ANDREW COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2008

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Andrew Community School District

Officials

Name	Title	Term Expires
	Board of Education (Before September 2007 election)	
Charles Schwager	President	2008
Allan W. Till	Vice President	2007
Kevin Kilburg	Board Member	2007
M. Joell Deppe	Board Member	2008
Charlie Peters	Board Member	2009
	Board of Education (After September 2007 election)	
Charles Schwager	President	2008
Kevin Kilburg	Vice President	2011
Allan W. Till	Board Member	2011
M. Joell Deppe	Board Member	2008
Charlie Peters	Board Member	2009
	School Officials	
Kent Hammer	Superintendent	2008
Ruth Hingtgen	District Secretary/ Treasurer	2008
Lane and Waterman	Attorney	2008

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
Andrew 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 Andrew Community School District, Andrew Iowa, as of and for the year ended June 30, 2008, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Andrew Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated March 11, 2009 on our consideration of the Andrew Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary

information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Andrew 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 four years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 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.

March 11, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Andrew 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, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from $2,996,135 in fiscal 2007 to $3,157,884 in fiscal 2008, and General Fund expenditures increased from $2,923,677 in fiscal 2007 to $3,121,432 in fiscal 2008. This resulted in an increase in the District's General Fund deficit balance of $10,243 in fiscal 2007 to a balance of $26,209 in fiscal 2008, a 355.87% increase from the prior year.

- The increase in General Fund revenues was attributable to an increase in local tax and state grant revenue in fiscal 2008. The increase in expenditures was due primarily to an increase in the instruction function expenditures.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Andrew 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 Andrew 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 Andrew 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.

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
Andrew Community School District Annual Financial Report

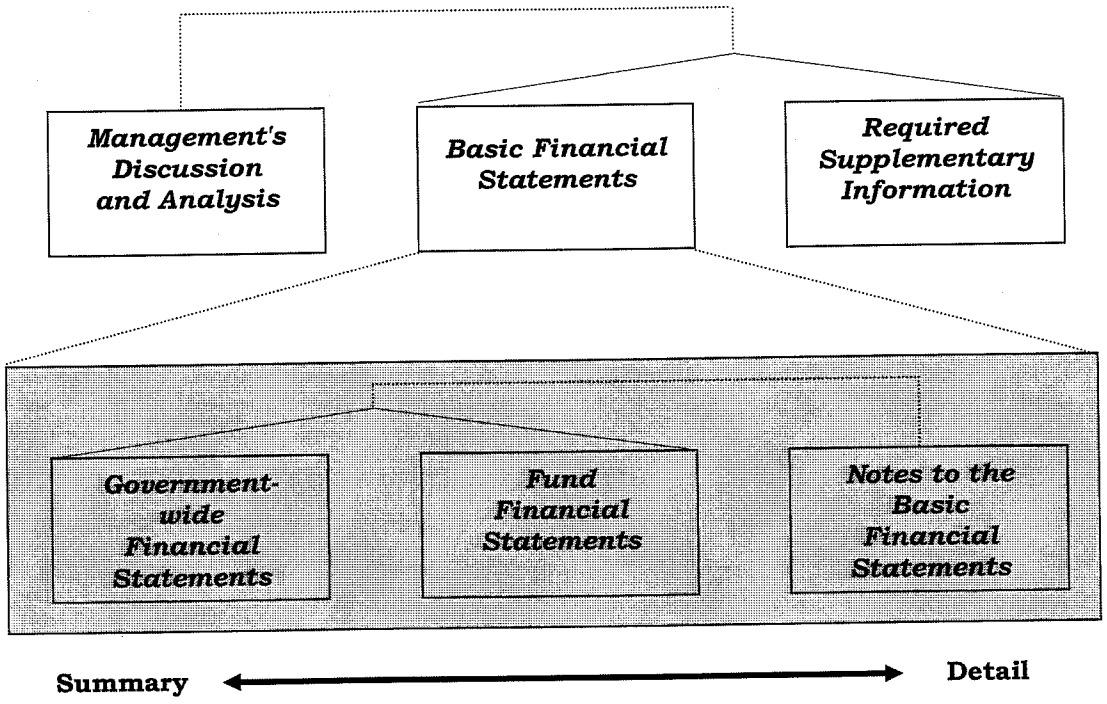

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	District-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 two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	$ 2,800,247	2,751,214	3,259	5,438	2,803,506	2,756,652	1.70%
Capital assets	835,362	616,319	52,360	50,296	887,722	666,615	33.17%
Total assets	3,635,609	3,367,533	55,619	55,734	3,691,228	3,423,267	7.83%
Long-term liabilites	60,000	0	0	0	60,000	0	100.00%
Other liabilities	2,026,574	2,044,613	1,861	2,241	2,028,435	2,046,854	-0.90%
Total liabilities	2,086,574	2,044,613	1,861	2,241	2,088,435	2,046,854	2.03%
Net assets:							
Invested in capital assets, net of related debt	775,362	616,319	52,360	50,296	827,722	666,615	24.17%
Restricted	360,439	346,990	0	0	360,439	346,990	3.88%
Unrestricted	413,234	359,611	1,398	3,197	414,632	362,808	14.28%
Total net assets	$ 1,549,035	1,322,920	53,758	53,493	1,602,793	1,376,413	16.45%

