

**ALLISON-BRISTOW
COMMUNITY SCHOOL DISTRICT**

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

JUNE 30, 2009

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ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2008 Election)		
Eric Bixby	President	2008
Jon Heuer	Vice President	2011
Jody Cordes		2009
Kristy Lammers		2011
Kathy Bruns		2008

(After September 2008 Election)

Eric Bixby	President	2011
Jon Heuer	Vice President	2011
Jody Cordes		2009
Kristy Lammers		2011
Kathy Bruns		2009

School Officials

Warren Davison	Superintendent
Noreen Wiegmann	District Secretary/ Treasurer

BRUCE D. FRINK
Certified Public Accountant

Independent Auditor's Report

Member:

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

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

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

To the Board of Education of
Allison-Bristow Community School District:

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

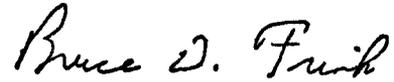
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2010 on our consideration of Allison-Bristow Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 Allison-Bristow 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 five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 3, 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.



BRUCE D. FRINK
Certified Public Accountant

January 14, 2010

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Allison-Bristow Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,016,630 in fiscal 2008 to \$3,273,560 in fiscal 2009 (a nine percent increase), while General Fund expenditures increased from \$2,944,276 in fiscal 2008 to \$3,309,917 in fiscal 2009 (a twelve percent increase). The District's General Fund balance decreased from \$376,137 in fiscal 2008 to \$339,780 in fiscal 2009, (a ten percent increase).
- Increased expenditures were primarily due to annual salary increases. Total revenues and expenses increased as the total of checks exchanged with Greene Community School District increased as part of the sharing arrangement.
- The District received \$23,695 in a Federal Small Rural Schools Achievement Grant as part of the Rural Education Achievement Program.
- The District's Certified Enrollment increased from 296.0 students in October 2007 to 304.0 students in October 2008.
- Whole grade sharing with Greene Community School District of grades 5-12 began July 1, 2004. Instructional costs, transportation (excluding extra curricular) are shared on a prorata basis of students enrolled from each district in grades 5-12.

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 Allison-Bristow 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 Allison-Bristow 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 Allison-Bristow Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Other Supplementary Information provides detailed information about the Student Activity Funds and Private Purpose Trust.

