debt Limit:	10,788,579
Total General Obligation Debt:	2,320,000
Total Lease Purchases:	
Total Loan Agreements:	
Capital Leases:	
Total Debt Subject to Limit:	2,320,000
Percentage of Debt Limit Obligated:	21.50%

Overlapping & Underlying Debt

Presented below is a listing of the overlapping and underlying debt outstanding of Issuers within the Issuer.

Taxing Authority	Outstanding Debt	2010 Taxable Valuation	Taxable Value Within Issuer	Percentage Applicable	Amount Applicable
City of Logan	$1,847,506	$35,667,874	$35,667,874	100.00%	$1,847,506
City of Magnolia	45,000	2,684,680	2,684,680	100.00%	45,000
Harrison County	870,000	699,652,721	129,108,009	18.45%	160,542
Iowa Western Community College	38,925,000	8,231,483,304	129,108,009	1.57%	610,525
AEA #13 - Loess Hills	0	8,231,483,304	129,108,009	1.57%	0
				Total Overlapping & Underlying Debt:	$2,663,574

FINANCIAL SUMMARY

Actual Value of Property, 2011:	$245,390,599
Taxable Value of Property, 2011:	140,893,537
Direct General Obligation Debt:	$2,320,000
Overlapping Debt:	2,663,574
Direct & Overlapping General Obligation Debt:	$4,983,574
Population, 2010 US Census:	3,163
Direct Debt per Capita:	$733.48
Total Debt per Capita:	$1,575.58
Direct Debt to Taxable Valuation:	1.65%
Total Debt to Taxable Valuation:	3.54%
Direct Debt to Actual Valuation:	0.95%
Total Debt to Actual Valuation:	2.03%
Actual Valuation per Capita:	$77,582
Taxable Valuation per Capita:	$44,544

APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Logan-Magnolia Community School District in the County of Harrison, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Refunding Bonds, Series 2012, dated June 5, 2012, in the denominations of $5,000 or multiples thereof, in the aggregate amount of $1,350,000* (the "Bonds").

We have examined the law and certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have not been engaged to or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds and we express no opinion relating thereto.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.

2. The Bonds are valid and binding general obligations of the Issuer.

3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources, including U.S. Treasury obligations and investment earnings thereon. The Resolution requires that the U.S. Treasury obligations be held in escrow for the purpose of paying the refunded principal of the issue of the Refunded Bonds (the 2016 through 2023 maturities of the Issuer's Series 2003 Bonds) on the crossover date (June 1, 2013) and for the purpose of paying the interest on the Bonds through the crossover date.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is included in adjusted current earnings for the purpose of determining the alternative minimum tax imposed on such corporations.

For the purpose of rendering the opinion set forth in paragraph numbered 4 above, we have assumed compliance by the Issuer with requirements of the Internal Revenue Code of 1986 (the "Code"), that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with such requirements.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

AHLERS & COONEY, P.C.

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*Preliminary, subject to change.

APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Logan-Magnolia Community School District, State of Iowa (the "Issuer"), in connection with the issuance of $1,350,000† General Obligation School Refunding Bonds, Series 2012 (the "Bonds") dated June 5, 2012. The Bonds are being issued pursuant to a Resolution of the Issuer approved on May 9, 2012 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than Two Hundred Ten (210) days after the end of the Issuer's fiscal year (presently June 30th), commencing with the report for the 2011/2012 fiscal year, provide to the National Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Report may be submitted as a single document or as separate documents comprising a package. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer is unable to provide to the National Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

† Preliminary, subject to change.

(i) each year file the Annual Report with the National Repository; and

(ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

b) A table, schedule or other information of the type contained in the final Official Statement under the captions "Enrollment," "Open Enrollment," "Population," "Historical Employment Statistics," "Retail Sales," "Property Valuations," "Tax Rates," "Historic Tax Rates," "Tax Collection History," "Largest Taxpayers," "Direct Debt," "Overlapping and Underlying Debt," "Debt Limit," and "Financial Summary."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event;

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of Holders of the Bonds, if material;

(8) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

(9) Defeasances of the Bonds;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes on the Bonds;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June 5, 2012.

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT,
STATE OF IOWA

By: ______________________________
President of the Board of Directors

ATTEST:

By: ______________________________
Secretary of the Board of Directors

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Logan-Magnolia Community School District, Iowa.

Name of Bond Issue: $1,350,000* General Obligation School Refunding Bonds, Series 2012

Dated Date of Issue: June 5, 2012

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Report will be filed by ____________________.

Dated: __________ day of _______________, __________.

Logan-Magnolia Community School District, STATE OF IOWA

By: ______________________________

Its: ______________________________

*Preliminary, subject to change.

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APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2011 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link http://auditor.iowa.gov/reports/index.html.

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LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

Contents

Logan-Magnolia Community School District

Officials

Name	Title	Term Expires
Board of Education (After September 2010 Reorganizational Meeting)		
Dan Cohrs	President	2011
Kelly Gochenour	Vice President	2011
Mike Branstetter	Board Member	2011
Todd Cohrs	Board Member	2013
Shelley Foutch	Board Member	2013
School Officials		
James Hammrich	Superintendent	2011
Lauren Roden	District Secretary	2011
Mundt, Franck and Schumacher	Attorney	2011

Logan-Magnolia Schools

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Logan-Magnolia 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 Logan-Magnolia Community School District, Logan Iowa, as of and for the year ended June 30, 2011, 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 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 the Logan-Magnolia Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2012 on our consideration of the Logan-Magnolia 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 and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 40 through 42 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 supplementary information. 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 Logan-Magnolia 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 nine years ended June 30, 2010 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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.

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

February 1, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Logan-Magnolia 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, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $6,125,353 in fiscal 2010 to $6,637,041 in fiscal 2011, while General Fund expenditures increased from $6,203,912 in fiscal 2010 to $6,336,472 in fiscal 2011. This resulted in an increase in the District's General Fund balance from $477,093 in fiscal 2010 to a balance of $777,662 in fiscal 2011.

- The increase in General Fund revenues was attributable to an increase in local and state sources of revenues in fiscal 2011. The increase in expenditures can be attributed to increases in spending in the instruction and support services functional areas.

- The District's solvency ratio (unassigned plus assigned fund balance/general fund revenues) increased from 6.14% at June 30, 2010 to 10.06% at June 30, 2011.