The District's combined net assets increased by 16.45%, or $226,380, over the prior year. The largest portion of the District's net assets is the invested in capital assets 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 $13,449, or 3.88% over the prior year. The increase was primarily a result of an increase in the Special Revenue, Property Plant and Equipment Levy Fund balance.

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 $51,824, or 14.28%. This increase in unrestricted net assets was due primarily to the increase in the Special Revenue, Physical Plant and Equipment Levy (PPEL) Fund net assets.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to June 30, 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and transfers:							
Program revenues:							
Charges for services	$ 348,698	395,009	63,601	67,089	412,299	462,098	-10.78%
Operating grants and contributions and restricted interest	408,234	359,531	56,458	57,542	464,692	417,073	11.42%
Capital grants and contributions and restricted interest	8,075	3,070	0	0	8,075	3,070	163.03%
General revenues:							
Local tax	1,072,036	1,054,657	0	0	1,072,036	1,054,657	1.65%
Local option sales and services tax	190,252	189,992	0	0	190,252	189,992	0.14%
Unrestricted state grants	1,461,504	1,406,537	0	0	1,461,504	1,406,537	3.91%
Unrestricted investment earnings	48,515	47,834	56	51	48,571	47,885	1.43%
Other general revenues	20,924	15,806	0	0	20,924	15,806	32.38%
Transfers	(8,437)	0	8,437	0	0	0	0.00%
Total revenues and transfers	3,549,801	3,472,436	128,552	124,682	3,678,353	3,597,118	2.26%
Program expenses:							
Governmental activities:							
Instructional	2,250,375	2,134,101	0	0	2,250,375	2,134,101	5.45%
Support services	900,224	824,737	0	873	900,224	825,610	9.04%
Non-instructional programs	2,233	1,855	128,287	129,577	130,520	131,432	-0.69%
Other expenses	170,854	148,002	0	0	170,854	148,002	15.44%
Total expenses	3,323,686	3,108,695	128,287	130,450	3,451,973	3,239,145	6.57%
Change in net assets	226,115	363,741	265	(5,768)	226,380	357,973	36.76%
Beginning net assets	1,322,920	959,179	53,493	59,261	1,376,413	1,018,440	35.15%
Ending net assets	$ 1,549,035	1,322,920	53,758	53,493	1,602,793	1,376,413	16.45%

In fiscal 2008, local tax, local option sales and services tax and unrestricted state grants account for 76.73% of the revenues from governmental activities while charges for services and operating grants and contributions account for 93.39% of the revenues and transfers from business-type activities.

The District's total revenues and transfers were $3,678,353 of which $3,549,801 was for governmental activities and $128,552 was for business-type activities.

As shown in Figure A-4, the District as a whole experienced a 2.26% increase in revenues and a 6.57% increase in expenses. Local tax increased by $17,379 to fund expenditures. The increase in expenses was related to increases in the instructional, support services, and non-instructional program expenditures.

Governmental Activities

Revenues for governmental activities were $3,549,801 and expenses were $3,323,686.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	$ 2,250,375	2,134,101	5.45%	1,613,729	1,495,101	7.93%
Support services	900,224	824,737	9.15%	895,882	818,433	9.46%
Non-instructional programs	2,233	1,855	20.38%	2,233	1,855	20.38%
Other expenses	170,854	148,002	15.44%	46,835	35,696	31.21%
Totals	$ 3,323,686	3,108,695	6.92%	2,558,679	2,351,085	8.83%

For the year ended June 30, 2008:

- The cost financed by users of the District's programs was $348,698.
- Federal and state governments subsidized certain programs with grants and contributions totaling $416,309.
- The net cost of governmental activities was financed with $1,072,036 in local tax, $190,252 in local option sales and services tax, $1,461,504 in unrestricted state grants, $48,515 in unrestricted investment earnings and $20,924 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were $128,552 and expenses were $128,287. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, capital contributions, and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of $378,543, above last year's ending fund balances of a $334,265. However, the primary reason for the increase in combined fund balances in fiscal 2008 is due to the increase in the Special Revenue, Physical Plant and Equipment Levy balance.

Governmental Fund Highlights

- The District's General Fund increased from a deficit $10,243 to a balance of $26,209. The increase is due primarily to an increase in local and state revenues.