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

Figure A-1
Allison-Bristow Community School District Annual Financial Report

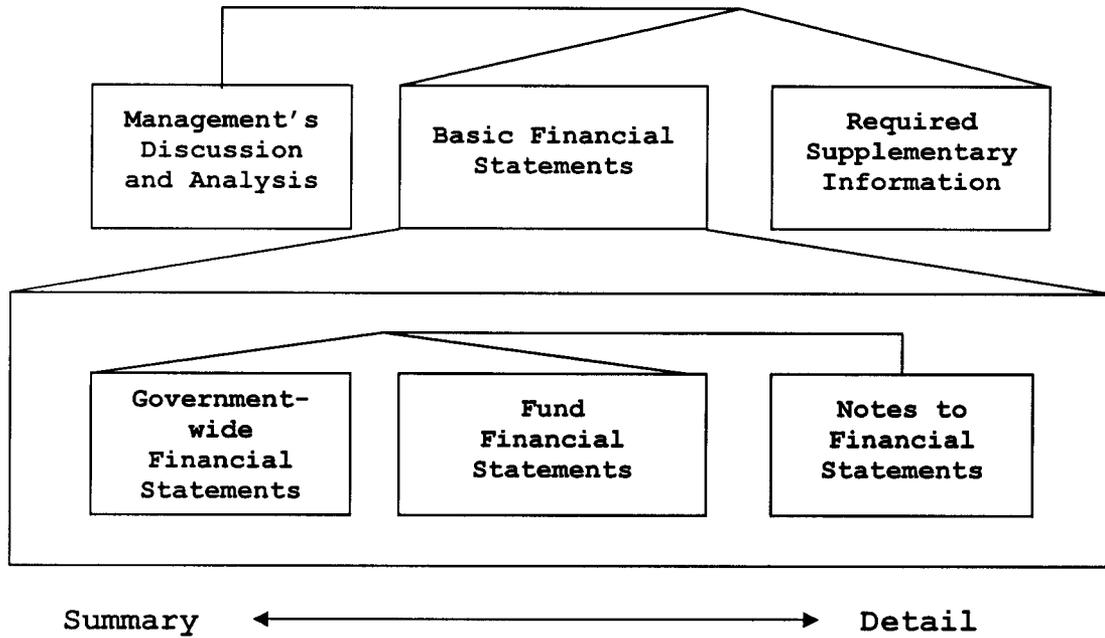


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2				
Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	2008-2009
Current assets	\$ 2,604	2,600	17	9	2,621	2,609	0.46%
Capital assets	2,208	2,193	-	-	2,208	2,193	0.68%
Total assets	4,812	4,793	17	9	4,829	4,802	0.56%
Current liabilities	1,437	1,332	16	-	1,453	1,332	9.08%
Non-current liabilities	575	635	-	-	575	635	-9.45%
Total liabilities	2,012	1,967	16	-	2,028	1,967	3.10%
Net Assets							
Invested in capital assets, net of related debt	1,633	1,558	-	-	1,633	1,558	4.81%
Restricted	750	818	-	-	750	818	-8.31%
Unrestricted	417	450	1	9	418	459	-8.93%
Total net assets	\$ 2,800	2,826	1	9	2,801	2,835	-1.20%

The District's net assets decreased by approximately \$34,000 during the year ended June 30, 2009. Unrestricted assets decreased due to a \$36,000 decrease in the General Fund Restricted assets were used to purchase capital assets and pay off debt resulting in an offsetting increase in capital asset investment versus the decrease in restricted assets.

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

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental Activities		Business type Activities		Total School District		Total Change	
2009	2008	2009	2008	2009	2008	2008-2009	
Revenues:							
Program revenues:							
Charges for service and sales	\$ 421	256	87	84	508	340	49.41%
Operating grants, contributions and interest	556	473	68	53	624	526	18.63%
General revenues:							
Property tax	1,276	1,226	-	-	1,276	1,226	4.08%
Income surtax	107	98	-	-	107	98	9.18%
Local option sales tax	152	175	-	-	152	175	-13.14%
Unrestricted state grants	1,143	1,158	-	-	1,143	1,158	-1.30%
Unrestricted investment earnings	4	23	-	-	4	23	-82.61%
Other	10	36	-	-	10	36	-72.22%
Total revenues	<u>3,669</u>	<u>3,445</u>	<u>155</u>	<u>137</u>	<u>3,824</u>	<u>3,582</u>	<u>-87.96%</u>
Program expenses:							
Governmental activities:							
Instruction	2,376	1,985	-	-	2,376	1,985	19.70%
Support Services	1,073	980	-	-	1,073	980	9.49%
Non-instructional programs	5	4	163	139	168	143	17.48%
Other expenses	241	221	-	-	241	221	9.05%
Total expenses	<u>3,695</u>	<u>3,190</u>	<u>163</u>	<u>139</u>	<u>3,858</u>	<u>3,329</u>	<u>15.89%</u>
Change in net assets	<u>\$ (26)</u>	<u>255</u>	<u>(8)</u>	<u>(2)</u>	<u>(34)</u>	<u>253</u>	<u>-113.44%</u>

Property tax and unrestricted state grants account for 63% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 89% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,668,575 and expenses were \$3,694,726 for the year ended June 30, 2009.