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 Logan-Magnolia 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 Logan-Magnolia 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 Logan-Magnolia Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

Figure A-1
Logan-Magnolia Community School District Annual Financial Report

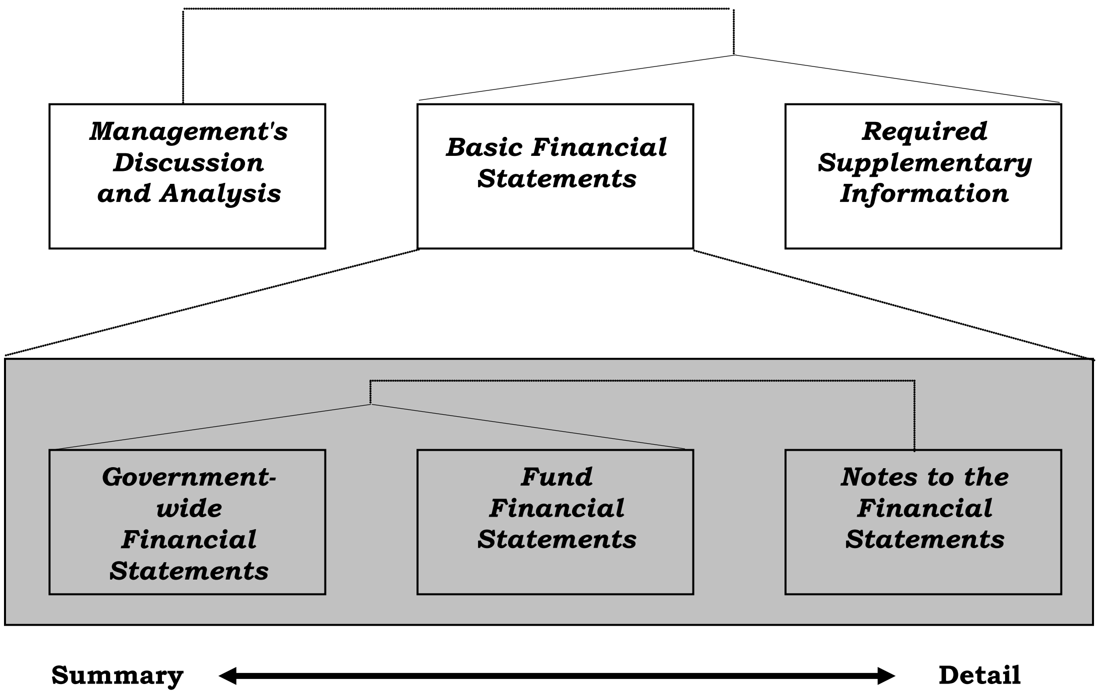

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
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
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	$ 5,005,926	4,390,015	50,521	47,279	5,056,447	4,437,294	13.95%
Capital assets	5,893,450	6,006,471	24,335	22,876	5,917,785	6,029,347	-1.85%
Total assets	10,899,376	10,396,486	74,856	70,155	10,974,232	10,466,641	4.85%
Long-term obligations	2,809,454	2,910,428	4,569	2,299	2,814,023	2,912,727	-3.39%
Other liabilities	2,953,351	2,872,854	14,439	20,387	2,967,790	2,893,241	2.58%
Total liabilities	5,762,805	5,783,282	19,008	22,686	5,781,813	5,805,968	-0.42%
Net assets:							
Invested in capital assets, net of related debt	3,643,450	3,496,471	24,335	22,876	3,667,785	3,519,347	4.22%
Restricted	1,070,598	1,006,441	0	0	1,070,598	1,006,441	6.37%
Unrestricted	422,523	110,292	31,513	24,593	454,036	134,885	236.61%
Total net assets	$ 5,136,571	4,613,204	55,848	47,469	5,192,419	4,660,673	11.41%

The District's combined net assets increased by $531,746, or 11.41% from the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased $64,157, or 6.37% over the prior year. The majority of the increase in unrestricted net assets was due to an increase in restricted for Capital Projects, and an increase in restricted for Management Levy.

Unrestricted net assets – the part of net assets that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased $319,151, or 236.61%. The majority of this increase in unrestricted net assets was due to the increase in fund balance of the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	$ 1,085,298	897,353	240,517	239,618	1,325,815	1,136,971	16.61%
Operating grants and contributions and restricted interest	988,748	1,224,343	162,231	145,802	1,150,979	1,370,145	-16.00%
General revenues:							
Local tax	2,190,241	1,969,396	0	0	2,190,241	1,969,396	11.21%
Income surtax	180,134	167,744	0	0	180,134	167,744	7.39%
Statewide sales, services and use tax	434,374	366,424	0	0	434,374	366,424	18.54%
Unrestricted state grants	2,726,244	2,476,217	0	0	2,726,244	2,476,217	10.10%
Nonspecific program federal funding	144,225	0	0	0	144,225	0	100.00%
Other	94,367	34,764	29	8,308	94,396	43,072	119.16%
Total revenues	7,843,631	7,136,241	402,777	393,728	8,246,408	7,529,969	9.51%
Program expenses:							
Governmental activities:							
Instruction	4,693,075	4,610,622	0	0	4,693,075	4,610,622	1.79%
Support services	2,190,852	2,169,975	0	285	2,190,852	2,170,260	0.95%
Non-instructional programs	0	0	394,398	389,409	394,398	389,409	1.28%
Other expenses	436,337	677,830	0	0	436,337	677,830	-35.63%
Total expenses	7,320,264	7,458,427	394,398	389,694	7,714,662	7,848,121	-1.70%
Increase(decrease) in net assets	523,367	(322,186)	8,379	4,034	531,746	(318,152)	-267.14%
Net assets beginning of year, as restated	4,613,204	4,935,390	47,469	43,435	4,660,673	4,978,825	-6.39%
Net assets end of year	$ 5,136,571	4,613,204	55,848	47,469	5,192,419	4,660,673	11.41%

In fiscal 2011 the local tax, unrestricted state grants, and charges for services account for 76.52% of the revenue from governmental activities, while charges for services and operating grants, contributions, and restricted interest account for 99.99% of the revenue from business type activities.

The District's total revenues were approximately $8.25 million of which $7.85 million was for governmental activities and $0.40 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 9.51% increase in revenues and a 1.70% decrease in expenses.