- The Capital Projects Fund balance decreased from $205,183 at June 30, 2007 to $150,675 at June 30, 2008. This decrease was due in part to an increase in expenditures during the fiscal year.

Proprietary Fund Highlights

- The School Nutrition Fund net assets increased from $53,493 at June 30, 2007 to $53,758 at June 30, 2008, representing an increase of 0.01%.

BUDGETARY HIGHLIGHTS

The District's receipts were $172,291 more than budgeted receipts, a variance of 4.91%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted, primarily due 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.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested $887,722, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 33.17% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was $100,079.

The original cost of the District's capital assets was $3,245,265. Governmental funds account for $3,152,350 with the remainder of $92,915 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled $349,155 at June 30, 2007, compared to $479,584 reported at June 30, 2008. This increase resulted from the completion of various improvement projects during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	$ 7,201	7,201	0	0	7,201	7,201	0.00%
Construction in Progress	105,073	0	0	0	105,073	0	100.00%
Buildings	479,584	349,155	0	0	479,584	349,155	37.36%
Land improvements	48,014	27,191	0	0	48,014	27,191	76.58%
Machinery and equipment	195,490	232,772	52,360	50,296	247,850	283,068	-12.44%
Total	$ 835,362	616,319	52,360	50,296	887,722	666,615	33.17%

Long Term Debt

At June 30, 2008, the District had a real estate contract payable of . This represents an increase of 100.00% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District June 30,		Total Change June 30,
	2008	2007	2007-08
Real estate contract	$ 60,000	0	100.00%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- A projected 20% decrease in enrollment over the next five years will mean a decrease or stagnant revenue stream from the state. The District is currently developing a long range plan to address this situation.

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 Ruth Hingtgen, District Treasurer, Andrew Community School District, 13 S. Marion St, P.O. Box 230, Andrew, Iowa, 52030.

BASIC FINANCIAL STATEMENTS

Exhibit A

ANDREW COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents:			
ISCAP(Note 5)	$ 624,940	0	624,940
Other	897,059	685	897,744
Receivables			
Property tax:			
Delinquent	17,049	0	17,049
Succeeding year	990,301	0	990,301
Income surtax	117,299	0	117,299
Accounts	120,696	166	120,862
Interfund	1,573	(1,573)	0
Accrued ISCAP interest(Note 5)	3,565	0	3,565
Due from other governments	27,765	0	27,765
Inventories	0	3,981	3,981
Capital assets, net of accumulated depreciation(Note 6)	835,362	52,360	887,722
TOTAL ASSETS	3,635,609	55,619	3,691,228
LIABILITIES			
Accounts payable	97,834	974	98,808
Salaries and benefits payable	276,370	0	276,370
ISCAP warrants payable(Note 5)	621,000	0	621,000
ISCAP accrued interest payable(Note 5)	3,849	0	3,849
ISCAP unamortized premium	7,973	0	7,973
Deferred revenue:			
Succeeding year property tax	990,301	0	990,301
Unearned revenue	0	887	887
Incurred but not reported claims	29,247	0	29,247
Long-term liabilities (Note 7):			
Portion due within one year:			
Capital loan payable	20,000	0	20,000
Portion due after one year:			
Capital loan payable	40,000	0	40,000
TOTAL LIABILITIES	2,086,574	1,861	2,028,435
NET ASSETS			
Invested in capital assets, net of related debt	775,362	52,360	827,722
Restricted for:			
Teacher mentoring	326	0	326
Teacher quality	3,936	0	3,936
Talented and gifted	3,843	0	3,843
Capital projects	150,675	0	150,675
Management levy	70,775	0	70,775
Physical plant and equipment levy	85,853	0	85,853
Other special revenue purposes	45,031	0	45,031
Unrestricted	413,234	1,398	414,632
TOTAL NET ASSETS	$ 1,549,035	53,758	1,602,793