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

Figure A-5						
Total and Net Cost of Governmental Activities						
(Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 2,376	1,985	19.70%	1,528	1,386	10.25%
Support services	1,073	980	9.49%	1,053	974	8.11%
Non-instructional programs	5	4	25.00%	5	4	25.00%
Other expenses	<u>241</u>	<u>221</u>	<u>9.05%</u>	<u>131</u>	<u>97</u>	<u>35.05%</u>
Total	<u>\$ 3,695</u>	<u>3,190</u>	<u>15.83%</u>	<u>2,717</u>	<u>2,461</u>	<u>10.40%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$421,080.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$397,770.
- The net cost of governmental activities was financed with \$1,276,213 in property tax, \$1,143,053 in state foundation aid, and \$4,141 in interest income.

Business Type Activities

Revenues for the District's School Nutrition Fund were \$155,281 and expenses were \$162,968. The revenues include charges for services and federal and state reimbursements.

FUND ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, Allison-Bristow 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 \$1,080,991, which is 9% less than last year's ending fund balance of \$1,194,369.

Governmental Fund Highlights

- Governmental Funds decreased as a whole, however, the General Fund decreased by over \$36,000.
- The District completed an auditorium remodeling project utilizing capital projects funds.
- Continuing cost savings were realized due to whole grade sharing with the Greene Community School District.
- The District continues to closely monitor spending in all funds, especially the General Fund.

- Local revenues increased from the prior year.
- Statewide sales and service tax replaced the local option sales and services tax this year. These funds continue to pay for debt reduction and infrastructure projects.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$8,933 at June 30, 2008 to \$1,246 at June 30, 2009.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

It is the District's practice, as is in most Iowa school district, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year. During fiscal year 2009, budgeted expenditures exceeded actual expenditures in the instruction and support services functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested more than \$2.2 million (net of depreciation) by the end of fiscal year 2008 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. Total depreciation expenses for the year exceeded \$111,000.

Figure A-6
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 38	38	-	-	38	38	0.00%
Buildings	2,013	2,022	-	-	2,013	2,022	-0.45%
Furniture and equipment	157	133	-	-	157	133	18.05%
Totals	<u>\$ 2,208</u>	<u>2,193</u>	<u>-</u>	<u>-</u>	<u>2,208</u>	<u>2,193</u>	<u>0.68%</u>

Long-Term Debt

The District had \$635,000 in revenue bonds outstanding that were issued in June, 2007. These bonds are being paid with proceeds of the statewide sales and services tax.

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

	Total District		Total Change
	June 30, 2009	2008	June 30, 2008-09
Revenue bonds	\$ 575	635	-9.45%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District continues to update its facilities in order to provide the best learning environment possible.
- To offset the impact of declining enrollment, the State has provided a budget guarantee provision for districts. This budget guarantee provision is being phased out over a 10- year period. The District was on budget guarantee for fiscal year 2009 and will continue to be on budget guarantee for several years to come. Due to previous and continued declining enrollment, the amount of this reduction due to the phase out of the budget guarantee will likely grow over the next several years.
- State aid cuts and uncertain future funding will create pressures for the District to explore obtaining sources of income such as grants in order to maintain current programs.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal No Child Left Behind Act and the state Student Achievement and Teacher Quality Initiative. This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

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 Noreen Wiegmann, District Secretary/Treasurer and Business Manager, Allison-Bristow Community School District, 513 Birch Street, Allison, Iowa 50602.