Governmental Activities

Revenues for governmental activities were $7,843,631 and expenses were $7,320,265.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	$ 4,693,075	4,610,622	1.79%	2,875,428	2,822,017	1.89%
Support services	2,190,852	2,169,975	0.96%	2,189,352	2,090,692	4.72%
Other expenses	436,337	677,830	-35.63%	181,438	424,022	-57.21%
Totals	$ 7,320,264	7,458,427	-1.85%	5,246,218	5,336,731	-1.70%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was $1,085,298.
- Federal and state governments subsidized certain programs with grants and contributions totaling $988,748.
- The net cost of governmental activities was financed with $2,190,241 in local tax, $180,134 in income surtax, $434,374 in statewide sales, services and use tax, $2,726,244 in unrestricted state grants, $144,225 in nonspecific program federal grants, $1,599 in unrestricted investment earnings, and $92,768 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were $402,777 and expenses were $394,398. The District's business type activities include the School Nutrition Fund and the Latch Key Program. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of $1,898,756, above last year's ending fund balances of $1,382,388. The primary reason for the increase was due to the increase in the fund balances in the General Fund and Capital Projects Fund.

Governmental Fund Highlights

- The District's increased General Fund financial position is the product of many factors. The District's General Fund increased $300,569. Increases in local and state source revenues during the year as compared to fiscal 2010 were largely responsible for the increase in revenue.

- The Debt Service fund balance increased from $9,483 in fiscal 2010 to $32,639 in fiscal 2011. The majority of this increase was due to the refunding bond issuance and transfer in from the Capital Projects Fund.

- The Capital Projects fund balance increased from $722,461 in fiscal 2010 to $837,349 in fiscal 2011. The increase was due to the District taking in more revenues than expenditures for the year.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from $37,240 at June 30, 2010 to $46,209 at June 30, 2011, representing an increase of 24.08%. Most of this increase is attributable to the increased federal grants.

The Latch Key Fund net assets held steady, decreasing from $10,229 at June 30, 2010 to $9,639 at June 30, 2011.

BUDGETARY HIGHLIGHTS

The District's revenues were $388,587 less than budgeted revenues, a variance of 4.96%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

Total expenditures were less than budgeted, 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 ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested $5.92 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 amount represents a net decrease of 1.85% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was $316,402.

The original cost of the District's capital assets was $10,067,916. Governmental funds account for $9,914,393 with the remainder of $153,523 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements, net of depreciation, totaled $58,591 as compared to $37,845 at June 30, 2010. This increase is a result of the parking lot repairs and weight room sidewalk project completed during the year.

Figure A-6 Capital Assets, Net of Depreciation	Governmental Activities June 30, 2011	Governmental Activities June 30, 2010	Business Type Activities June 30, 2011	Business Type Activities June 30, 2010	Total District June 30, 2011	Total District June 30, 2010	Total Change June 30, 2010-11
Land	$ 575,000	575,000	0	0	575,000	575,000	0.00%
Buildings	4,879,006	4,992,488	0	0	4,879,006	4,992,488	-2.27%
Land improvements	58,591	37,845	0	0	58,591	37,845	54.82%
Machinery and equipment	380,853	401,138	24,334	22,876	405,187	424,014	-4.44%
Total	$ 5,893,450	6,006,471	24,334	22,876	5,917,784	6,029,347	-1.85%

Long-Term Debt

At June 30, 2011, the District had long-term debt outstanding of $2,814,023 in general obligation bonds, early retirement and OPEB liability. This represents an increase of 0.47% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had total outstanding general obligation bonds payable of $2,250,000 at June 30, 2011.

The District had total outstanding early retirement payable of $215,279 at June 30, 2011, which will be paid from the Special Revenue, Management Levy Fund.

The District had a net OPEB liability of $348,744 at June 30, 2011, $344,175 attributable to governmental activities and $4,569 attributable to business type activities.

Figure A-7 Outstanding Long-Term Obligations	Governmental Activities June 30, 2011	Governmental Activities June 30, 2010	Business Activities June 30, 2011	Business Activities June 30, 2010	Total District June 30, 2011	Total District June 30, 2010	Total Change June 30, 2010-11
General obligation bonds	$ 2,250,000	2,510,000	0	0	2,250,000	2,510,000	-10.36%
Early retirement	215,279	227,231	0	0	215,279	227,231	-5.26%
Net OPEB obligation	344,175	173,197	4,569	2,299	348,744	175,496	98.72%
Total	$ 2,809,454	2,910,428	4,569	2,299	2,814,023	2,912,727	-3.39%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- Open enrollment continues to have a positive effect on District funding. The district certified 89 students as open enrolled in while only 24 were open enrolled out.
- With all the new facilities and a bus fleet that is going to be updated within the next few years on a rotation basis, the District should be able to operate on a daily basis without a large amount of capital outlay.
- The District is striving to maintain a positive balance between revenues and expenditures to ensure the health of the District.

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 Lauren Roden, Business Manager/Board Secretary, Logan-Magnolia Community School District, 1200 North 2nd Avenue, Logan, Iowa, 51546.

BASIC FINANCIAL STATEMENTS

Exhibit A

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	$ 2,047,364	33,337	2,080,701
Receivables:			
Property tax:			
Delinquent	26,236	0	26,236
Succeeding year	2,286,843	0	2,286,843
Income surtax	159,679	0	159,679
Accounts	0	1,098	1,098
Due from other governments	485,804	0	485,804
Inventories	0	16,087	16,087
Capital assets, net of accumulated depreciation	5,893,450	24,334	5,917,784
Total assets	10,899,376	74,856	10,974,232
Liabilities			
Accounts payable	41,338	504	41,842
Salaries and benefits payable	577,168	11,172	588,340
Interest payable	5,860	0	5,860
Deferred revenue:			
Succeeding year property tax	2,286,843	0	2,286,843
Other	42,142	0	42,142
Unearned revenue	0	2,763	2,763
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	290,000	0	290,000
Early retirement	54,891	0	54,891
Portion due after one year:			
General obligation bonds	1,960,000	0	1,960,000
Early retirement	160,388	0	160,388
Net OPEB liability	344,175	4,569	348,744
Total liabilities	5,762,805	19,008	5,781,813
Net Assets			
Invested in capital assets, net of related debt	3,643,450	24,334	3,667,784
Restricted for:			
Categorical funding	109,879	0	109,879
Debt service	32,639	0	32,639
Capital projects	740,025	0	740,025
Physical plant and equipment levy	97,324	0	97,324
Student activities	90,731	0	90,731
Unrestricted	422,523	31,514	454,037
Total net assets	$ 5,136,571	55,848	5,192,419