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

Exhibit B

ANDREW COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
Instruction:							
Regular instruction	$ 1,443,031	196,581	269,611	0	(976,839)	0	(976,839)
Special instruction	565,118	54,738	18,337	0	(492,043)	0	(492,043)
Other instruction	242,226	97,379	0	0	(144,847)	0	(144,847)
	2,250,375	348,698	287,948	0	(1,613,729)	0	(1,613,729)
Support services:							
Student services	60,447	0	0	0	(60,447)	0	(60,447)
Instructional staff services	79,776	0	0	0	(79,776)	0	(79,776)
Administration services	350,313	0	0	0	(350,313)	0	(350,313)
Operation and maintenance of plant services	171,867	0	0	0	(171,867)	0	(171,867)
Transportation services	237,821	0	4,342	0	(233,479)	0	(233,479)
	900,224	0	4,342	0	(895,882)	0	(895,882)
Non-instructional programs:							
Food service operations	2,233	0	0	0	(2,233)		(2,233)
Other expenditures:							
Facilities acquisitions	19,895	0	0	8,075	(11,820)	0	(11,820)
AEA flowthrough	115,944	0	115,944	0	0	0	0
Depreciation(unallocated)*	35,015	0	0	0	(35,015)	0	(35,015)
	170,854	0	115,944	8,075	(46,835)	0	(46,835)
Total governmental activities	3,323,686	348,698	408,234	8,075	(2,558,679)	0	(2,558,679)
Non-instructional programs:							
Nutrition services	128,287	63,601	56,458	0	0	(8,228)	(8,228)
Total business-type activities	128,287	63,601	56,458	0	0	(8,228)	(8,228)
Total	$ 3,451,973	412,299	464,692	8,075	(2,558,679)	(8,228)	(2,566,907)
General Revenues and transfers:							
General revenues:							
Local tax for:							
General purposes					$ 1,008,371	0	1,008,371
Capital outlay					63,665	0	63,665
Local option sales and services					190,252	0	190,252
Unrestricted state grants					1,461,504	0	1,461,504
Unrestricted investment earnings					48,515	56	48,571
Other general revenue					20,924	0	20,924
Transfers					(8,437)	8,437	0
Total general revenues and transfers					2,784,794	8,493	2,793,287
Changes in net assets					226,115	265	226,380
Net assets beginning of year					1,322,920	53,493	1,376,413
Net assets end of year					$ 1,549,035	53,758	1,602,793

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

ANDREW COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments:				
ISCAP (Note 5)	$ 624,940	0	0	624,940
Other	284,608	104,389	200,984	589,981
Receivables:				
Property tax:				
Delinquent	16,465	0	584	17,049
Succeeding year	902,995	0	87,306	990,301
Income surtax	117,299	0	0	117,299
Interfund	1,573	0	0	1,573
Accounts	73,169	46,286	1,241	120,696
Accrued ISCAP interest (Note 5)	3,565	0	0	3,565
Due from other governments	27,765	0	0	27,765
TOTAL ASSETS	$ 2,052,379	150,675	290,115	2,493,169
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 96,684	0	1,150	97,834
Salaries and benefits payable	276,370	0	0	276,370
ISCAP warrants payable (Note 5)	621,000	0	0	621,000
ISCAP accrued interest payable (Note 5)	3,849	0	0	3,849
ISCAP unamortized premium	7,973	0	0	7,973
Deferred revenue:				
Succeeding year property tax	902,995	0	87,306	990,301
Income surtax	117,299	0	0	117,299
Total liabilities	2,026,170	0	88,456	2,114,626
Fund balances:				
Reserved for:				
Teacher mentoring	326	0	0	326
Teacher quality	3,936	0	0	3,936
Talented and gifted	3,843	0	0	3,843
Unreserved:				
General	18,104	0	0	18,104
Capital projects	0	150,675	0	150,675
Management levy	0	0	70,775	70,775
Physical plant and equipment levy	0	0	85,853	85,853
Other special revenue purposes	0	0	45,031	45,031
Total fund balances	26,209	150,675	201,659	378,543
TOTAL LIABILITIES AND FUND BALANCES	$ 2,052,379	150,675	290,115	2,493,169

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

Exhibit D

ANDREW COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances of governmental funds (page 15)	$	378,543
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.		835,362
Accounts receivable income surtax, is not yet available to finance expenditures of the current fiscal period.		117,299
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		277,831
Long-term liabilities, including a real estate contract payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(60,000)
Net assets of governmental activites (page 13)	$	1,549,035

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

Exhibit E

ANDREW COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	$ 978,252	190,252	93,609	1,262,113
Tuition	244,416	0	0	244,416
Other	73,444	11,379	104,879	189,702
State sources	1,761,368	0	60	1,761,428
Federal sources	100,404	0	0	100,404
Total revenues	3,157,884	201,631	198,548	3,558,063
Expenditures:				
Current:				
Instruction:				
Regular instruction	1,437,821	0	2,780	1,440,601
Special instruction	563,429	0	1,154	564,583
Other instruction	159,658	0	87,032	246,690
	2,160,908	0	90,966	2,251,874
Support services:				
Student services	61,216	0	136	61,352
Instructional staff services	79,620	0	154	79,774
Administration services	349,288	0	3,390	352,678
Operation and maintenance of plant services	161,696	0	19,781	181,477
Transportation services	192,760	0	16,021	208,781
	844,580	0	39,482	884,062
Non-instructional programs:				
Food service operations	0	0	2,233	2,233
Other expenditures:				
Facilities acquisitions	0	316,139	3,533	319,672
Long-term debt:				
Principal	0	0	20,000	20,000
AEA flowthrough	115,944	0	0	115,944
	115,944	316,139	23,533	455,616
Total expenditures	3,121,432	316,139	156,214	3,593,785
Excess(deficiency)of revenues over(under) expenditures	36,452	(114,508)	42,334	(35,722)
Other financing sources(uses):				
Issuance of real estate contract	0	80,000	0	80,000
Transfers in	0	0	20,000	20,000
Transfers out	0	(20,000)	0	(20,000)
Total other financing sources(uses)	0	60,000	20,000	80,000
Net change in fund balances	36,452	(54,508)	62,334	44,278
Fund balance beginning of year	(10,243)	205,183	139,325	334,265
Fund balance end of year	$ 26,209	150,675	201,659	378,543