Basic Financial Statements

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
		School Nutrition	
Assets			
Cash and pooled investments	\$ 997,375	15,618	1,012,993
Receivables:			
Property tax:			
Current year	32,086	-	32,086
Succeeding year	1,405,902	-	1,405,902
Income surtax - succeeding year	88,000	-	88,000
Due from other governments	66,180	-	66,180
Other receivables	14,654	75	14,729
Inventories	-	1,533	1,533
Capital assets, net of accumulated depreciation	2,207,656	-	2,207,656
Total assets	<u>4,811,853</u>	<u>17,226</u>	<u>4,829,079</u>
Liabilities			
Accounts payable	29,304	15,980	45,284
Accrued interest payable	2,034	-	2,034
Deferred revenue:			
Succeeding year property tax	1,405,902	-	1,405,902
Long-term liabilities:			
Portion due within one year:			
Revenues bonds payable	60,000	-	60,000
Portion due after one year:			
Revenues bonds payable	515,000	-	515,000
Total liabilities	<u>2,012,240</u>	<u>15,980</u>	<u>2,028,220</u>
Net assets			
Invested in capital assets, net of related debt	1,632,656	-	1,632,656
Restricted for:			
Management levy	134,036	-	134,036
Student activities	24,567	-	24,567
Physical plant and equipment levy	172,715	-	172,715
Capital projects	409,893	-	409,893
Categorical funding	8,901	-	8,901
Unrestricted	416,845	1,246	418,091
Total net assets	<u>\$ 2,799,613</u>	<u>1,246</u>	<u>2,800,859</u>

See notes to financial statements.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction	\$ 2,376,175	404,572	443,531	(1,528,072)	-	(1,528,072)
Support services:						
Student services	644	-	-	(644)	-	(644)
Instructional staff services	132,753	-	-	(132,753)	-	(132,753)
Administration services	445,698	-	-	(445,698)	-	(445,698)
Operation and maintenance of plant services	296,602	-	3,042	(293,560)	-	(293,560)
Transportation services	197,085	16,508	-	(180,577)	-	(180,577)
	1,072,782	16,508	3,042	(1,053,232)	-	(1,053,232)
Non-instructional programs:						
Food service operations	5,158	-	-	(5,158)	-	(5,158)
Other expenditures:						
AEA flowthrough	104,703	-	104,703	-	-	-
Facilities acquisition and construction	20,991	-	4,728	(16,263)	-	(16,263)
Long-term debt services	400	-	-	(400)	-	(400)
Long-term debt interest	26,638	-	-	(26,638)	-	(26,638)
Depreciation (unallocated)*	87,879	-	-	(87,879)	-	(87,879)
	240,611	-	109,431	(131,180)	-	(131,180)
Total governmental activities	3,694,726	421,080	556,004	(2,717,642)	-	(2,717,642)

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

	General	Capital Projects	Physical Plant and Equipment Levy	Management Levy	Student Activity	Total
Assets						
Cash and pooled investments	\$ 305,115	350,973	186,399	131,628	23,260	997,375
Receivables:						
Property tax:						
Current year	26,564	-	3,114	2,408	-	32,086
Succeeding year	1,116,408	-	89,494	200,000	-	1,405,902
Income surtax - succeeding year	88,000	-	-	-	-	88,000
Due from other governments	7,260	58,920	-	-	-	66,180
Other receivables	13,347	-	-	-	1,307	14,654
Total assets	<u>\$ 1,556,694</u>	<u>409,893</u>	<u>279,007</u>	<u>334,036</u>	<u>24,567</u>	<u>2,604,197</u>
Liabilities:						
Accounts payable	\$ 12,506	-	16,798	-	-	29,304
Deferred revenue:						
Succeeding year property tax	1,116,408	-	89,494	200,000	-	1,405,902
Succeeding year income surtax	88,000	-	-	-	-	88,000
Total liabilities	<u>1,216,914</u>	<u>-</u>	<u>106,292</u>	<u>200,000</u>	<u>-</u>	<u>1,523,206</u>
Fund balances:						
Reserved for capital projects	-	409,893	-	-	-	409,893
Reserved for categorical spending	8,901	-	-	-	-	8,901
Unreserved fund balance	330,879	-	172,715	134,036	24,567	662,197
Total fund balances	<u>339,780</u>	<u>409,893</u>	<u>172,715</u>	<u>134,036</u>	<u>24,567</u>	<u>1,080,991</u>
Total liabilities and fund balances	<u>\$ 1,556,694</u>	<u>409,893</u>	<u>279,007</u>	<u>334,036</u>	<u>24,567</u>	<u>2,604,197</u>

See notes to financial statements.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