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit B

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern-mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	$ 2,903,941	564,048	531,338	(1,808,555)	0	(1,808,555)
Special	888,847	230,986	80,718	(577,143)	0	(577,143)
Other	900,287	290,264	120,293	(489,730)	0	(489,730)
	4,693,075	1,085,298	732,349	(2,875,428)	0	(2,875,428)
Support services:						
Student	191,648	0	0	(191,648)	0	(191,648)
Instructional staff	261,398	0	0	(261,398)	0	(261,398)
Administration	662,634	0	1,500	(661,134)	0	(661,134)
Operation and maintenance of plant	621,738	0	0	(621,738)	0	(621,738)
Transportation	453,434	0	0	(453,434)	0	(453,434)
	2,190,852	0	1,500	(2,189,352)	0	(2,189,352)
Other expenditures:						
Long-term debt interest	75,385	0	0	(75,385)	0	(75,385)
AEA flowthrough	254,899	0	254,899	0	0	0
Depreciation(unallocated)*	106,053	0	0	(106,053)	0	(106,053)
	436,337	0	254,899	(181,438)	0	(181,438)
Total governmental activities	7,320,264	1,085,298	988,748	(5,246,218)	0	(5,246,218)
Business Type activities:						
Non-instructional programs:						
Nutrition services	331,557	178,277	162,231	0	8,951	8,951
Latch key services	62,841	62,240	0	0	(601)	(601)
Total business type activities	394,398	240,517	162,231	0	8,350	8,350
Total	$ 7,714,662	1,325,815	1,150,979	(5,246,218)	8,350	(5,237,868)
General Revenues:						
Property tax levied for:						
General purposes				$ 1,980,878	0	1,980,878
Debt service				168,558	0	168,558
Capital outlay				40,805	0	40,805
Income surtax				180,134	0	180,134
Statewide sales, services and use tax				434,374	0	434,374
Unrestricted state grants				2,726,244	0	2,726,244
Nonspecific program federal funding				144,225	0	144,225
Unrestricted investment earnings				1,599	29	1,628
Other				92,768	0	92,768
Total general revenues				5,769,585	29	5,769,614
Changes in net assets				523,367	8,379	531,746
Net assets beginning of year				4,613,204	47,469	4,660,673
Net assets end of year				$ 5,136,571	55,848	5,192,419

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

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit C

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
Assets					
Cash and pooled investments	$ 1,155,394	611,538	30,620	249,812	2,047,364
Receivables:					
Property tax					
Delinquent	21,338	489	2,019	2,390	26,236
Succeeding year	1,860,582	40,913	160,348	225,000	2,286,843
Income surtax	159,679	0	0	0	159,679
Due from other governments	259,194	226,174	0	436	485,804
Total assets	$ 3,456,187	879,114	192,987	477,638	5,005,926
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 38,954	852	0	1,532	41,338
Salaries and benefits payable	577,168	0	0	0	577,168
Deferred revenue:					
Succeeding year property tax	1,860,582	40,913	160,348	225,000	2,286,843
Income surtax	159,679	0	0	0	159,679
Other	42,142	0	0	0	42,142
Total liabilities	2,678,525	41,765	160,348	226,532	3,107,170
Fund balances:					
Restricted for:					
Categorical funding	109,879	0	0	0	109,879
Debt service	0	0	32,639	0	32,639
Management levy purposes	0	0	0	177,910	177,910
Student activities	0	0	0	90,731	90,731
School infrastructure	0	740,025	0	0	740,025
Physical plant and equipment	0	97,324	0	0	97,324
Assigned	17,211	0	0	0	17,211
Unassigned	650,572	0	0	(17,535)	633,037
Total fund balances	777,662	837,349	32,639	251,106	1,898,756
Total liabilities and fund balances	$ 3,456,187	879,114	192,987	477,638	5,005,926

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit D

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances of governmental funds(page 20)	$ 1,898,756
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.	5,893,450
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.	(5,860)
Long-term liabilities, including bonds payable, net OPEB liability and early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,809,454)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	159,679
Net assets of governmental activities(page 18)	$ 5,136,571

SEE NOTES TO FINANCIAL STATEMENTS.

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	$ 1,944,938	475,179	168,558	199,479	2,788,154
Tuition	716,813	0	0	0	716,813
Other	163,937	714	36	345,799	510,486
State sources	3,519,227	23	95	112	3,519,457
Federal sources	292,126	0	0	0	292,126
Total revenues	6,637,041	475,916	168,689	545,390	7,827,036
Expenditures:					
Current:					
Instruction:					
Regular	2,699,316	918	0	114,794	2,815,028
Special	865,716	0	0	0	865,716
Other	581,475	0	0	310,785	892,260
	4,146,507	918	0	425,579	4,573,004
Support services:					
Student	185,677	0	0	0	185,677
Instructional staff	261,138	2,460	0	0	263,598
Administration	637,036	0	4,165	0	641,201
Operation and maintenance of plant	521,886	8,225	0	24,922	555,033
Transportation	329,329	90,929	0	17,134	437,392
	1,935,066	101,614	4,165	42,056	2,082,901
Other expenditures:					
Facilities acquisition	0	105,179	0	0	105,179
Long-term debt:					
Principal	0	0	285,000	0	285,000
Interest and fiscal charges	0	0	77,836	0	77,836
AEA flowthrough	254,899	0	0	0	254,899
	254,899	105,179	362,836	0	722,914
Total expenditures	6,336,472	207,711	367,001	467,635	7,378,819
Excess(deficiency) of revenues over(under) expenditures	300,569	268,205	(198,312)	77,755	448,217
Other financing sources(uses):					
Transfer in	0	0	200,000	0	200,000
Transfer out	0	(200,000)	0	0	(200,000)
Insurance proceeds	0	46,683	0	0	46,683
Refunding bond issuance	0	0	1,300,000	0	1,300,000
Payment to escrow	0	0	(1,275,000)	0	(1,275,000)
Premium on refunding bond issuance	0	0	2,357	0	2,357
Discount on refunding bond issuance	0	0	(5,889)	0	(5,889)
Total other financing sources(uses)	0	(153,317)	221,468	0	68,151
Net change in fund balances	300,569	114,888	23,156	77,755	516,368
Fund balances beginning of year, as restated	477,093	722,461	9,483	173,351	1,382,388
Fund balances end of year	$ 777,662	837,349	32,639	251,106	1,898,756

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit F

LOGAN-MAGNOLIA 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, 2011

Net change in fund balances - total governmental funds(page 22)		$ 516,368
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 reported in the Statement of Net Assets 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. Capital outlays expenditures and depreciation expense in the current year are as follows:		
Capital expenditures	$ 200,732	
Depreciation expense	(313,753)	(113,021)
Proceeds from issuing long-term liabilities provide current financial resurces to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Repayments exceeded current year issues, as follows:		
Issued	$ (1,300,000)	
Repaid	1,560,000	260,000
Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		16,595
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.		2,451
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 fund.		
Early retirement	$ 11,952	
Other postemployment benefits	(170,978)	(159,026)
Changes in net assets of governmental activities(page 19)		$ 523,367