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

Exhibit F

ANDREW COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008

Net change in fund balances - total governmental funds (page 17)		$ 44,278
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 and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:		
Capital outlays	$ 312,749	
Depreciation expense	(93,706)	219,043
Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.		175
Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis.		22,619
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issuances exceeded repayments, as follows:		
Issued	$ (80,000)	
Repaid	20,000	(60,000)
Changes in net assets of governmental activities (page 14)		$ 226,115

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

Exhibit G

ANDREW COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities: Enterprise Fund	
	School Nutrition	Governmental Activities: Internal Service
Assets		
Cash and pooled investments	$ 685	307,078
Due from other governments	166	0
Inventories	3,981	0
Capital assets, net of accumulated depreciation (Note 5)	52,360	0
Total assets	57,192	307,078
Liabilities		
Accounts payable	974	0
Interfund payable	1,573	0
Unearned revenue	887	0
Incurred but not reported claims	0	29,247
Total liabilities	3,434	29,247
Net Assets		
Invested in capital assets	52,360	0
Unrestricted	1,398	277,831
Total net assets	$ 53,758	277,831

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit H

ANDREW COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service
Operating revenues:		
Local sources:		
Charges for services	$ 63,601	370,914
Operating expenses:		
Support services:		
Administrative services	0	348,295
Non-instructional programs:		
Food service operations:		
Salaries	44,433	0
Benefits	21,486	0
Services	1,969	0
Supplies	54,026	0
Depreciation	6,373	0
	128,287	0
Total operating expenses	128,287	348,295
Operating income(loss)	(64,686)	22,619
Non-operating revenues:		
State sources	1,586	0
Federal sources	54,872	0
Interest income	56	0
Total non-operating revenues	56,514	0
Change in net assets before other financing sources	(8,172)	22,619
Other financing sources:		
Capital contribution	8,437	0
Change in net assets	265	22,619
Net assets beginning of year	53,493	255,212
Net assets end of year	$ 53,758	277,831

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

Exhibit I

ANDREW COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	$ 62,800	0
Cash received from miscellanous operating activities	455	370,914
Cash payments to employees for services	(65,919)	0
Cash payments to suppliers for goods or services	(48,291)	(343,624)
Net cash provided by(used in) operating activities	(50,955)	27,290
Cash flows from non-capital financing activities:		
Borrowings from General Fund	565	0
State grants received	1,586	0
Federal grants received	45,964	0
Net cash provided by non-capital financing activities	48,115	0
Cash flows from investing activities:		
Interest on investments	56	0
Net increase(decrease) in cash and cash equivalents	(2,784)	27,290
Cash and cash equivalents at beginning of year	3,469	279,788
Cash and cash equivalents at end of year	$ 685	307,078
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	$ (64,686)	22,619
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	8,742	0
Depreciation	6,373	0
Increase in inventories	(2,012)	0
Increase in accounts payable	974	0
Increase in incurred but not reported claims	0	4,671
Decrease in unearned revenue	(346)	0
Net cash provided by(used in) operating activities	$ (50,955)	27,290
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:		
Current assets:		
Cash and pooled investments	$ 685	307,078

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received Federal commodities valued at $8,742.

During the year ended June 30, 2008, the District received $8,437 in contributed capital from the Capital Projects Fund.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

(1) Summary of Significant Accounting Policies

The Andrew Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Andrew, Iowa, and the predominate agricultural territory in Jackson 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, Andrew 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 Andrew 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 Jackson 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 support.

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

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

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

Unrestricted net assets 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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

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 of capital facilities.

The District reports the following proprietary funds:

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

of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and Statement of Activities. This chargeback is based upon a percentage of total employees by the participants' various functional areas.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and

reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

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, 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	$ 2,000
Buildings	2,000
Land improvements	2,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Land improvements	20 years
Machinery and equipment	5-20 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 Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures in the other expenditures functional area exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits in bank at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the district had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	$ 581,558

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

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) Due From and Due to Other Funds

At June 30, 2008 the interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Enterprise, School Nutrition	$ 1,573

(4) Transfers

The detail of interfund transfers for the year ended June 30,2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 20,000

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-08B	1/23/08	1/23/09	$ 227,729	3,414	227,000	3,698
2008-09A	6/26/08	6/25/09	397,211	151	394,000	151
Total			$ 624,940	3,565	621,000	3,849

The district pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the district must repay the outstanding withdrawal from its General Fund receipts. In addition, the district must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2007-08A	$ 0	125,000	125,000	0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.448%
2007-08B	3.750%	3.451%
2008-09A	3.500%	3.469%

(6) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 7,201	0	0	7,201
Construction in progress	0	105,073	0	105,073
Total capital assets not being depreciated	7,201	105,073	0	112,274
Capital assets being depreciated:				
Buildings	1,601,583	161,844	36,512	1,726,915
Land improvements	61,132	24,423	0	85,555
Machinery and equipment	1,206,197	21,409	0	1,227,606
Total capital assets being depreciated	2,868,912	207,676	36,512	3,040,076
Less accumulated depreciation for:				
Buildings	1,252,428	31,415	36,512	1,247,331
Land improvements	33,941	3,600	0	37,541
Machinery and equipment	973,425	58,691	0	1,032,116
Total accumulated depreciation	2,259,794	93,706	36,512	2,316,988
Total capital assets being depreciated, net	609,118	113,970	0	723,088
Governmental activities capital assets, net	$ 616,319	219,043	0	835,362

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	$ 87,097	8,437	2,619	92,915
Less accumulated depreciation	36,801	6,373	2,619	40,555
Business-type activities capital assets, net	$ 50,296	2,064	0	52,360

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 20,586
Special	535
Other	1,636
Support services:	
Instructional staff services	681
Administration	1,254
Operation and maintenance of plant	3,149
Transportation	30,850
	58,691
Unallocated depreciation	35,015
Total governmental activities depreciation expense	$ 93,706
Business-type activities:	
Food services	$ 6,373

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Real estate contract	$ 0	80,000	20,000	60,000	20,000

Real Estate Contract

During the year ended June 30, 2008 the District entered into an interest free real estate contract with St. Johns church. Details of the contract indebtedness are as follows:

Year Ending June 30,	Principal
2009	$ 20,000
2010	20,000
2011	20,000
Total	$ 60,000

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were $99,189, $88,013, and $85,597, respectively, equal to the required contributions for each year.

(9) Risk Management

The district has a self-funded health insurance plan. The District purchases commercial insurance to provide for the aggregate stop-loss coverage for the excess of 110% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess of $25,000 in insured claims for any one covered individual. Settle claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That balance was $277,831 at June 30, 2008. The incurred but not reported and unpaid claims liability of $29,247 reported in the plan at June 30, 2008 based on the requirements of GASB Statement Number 10, is set up as a liability on the balance sheet.

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $115,944 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2008, expenditures in the other expenditures functional area exceeded the amount budgeted.

(12) Construction Commitment

The District has entered into various contracts for the construction of a new preschool center. As of June 30, 2008, $105,073 in costs had been incurred against the contract. The balance remaining at June 30, 2008 will be paid as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

ANDREW COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 1,696,231	63,657	1,759,888	1,620,226	1,620,226	139,662
State sources	1,761,428	1,586	1,763,014	1,728,661	1,728,661	34,353
Federal sources	100,404	54,872	155,276	157,000	157,000	(1,724)
Total revenues	3,558,063	120,115	3,678,178	3,505,887	3,505,887	172,291
Expenditures:						
Instruction	2,251,874	0	2,251,874	2,162,300	2,262,300	10,426
Support services	884,062	0	884,062	959,900	959,900	75,838
Non-instructional programs	2,233	128,287	130,520	152,000	152,000	21,480
Other expenditures	455,616	0	455,616	275,749	375,000	(80,616)
Total expenditures	3,593,785	128,287	3,722,072	3,549,949	3,749,200	27,128
Excess(deficiency) of revenues over(under) expenditures	(35,722)	(8,172)	(43,894)	(44,062)	(243,313)	199,419
Other financing sources(uses), net	80,000	8,437	88,437	0	0	88,437
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	44,278	265	44,543	(44,062)	(243,313)	287,856
Balance beginning of year	334,265	53,493	387,758	218,419	218,419	169,339
Balance end of year	$ 378,543	53,758	432,301	174,357	(24,894)	457,195

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ANDREW COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budget expenditures by $199,251.