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit G

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	School Nutrition	Latch Key	Total
Assets			
Cash and cash equivalents	$ 19,278	14,059	33,337
Accounts receivable	0	1,098	1,098
Inventories	16,087	0	16,087
Capital assets, net of accumulated depreciation	24,334	0	24,334
Total assets	59,699	15,157	74,856
Liabilities			
Accounts payable	0	504	504
Salaries and benefits payable	6,158	5,014	11,172
Unearned revenue	2,763	0	2,763
Net OPEB liability	4,569	0	4,569
Total liabilities	13,490	5,518	19,008
Net Assets			
Invested in capital assets	24,334	0	24,334
Unrestricted	21,875	9,639	31,514
Total net assets	$ 46,209	9,639	55,848

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit H

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition	Latch Key	Total
Operating revenues:			
Charges for service	$ 176,862	0	176,862
Miscellaneous	1,415	62,240	63,655
Total operating revenues	178,277	62,240	240,517
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	153,548	49,847	203,395
Benefits	32,286	5,810	38,096
Services	4,299	340	4,639
Supplies	138,675	6,844	145,519
Depreciation	2,649	0	2,649
Other	100	0	100
Total operating expenses	331,557	62,841	394,398
Operating loss	(153,280)	(601)	(153,881)
Non-operating revenues:			
State sources	3,282	0	3,282
Federal sources	158,949	0	158,949
Interest income	18	11	29
Total non-operating revenues	162,249	11	162,260
Increase (decrease) in net assets	8,969	(590)	8,379
Net assets beginning of year	37,240	10,229	47,469
Net assets end of year	$ 46,209	9,639	55,848

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit I

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

		School Nutrition	Latch Key	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	$	178,364	2,935	181,299
Cash received from miscellaneous operating activities		1,415	62,240	63,655
Cash payments to employees for services		(183,199)	(56,002)	(239,201)
Cash payments to suppliers for goods or services		(130,066)	(7,703)	(137,769)
Net cash provided by(used in) operating activities		(133,486)	1,470	(132,016)
Cash flows from non-capital financing activities:				
State grants received		3,282	0	3,282
Federal grants received		131,703	0	131,703
Net cash provided by non-capital financing activities		134,985	0	134,985
Cash flows from investing activities:				
Interest on investments		18	11	29
Net cash provided by investing activities		18	11	29
Cash flows from capital financing activities:				
Purchase of assets		(4,107)	0	(4,107)
Net cash used in financing activities		(4,107)	0	(4,107)
Net increase(decrease) in cash and cash equivalents		(2,590)	1,481	(1,109)
Cash and cash equivalents at beginning of year		21,868	12,578	34,446
Cash and cash equivalents at end of year	$	19,278	14,059	33,337
Reconciliation of operating loss to net cash provided by(used in) operating activities:				
Operating loss	$	(153,280)	(601)	(153,881)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed		27,308	0	27,308
Depreciation		2,649	0	2,649
Increase in inventories		(7,349)	0	(7,349)
Decrease in accounts receivables		0	2,935	2,935
Decrease in accounts payable		(6,951)	(519)	(7,470)
Increase(Decrease)in salaries and benefits payable		365	(345)	20
Increase in unearned revenues		1,502	0	1,502
Increase in net other post employment liability		2,270	0	2,270
Net cash used in operating activities	$	(133,486)	1,470	(132,016)

Non-Cash investing, capital and related financing activities:
During the year ended June 30, 2011, the District received $27,308 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

(1) Summary of Significant Accounting Policies

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

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

B. Basis of Presentation

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District’s proprietary funds include the School Nutrition Fund and Latch Key. The School Nutrition Fund is used to account for the food service operations of the District. Latch Key is used to account for child care services for the District.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

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

Asset Class		Amount
Land	$	1,500
Buildings		1,500
Land improvements		1,500
Intangibles		15,000
Machinery and equipment:		
School Nutrition Fund equipment		500
Other machinery and equipment		1,500

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

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

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

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

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

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

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

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

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

Assigned – Amounts that are constrained by the government intent to be used for specific purposes by the Superintendent/Board Secretary.

Unassigned – All amounts not included in other spendable classifications.

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

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The District's deposits at June 30, 2011 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, 2011, the District had investments in the Iowa Schools Joint Investment Trust Direct Obligations Portfolio which are valued at an amortized cost of $1,921,213 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Interfund Transfers

The detail of transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales Services, and Use Tax	$ 200,000

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

		Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Governmental activities:					
Capital assets not being depreciated:					
Land	$	575,000	0	0	575,000
Total capital assets not being depreciated		575,000	0	0	575,000
Capital assets being depreciated:					
Buildings		7,694,336	41,229	0	7,735,565
Land improvements		46,836	24,303	0	71,139
Machinery and equipment		1,397,489	135,200	0	1,532,689
Total capital assets being depreciated		9,138,661	200,732	0	9,339,393
Less accumulated depreciation for:					
Buildings		2,701,848	154,711	0	2,856,559
Land improvements		8,991	3,557	0	12,548
Machinery and equipment		996,351	155,485	0	1,151,836
Total accumulated depreciation		3,707,190	313,753	0	4,020,943
Total capital assets being depreciated, net		5,431,471	(113,021)	0	5,318,450
Governmental activities capital assets, net	$	6,006,471	(113,021)	0	5,893,450

		Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:					
Machinery and equipment	$	176,294	4,107	26,878	153,523
Less accumulated depreciation		153,418	2,649	26,878	129,189
Business type activities capital assets, net	$	22,876	1,458	0	24,334

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular	$	7,900
Special		332
Other		2,316
Support services:		
Student		340
Instructional staff		11,173
Operation and maintenance of plant services		14,366
Transportation		105,741
		142,168
Unallocated depreciation		171,585
Total governmental activities depreciation expense	$	313,753
Business type activities:		
Food services	$	2,649

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

		Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:						
General obligation bonds	$	2,510,000	1,300,000	1,560,000	2,250,000	290,000
Early retirement		227,231	37,055	49,007	215,279	54,891
Net OPEB liability		173,197	170,978	0	344,175	0
Total	$	2,910,428	1,508,033	1,609,007	2,809,454	344,891
Business type activities:						
Net OPEB liability	$	2,299	2,270	0	4,569	0