During the year ended June 30, 2008, expenditures in the other expenditures functional area exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

ANDREW COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMETAL FUNDS
JUNE 30, 2008

	Nonmajor Special Revenue Funds				
	Manage-ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total Special Revenue Funds
Assets					
Cash and pooled investments	$ 70,191	44,484	84,612	1,697	200,984
Receivables:					
Property tax:					
Current year delinquent	584	0	0	0	584
Succeeding year	40,820	0	46,486	0	87,306
Accounts	0	0	1,241	0	1,241
Total assets	$ 111,595	44,484	132,339	1,697	290,115
Liabilities and fund balances:					
Liabilities:					
Accounts payable	$ 0	1,150	0	0	1,150
Deferred revenue:					
Succeeding year property tax	40,820	0	46,486	0	87,306
Total liabilities	40,820	1,150	46,486	0	88,456
Fund balances:					
Undesignated	70,775	43,334	85,853	1,697	201,659
Total liabilities and fund balances	$ 111,595	44,484	132,339	1,697	290,115

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 2

ANDREW COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds						
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total Special Revenue Funds	Debt Service	Total
Revenues:							
Local sources:							
Local tax	$ 29,944	0	63,665	0	93,609	0	93,609
Other	7,421	93,615	227	3,616	104,879	0	104,879
State sources	19	0	41	0	60	0	60
Total revenues	37,384	93,615	63,933	3,616	198,548	0	198,548
Expenditures:							
Current:							
Instruction:							
Regular instruction	2,780	0	0	0	2,780	0	2,780
Special instruction	1,154	0	0	0	1,154	0	1,154
Other instruction	362	83,107	0	3,563	87,032	0	87,032
Support services:							
Student support services	136	0	0	0	136	0	136
Instructional staff	154	0	0	0	154	0	154
Administration services	3,390	0	0	0	3,390	0	3,390
Operation and maintenance of plant services	19,781	0	0	0	19,781	0	19,781
Student transportation	8,021	0	8,000	0	16,021	0	16,021
Non-instructional programs:							
Food service operations	2,233	0	0	0	2,233	0	2,233
Other expenditures:							
Facilities acquisitions	0	0	3,533	0	3,533	0	3,533
Long-term debt:							
Principal	0	0	0	0	0	20,000	20,000
Total expenditures	38,011	83,107	11,533	3,563	136,214	20,000	156,214
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(627)	10,508	52,400	53	62,334	(20,000)	42,334
OTHER FINANCING SOURCES:							
Transfers in	0	0	0	0	0	20,000	20,000
Net change in fund balances	(627)	10,508	52,400	53	62,334	0	62,334
FUND BALANCE BEGINNING OF YEAR	71,402	32,826	33,453	1,644	139,325	0	139,325
FUND BALANCE END OF YEAR	$ 70,775	43,334	85,853	1,697	201,659	0	201,659

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 3

ANDREW COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
General Athletics	$ (106)	6,578	6,472	0
Athletic Store	(768)	38	96	(826)
Girls Fundraiser	1,092	0	1,092	0
Boys Fundraising	358	0	358	0
Uniforms	90	0	0	90
Football	(3,168)	1,600	1,675	(3,243)
Extra Curricular	17,797	12,506	13,929	16,374
Cross Country	0	220	220	0
Boys Basketball	0	460	460	0
Baseball	(6,464)	6,464	0	0
Boys Track	0	52	52	0
Girls Basketball	(7,616)	7,616	0	0
Volleyball	0	608	1,069	(461)
Golf	(1,176)	118	948	(2,006)
Softball	(2,929)	0	3,738	(6,667)
General Music	2,396	6,732	4,473	4,655
Music Store	347	108	217	238
Hawk Club	300	0	300	0
Art Club	1,915	0	0	1,915
Yearbook	2,496	3,285	3,212	2,569
Concession Stand	854	8,896	10,175	(425)
Cheerleaders	(393)	1,253	2,162	(1,302)
Student Council	20,243	13,395	10,395	23,243
Spanish Club	275	0	0	275
Thespians	2,433	2,540	2,745	2,228
German Club	131	0	0	131
Foreign Language Travel	835	789	581	1,043
Class of 2011	0	490	0	490
Class of 2010	0	135	300	(165)
Class of 2009	0	8,604	6,473	2,131
Class of 2008	1,012	299	300	1,011
Class of 2007	189	0	0	189
Interest	0	737	737	0
Petty Cash	110	0	0	110
Embroidery Fund	115	0	0	115
General Activity	619	6,753	7,372	0
Graduation Fees	(58)	58	0	0
Elementary Store	1,255	3,231	2,864	1,622
Trophy Case	642	50	692	0
Total	$ 32,826	93,615	83,107	43,334