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year	Bond issue November 1, 2002				Bond issue August 1, 2003				Total		
Ending June 30,	Interest Rate		Principal	Interest	Interest Rate		Principal	Interest	Principal	Interest	Total
2012	1.40	% $	290,000	14,090	-	% $	0	55,257	290,000	69,347	359,347
2013	1.40		290,000	9,995	-		0	55,258	290,000	65,253	355,253
2014	1.50-1.60		295,000	5,825	-		0	55,257	295,000	61,082	356,082
2015	1.70		140,000	1,190	-		0	55,258	140,000	56,448	196,448
2016	-		0	0	4.00		130,000	55,257	130,000	55,257	185,257
2017-2021	-		0	0	4.10-4.50		755,000	188,665	755,000	188,665	943,665
2022-2025	-		0	0	4.60-5.00		350,000	25,990	350,000	25,990	375,990
Total		$	1,015,000	31,100		$	1,235,000	490,942	$ 2,250,000	522,042	2,772,042

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. Early retirement benefits paid during the year ended June 30, 2011, totaled $49,007.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were $283,695, $267,777, and $250,040, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits(OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and vision benefits for retirees and their spouses. There are 67 active and 9 retired members in the plan. Participants must be age 55 or older at age of retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$ 258,869
Interest on net OPEB obligation	4,387
Adjustment to annual required contribution	(18,332)
Annual OPEB cost	244,924
Contributions made	(71,676)
Increase in net OPEB obligation	173,248
Net OPEB obligation beginning of year	175,496
Net OPEB obligation end of year	$ 348,744

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed $71,676 to the medical plan. Plan members eligible for benefits contributed $47,473, or 39.84% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2010	$ 241,191	27.24%	$ 175,496
2011	244,924	29.26%	348,744

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was $2.357 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of 2.357 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately $3,300,622 and the ratio of the UAAL to covered payroll was 71.4%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Mortality rates are from the Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

Projected claim costs of the medical plan are $367 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

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

(9) 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 $254,899 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's ending balances for categorical funding by project as of the year ended June 30, 2011 are as follows:

Project	Amount
Home school assistance program	$ 17,256
Gifted and talented program	57,776
Beginning teacher mentoring and induction program	585
Professional development for model core curriculum	16,043
At-Risk Supplemental Weighting	14,850
Market factor incentives	3,369
Total	$ 109,879

(11) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year end June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	$ 694,098	28,363
Change in fund type classifications per implementation of GASB Statement No. 54	28,363	(28,363)
Balances July 1, 2010, as restated	$ 722,461	0

(12) Deficit Fund Balance/Net Assets

At June 30, 2011, the Special Revenue: Student Activity Fund had a deficit unassigned fund balance of $17,535.

(13) Bond Defeasement

On July 7, 2010, the District issued $1,300,000 in general obligation bonds, with interest rates ranging from 1.40% to 1.70%, to advance refund $1,275,000 of outstanding general obligation bonds dated November 1, 2002. The bonds dated July 7, 2010 have been added to the appropriate financial statements and schedules. The net present value of savings for the refunding is $41,597. At June 30, 2011, $0 of the bonds dated November 1, 2002 are outstanding and defeasement of principal and interest for these bonds is $1,275,000 and $0 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 4,015,453	240,546	4,255,999	3,728,395	3,728,395	527,604
State sources	3,519,457	3,282	3,522,739	3,729,831	3,729,831	(207,092)
Federal sources	292,126	158,949	451,075	383,000	383,000	68,075
Total revenues	7,827,036	402,777	8,229,813	7,841,226	7,841,226	388,587
Expenditures/Expenses:						
Instruction	4,573,004	0	4,573,004	4,724,020	4,724,020	151,016
Support services	2,082,901	0	2,082,901	3,134,370	3,134,370	1,051,469
Non-instructional programs	0	394,398	394,398	517,317	517,317	122,919
Other expenditures	722,914	0	722,914	823,726	823,726	100,812
Total expenditures/expenses	7,378,819	394,398	7,773,217	9,199,433	9,199,433	1,426,216
Excess(deficiency) of revenues over(under) expenditures/expenses	448,217	8,379	456,596	(1,358,207)	(1,358,207)	1,814,803
Other financing sources, net	68,151	0	68,151	2,000	2,000	66,151
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	516,368	8,379	524,747	(1,356,207)	(1,356,207)	1,880,954
Balances beginning of year	1,382,388	47,469	1,429,857	1,499,134	1,499,134	(69,277)
Balances end of year	$ 1,898,756	55,848	1,954,604	142,927	142,927	1,811,677

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

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

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING IN PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	0	$ 2,357,386	2,357,386	0.00%	3,280,321	71.86%
2011	July 1, 2009	0	2,357,386	2,357,386	0.00%	3,300,622	71.42%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	$ 175,084	74,728	249,812
Receivables:			
Property tax:			
Delinquent	2,390	0	2,390
Succeeding year	225,000	0	225,000
Due from other governments	436	0	436
Total assets	$ 402,910	74,728	477,638
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 0	1,532	1,532
Deferred revenue:			
Succeeding year property tax	225,000	0	225,000
Total liabilities	225,000	1,532	226,532
Fund balances:			
Restricted for:			
Management levy purposes	177,910	0	177,910
Student activities	0	90,731	90,731
Unassigned	0	(17,535)	(17,535)
Total fund balances	177,910	73,196	251,106
Total liabilities and fund balances	$ 402,910	74,728	477,638

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 2

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total Special Revenue
Revenues:			
Local sources:			
Local tax	$ 199,479	0	199,479
Other	32,823	312,976	345,799
State sources	112	0	112
Total revenues	232,414	312,976	545,390
Expenditures:			
Current:			
Instruction:			
Regular	114,794	0	114,794
Other	0	310,785	310,785
Support services:			
Operation and maintenance of plant	24,922	0	24,922
Transportation	17,134	0	17,134
Total expenditures	156,850	310,785	467,635
Excess of revenues over expenditures	75,564	2,191	77,755
Fund balances beginning of year, as restated	102,346	71,005	173,351
Fund balances end of year	$ 177,910	73,196	251,106

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
JUNE 30, 2011

		Capital Projects			
		Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Assets					
Cash and pooled investments	$	509,294	5,409	96,835	611,538
Receivables:					
Property tax:					
Delinquent		0	0	489	489
Succeeding year		0	0	40,913	40,913
Due from other governments		226,174	0	0	226,174
Total assets	$	735,468	5,409	138,237	879,114
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$	852	0	0	852
Deferred revenue:					
Succeeding year property tax		0	0	40,913	40,913
Total liabilities		852	0	40,913	41,765
Fund balances:					
Restricted for:					
School infrastructure		734,616	5,409	0	740,025
Physical plant and equipment		0	0	97,324	97,324
Total fund balances		734,616	5,409	97,324	837,349
Total liabilities and fund balances	$	735,468	5,409	138,237	879,114

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2011

	Capital Projects			
	Statewide Sales, Services and Use Tax	Other Capital Projects	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	$ 434,374	0	40,805	475,179
Other	678	0	36	714
State sources	0	0	23	23
Total revenues	435,052	0	40,864	475,916
Expenditures:				
Current:				
Instruction:				
Regular	0	0	918	918
Support services:				
Instructional staff	2,460	0	0	2,460
Operation and maintenance of plant	8,225	0	0	8,225
Transportation	90,929	0	0	90,929
Other expenditures:				
Facilities acquisition	87,511	0	17,668	105,179
Total expenditures	189,125	0	18,586	207,711
Excess of revenues over expenditures	245,927	0	22,278	268,205
Other financing sources (uses):				
Transfer out	(200,000)	0	0	(200,000)
Insurance proceeds	0	0	46,683	46,683
Total other financing sources (uses)	(200,000)	0	46,683	(153,317)
Excess of revenues and other financing sources over expenditures	45,927	0	68,961	114,888
Fund balances beginning of year, as restated	688,689	5,409	28,363	722,461
Fund balances end of year	$ 734,616	5,409	97,324	837,349

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

Schedule 5

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
Drama	$ (1,351)	1,078	1,157	0	(1,430)
Cross country	844	520	387	0	977
All sports fundraiser	(25,922)	80,205	73,093	3,854	(14,956)
Golf	206	524	574	0	156
Drill team	531	6,411	4,555	0	2,387
Football cheerleading	562	1,032	545	0	1,049
Basketball cheerleading	2,233	288	1,982	0	539
Wrestling cheerleading	(601)	1,451	666	0	184
Basketball-Youth	(606)	0	307	0	(913)
Basketball fundraiser	(196)	5,854	5,259	0	399
All sports activity pass	2,032	2,480	658	(3,854)	0
Flag football	12,277	7,589	9,831	0	10,035
Baseball fundraiser	2,461	15,198	14,187	0	3,472
Girls track fundraiser	749	437	1,755	1,530	961
Wrestling fundraiser	1,439	3,568	3,113	0	1,894
Girls basketball fundraiser	143	2,071	1,853	0	361
Elementary basketball	125	0	0	0	125
Volleyball fundraiser	1,073	9,275	8,244	0	2,104
Softball fundraiser	3,601	2,447	2,360	0	3,688
Concessions	4,831	31,060	23,181	(3,060)	9,650
Petty cash	225	0	0	0	225
Interest	1,341	72	16	0	1,397
Art club	225	0	0	0	225
Chess club fundraiser	406	388	224	0	570
Quiz bowl	509	444	877	0	76
Speech fund	0	3,961	3,700	0	261
Annual	8,458	6,935	6,237	0	9,156
Swing choir	1,054	3,476	4,594	0	(64)
Band uniform fundraiser	508	0	0	0	508
Band fundraiser	7,931	14,212	11,916	0	10,227
Vocal music fundraiser	7,058	14,540	10,825	0	10,773
Instrumental music	419	0	0	0	419
Flag corp fundraiser	(18)	179	139	0	22
AMOL	433	215	199	0	449
Science club	39	2,896	2,577	0	358
Spanish club	256	22	126	0	152
Spanish class fundraiser	806	0	0	0	806
Student council	2,257	2,223	1,972	0	2,508
Community bank grant	(262)	912	0	0	650
Business professionals	647	0	0	0	647
Key club	329	180	204	0	305
JH key club	80	0	0	0	80
S.A.D.D.	586	0	0	0	586
Haiti fund	70	0	0	0	70
CPR Certification	0	105	0	0	105
FCCLA	4,738	17,820	21,104	1,530	2,984
HS class of 2010	2,959	0	0	0	2,959
HS class of 2011	4,085	0	2,575	0	1,510
HS class of 2012	2,508	15,458	14,821	0	3,145
HS class of 2013	1,373	0	0	0	1,373
HS class of 2014	204	0	0	0	204
Washington D.C. trip	17,350	57,450	74,972	0	(172)
Total	$ 71,005	312,976	310,785	0	73,196

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Logan-Magnolia Schools

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2011	2010	2009	2008
Revenues:				
Local sources:				
Local tax	$ 2,788,154	2,495,517	2,390,116	2,277,886
Tuition	554,241	573,311	406,425	407,990
Other	673,058	389,479	405,121	434,153
State sources	3,519,457	3,139,572	3,735,678	3,556,861
Federal sources	292,126	530,315	253,135	145,078
Total	$ 7,827,036	7,128,194	7,190,475	6,821,968
Expenditures:				
Instruction:				
Regular	$ 2,815,028	3,091,406	2,891,546	2,488,810
Special	865,716	1,029,605	790,820	873,884
Other	892,260	312,562	712,419	699,640
Support services:				
Student	185,677	174,479	176,766	158,744
Instructional staff	263,598	256,738	198,330	179,324
Administration	641,201	616,405	599,225	571,907
Operation and maintenance of plant	555,033	614,953	631,118	585,635
Transportation	437,392	303,543	512,507	643,348
Other	0	0	0	0
Non-instructional programs	0	0	0	0
Other expenditures:				
Facilities acquisitions	105,179	50,821	67,560	125,622
Long-term debt:				
Principal	285,000	255,000	250,000	235,000
Interest	77,836	116,078	114,327	121,337
AEA flowthrough	254,899	253,808	236,006	216,739
Total	$ 7,378,819	7,075,398	7,180,624	6,899,990

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 6

Modified Accrual Basis					
Years Ended June 30,					
2007	2006	2005	2004	2003	2002
2,350,551	2,016,915	2,133,357	1,794,768	1,647,583	1,534,509
352,693	331,392	398,134	354,575	343,835	376,962
522,178	414,214	277,540	318,645	281,241	295,308
3,397,183	3,137,954	2,890,215	2,666,137	2,662,263	2,492,814
161,114	164,370	542,710	888,708	132,939	176,244
6,783,719	6,064,845	6,241,956	6,022,833	5,067,861	4,875,837
2,465,935	2,457,997	2,292,100	2,013,911	1,918,918	2,019,230
774,728	739,041	762,837	677,270	621,235	709,408
738,028	473,612	325,700	493,618	541,453	472,933
161,302	147,020	163,577	156,440	133,670	116,919
204,441	148,876	170,882	122,858	116,621	121,707
579,851	567,910	517,787	521,660	488,533	449,768
558,481	489,007	477,634	467,182	410,085	458,524
342,413	434,423	266,783	221,415	193,060	198,297
0	0	16,496	0	14,448	3,411
0	0	0	170	162	108
30,794	134,985	841,624	1,201,073	13,419	52,425
240,000	240,000	220,000	215,000	170,000	145,000
127,808	133,627	138,660	133,748	137,365	173,550
208,214	191,247	182,563	177,364	187,784	181,887
6,431,995	6,157,745	6,376,643	6,401,709	4,946,753	5,103,167

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

To the Board of Education of the
Logan-Magnolia 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 Logan-Magnolia Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 1, 2012. 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 Logan-Magnolia 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 Logan-Magnolia Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Logan-Magnolia Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and items I-A-11 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings and item I-B-11 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 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.