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	$ 1,262,113	1,233,121	1,150,990	1,094,923	1,119,831
Tuition	244,416	217,216	180,403	187,982	147,485
Other	189,702	252,106	205,904	129,851	148,565
State sources	1,761,428	1,653,670	1,488,919	1,470,942	1,418,215
Federal sources	100,404	104,795	100,566	115,315	105,804
Total	$ 3,558,063	3,460,908	3,126,782	2,999,013	2,939,900
Expenditures:					
Current:					
Instruction:					
Regular instruction	$ 1,440,601	1,442,977	1,306,298	1,411,343	1,228,494
Special instruction	564,583	432,742	435,917	479,930	472,931
Other instruction	246,690	308,830	297,596	298,307	242,616
Support services:					
Student services	61,352	56,213	53,293	81,796	91,044
Instructional staff services	79,774	69,017	59,782	65,819	58,820
Administration services	352,678	342,602	352,480	318,940	298,996
Operation and maintenance of plant services	181,477	161,148	169,707	159,688	147,541
Transportation services	208,781	264,822	234,984	177,090	196,699
Other support services	0	0	0	0	795
Non-instructional programs	2,233	1,855	1,650	17,847	6,359
Other expenditures:					
Facilities acquisitions	319,672	103,170	158,218	286,517	61,310
Long-term debt:					
Principal	20,000	0	0	0	0
AEA flow-through	115,944	109,236	98,400	97,695	99,633
Total	$ 3,593,785	3,292,612	3,168,325	3,394,972	2,905,238

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

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

To the Board of Education of the
Andrew 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 Andrew Community School District of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 11, 2009. 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 Andrew 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 Andrew Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Andrew Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Andrew Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Andrew Community School District's financial statements that is more than inconsequential will not be prevented or detected by Andrew Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 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.

Andrew 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 Andrew 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 Andrew Community School District and other parties to whom Andrew 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 Andrew 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

NOLTE, CORNMAN & JOHNSON, P.C.

March 11, 2009

ANDREW COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response - The District will continue to review our procedures and implement additional controls when and where they may be possible.

Conclusion - Response accepted.

I-B-08 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

There is a Class of 2007 account. Old class accounts should be closed out and allocated among the other student activity accounts.

Book fairs which are used as fundraisers for library books are recorded in the Student Activity accounts. The revenues and expenditures from book fairs appear to be more instructional in nature and would be more appropriately run through the General Fund.

Field trips and donations associated with field trips should be run through the General Fund. The field trip accounts do not appear to be a related to a specific club or student run organization.

There is a Petty Cash activity account. This account should be allocated to the Student Activity account funding the petty cash. If no group is funding this account, the petty cash should be closed. Otherwise, the balance can remain upon being moved to the appropriate account.

There are several accounts without activity during the year. These accounts include Art Club, Spanish Club, German Club, Petty Cash, and Embroidery Fund. These accounts should be reviewed and determined if needed to be closed to other accounts or transferred out of the Student Activity Fund.

Response - The District will review the Student Activity Fund and its revenue and expenditures so that it is not used as a clearing account for other funds. We will close out the funds with no activity. The District will review the propriety of receipts and expenditures in the Student Activity Fund.

Conclusion - Response accepted.

I-C-08 Timely Deposits - We noted during our audit that deposits for the Special Revenue Fund, Student Activity Fund were prepared but may not be taken to the bank for deposit until several days later. In addition, the amounts collected for deposit were not posted to the revenue journal in a timely manner.

Recommendation - All receipts should be deposited when received. The District should review procedures to ensure that the deposits are made timely.

Response - The District will be more diligent in getting receipts deposited in a more timely manner.

Conclusion - Response accepted.

I-D-08 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 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 the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - The District will have the Board President sign all contracts.

Conclusion - Response accepted.

I-E-08 Board Policies - We noted during our audit that the District had not implemented a disposal of asset policy. The District should implement a policy that addresses the disposal procedures for obsolete equipment and real property.

Recommendation - The District should review the policies in place and update or implement the necessary disposal of assets policy.

Response - The District will review policies in place and update or implement new policies when necessary.

Conclusion - Response accepted.

I-F-08 Capital Project Expenditures - We noted that the District is currently making purchases from the Capital Projects Fund which do not appear to be in compliance with Chapter 298.3 of the Code of Iowa. The District purchased 75 chairs at $99.01 each for a total of $7,425.75.

Recommendation - The District should review Chapter 298.3 of the Code of Iowa to ensure that purchases made from this fund are compliant. The District should make a corrective transfer from the General Fund to the Capital Projects Fund in the amount of $7,425.75 to cover this expense.

Response - We will make the transfer from General Fund to Capital Projects.

Conclusion - Response accepted.

I-G-08 Payments Made From Invoices - We noted during our audit, instances of bills being paid from statements instead of invoices. Invoices break out what was actually purchased, whereas a statement only lists the invoice numbers.

Recommendation - The District should review its procedures to ensure they are paying bills from only invoices.

Response - The District will ensure that we are paying bills from invoices and NOT statements.

Conclusion - Response accepted.

ANDREW COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting

II-A-08 Certified Budget - District expenditures for the year ended June 30, 2008, exceeded the certified budget amount in the other expenditures functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - The District will keep a closer eye on the various functions and amend the budget in accordance with Chapter 24.9.

Conclusion - Response accepted.

II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-08 Business Transactions - No business transactions between the District and District officials were noted.

II-E-08 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-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-H-08 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-I-08 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.