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

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

February 1, 2012

LOGAN-MAGNOLIA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-11 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 noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

I-B-11 Gate Admissions - We noted during our audit that the district does not utilize pre-numbered tickets for performances and athletic events. The District does have two individuals working a gate who count gate receipts, sign off on gate sheets, and turn into the office where a third person recounts and deposits the gates, however, no comparison is done by an independent person to determine the gate signed sheet equals the deposit.

Recommendation - The District should establish reconciliation procedures for gate admissions. The reconciliation should include the issuance of pre-numbered tickets and the reconciling of the admissions to the number of tickets issued. The District should at a minimum implement a procedure that the deposit is compared to the gate sheet during the bank reconciliation process.

Response - The District will change the bank reconciliation procedure to compare the deposits to the gate sheet. The District will investigate the issuance of pre-numbered tickets for entry to athletic events.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.

II-B-11 Questionable Disbursements - We noted during our audit that the District purchased clothing for employees out of the Special Revenue: Student Activity Fund. Also we noted that the District reimbursed an employee for their personal Sam's Club membership. The District awarded savings bonds for prizes from the science club student activities group. Giving cash or gift certificates/cards to students as incentives do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing and reimbursing for personal purchases from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing and reimbursing personal purchases under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing, such as team jackets for coaches, to District employees in lieu of using public funds.

The District should refrain from giving cash or cash equivalents as prizes or awards.

Response - The District will no longer give cash equivalents as prizes for the science fair. Also, coaches will be required to pay for coaching apparel. If the District pays for coaching apparel, coaches will either (1) reimburse the District or (2) turn in apparel to the District upon completion of the coaching season.

Conclusion - Response accepted.

II-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted; however, we did note two out of six tested travel reimbursements for meals which lacked itemized receipts.

We also noted that the District's master contract states that employees are to be reimbursed at $.10 below the federal mileage rate; however, employees were being paid only $.09 below the federal mileage rate of $.50 from July to December and $.06 below the federal mileage rate of $.51 from January through June.

We noted that the District reimbursed an employee for a hotel used for a conference and there was no supporting invoice, just the employee's credit card statement. The District's policy does not state that an employee's credit card statement would satisfy as a supporting invoice of any support for reimbursement, and no additional approval process was noted.

Recommendation - The District needs to review its procedures to ensure that all travel reimbursements have appropriate supporting documentation.

The District needs to reimburse employees at the current rate per mile that was passed by the board. The board can elect to review the master contract and travel policy and adopt a new policy. All new policies need to be explained and disseminated to employees.

The District should not reimburse employees unless they have an itemized receipt and a supporting invoice. The District should review and continue to monitor its procedures in place for employee reimbursement.

Response - The District will closely monitor personal reimbursements and no longer reimburse employees unless itemized receipts and supporting invoices are provided. The District will reimburse employees at the rate of $.10 per mile below the federal rate.

Conclusion - Response accepted.

II-D-11 Business Transactions - Business transactions between the District and District officials and employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Lori Lockwood, Teacher Owns Custom Apparel	Uniforms	$ $3,366
	Fundraising supplies	12,062
		$ 15,428

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the District's teacher for fundraising supplies does not appear to represent a conflict of interest.

The above transactions between the District and the teacher for sports uniforms appear to create a conflict of interest. Chapter 301.28 of the Code of Iowa states in part, "A school director, officer, or teacher shall not act as agent for school textbooks or school supplies, including sports apparel or equipment, in any transaction…" The purchase of sports apparel from the teacher's business appears to be in violation of this code section.

Recommendation - The District has contacted legal counsel, who advised them that uniforms and instructional supplies are not allowable under Chapter 301.28 of the Code of Iowa. The attorney advised the District that clothing for fundraisers and novelties are allowable in accordance with the Attorney General's opinion. The District should refrain from purchasing sporting apparel from Custom Apparel.

Response - The District will refrain from purchasing uniforms from Custom Apparel in the future.

Conclusion - Response accepted.

II-E-11 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-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-11 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was understated by 2.00 students.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

II-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-11 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-11 Statewide Sales and Services Tax - No instances of non-compliance with the used 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, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2011 audit.

Beginning balance		$ 688,689
Revenues:		
Sales tax revenues	$ 434,374	
Other local revenues	678	435,052
		1,123,741
Expenditures/trasfers out:		
School infrastructure:	$ 6,182	
Equipment	158,640	
Other improvements	24,303	
Transfers to other funds:		
Debt service fund	200,000	389,125
Ending balance		$ 734,616

For the year ended June 30, 2011, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	$ 1.61320	$ 200,000

II-M-11 Financial Condition - The Special Revenue: Student Activity Fund had a deficit unassigned fund balance of $17,535.

Recommendation - The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts. The District should investigate alternatives to eliminate these deficit balances.

Response - The District is currently working with Activity sponsors to eliminate the deficit. In FY10, the deficit was $28,956. This deficit has been reduced in one year and will continue to decline until it is completely eliminated.

Conclusion - Response accepted.

II-N-11 Officiating Contracts - We noted during out audit that the Athletic Director was signing Activity Fund officiating contracts. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District in compliance with Code of Iowa Chapter 291.1.

Response - In the future the Board President will sign all contracts entered into by the District.

Conclusion - Response accepted.

II-O-11 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events. The District currently receipts this into the Student Activity Fund.

Recommendation - Chapter 297.9 of the Code of Iowa requires rent to be receipted into the General Fund. The district should receipt rent collected for facility usage into the General Fund.

Response - The District will receipt all rent collected for hosting district and regional events into the General Fund.

Conclusion - Response accepted.

II-P-11 Non-certified Time Sheets - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches.

Response - The District will keep track of the hours worked for non-certified staff coaches.

Conclusion - Response accepted.