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

June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 1,080,991
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Income surtax receivable at June 30, 2009 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.	88,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	2,207,656
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.	(2,034)
Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.	
Revenue bonds payable	<u>(575,000)</u>
Net assets of governmental activities (Exhibit A)	<u><u>\$ 2,799,613</u></u>

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Management Levy	Student Activity	Total
Revenues:							
Local sources							
Local tax	\$ 1,185,975	-	152,003	84,938	99,993	-	1,522,909
Tuition	404,572	-	-	-	-	-	404,572
Other	37,487	-	4,728	2,014	895	38,311	83,435
State sources	1,534,311	-	-	60	73	-	1,534,444
Federal sources	111,215	-	-	-	-	-	111,215
Total revenues	<u>3,273,560</u>	-	<u>156,731</u>	<u>87,012</u>	<u>100,961</u>	<u>38,311</u>	<u>3,656,575</u>
Expenditures:							
Current:							
Instruction	<u>2,317,638</u>	-	-	26,102	-	32,435	<u>2,376,175</u>
Support services:							
Student services	644	-	-	-	-	-	644
Instructional staff services	78,031	-	54,722	-	-	-	132,753
Administration services	412,175	-	-	4,683	28,840	-	445,698
Operation and maintenance of plant services	236,960	-	127,011	28,376	30,943	-	423,290
Transportation services	159,766	-	-	-	13,534	-	173,300
	<u>887,576</u>	-	<u>181,733</u>	<u>33,059</u>	<u>73,317</u>	-	<u>1,175,685</u>
Non-instructional programs:							
Food service operations	-	-	-	-	5,158	-	5,158

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Management Levy	Student Activity	Total
Other expenditures:							
AEA flowthrough	104,703	-	-	-	-	-	104,703
Long-term debt:							
Services	-	400	-	-	-	-	400
Principal	-	60,000	-	-	-	-	60,000
Interest	-	26,841	-	-	-	-	26,841
Facilities acquisition and construction	-	-	-	20,991	-	-	20,991
	<u>104,703</u>	<u>87,241</u>	<u>-</u>	<u>20,991</u>	<u>-</u>	<u>-</u>	<u>212,935</u>
Total expenditures	3,309,917	87,241	181,733	80,152	78,475	32,435	3,769,953
Excess (deficiency) of revenues over (under) expenditures	<u>(36,357)</u>	<u>(87,241)</u>	<u>(25,002)</u>	<u>6,860</u>	<u>22,486</u>	<u>5,876</u>	<u>(113,378)</u>
Other financing sources (uses):							
Operating transfers in	-	87,241	-	-	-	-	87,241
Operating transfers out	-	-	(87,241)	-	-	-	(87,241)
	<u>-</u>	<u>87,241</u>	<u>(87,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(36,357)	-	(112,243)	6,860	22,486	5,876	(113,378)
Fund balances beginning of year	<u>376,137</u>	<u>-</u>	<u>522,136</u>	<u>165,855</u>	<u>111,550</u>	<u>18,691</u>	<u>1,194,369</u>
Fund balances end of year	<u>\$ 339,780</u>	<u>-</u>	<u>409,893</u>	<u>172,715</u>	<u>134,036</u>	<u>24,567</u>	<u>1,080,991</u>

See notes to financial statements.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ (113,378)

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

Income surtaxes not collected for several months after the District's
fiscal year ends are not considered "available" revenues in the
governmental funds and are included as deferred revenues. They are,
however, recorded as revenues in the statement of activities 12,000

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

Capital outlays	\$ 126,688	
Depreciation expense	<u>(111,664)</u>	15,024

Repayment of long-term debt liabilities is an expenditures in the
governmental funds, but the repayment reduces long-term liabilities in
the Statement of Net Assets. Current year repayments are as follows:

Repayments		60,000
------------	--	--------

Interest on long-term debt in the Statement of Activities differs from
the amount reported in the governmental funds because interest is
recorded as an expenditure in the funds when due. In the Statement
of Activities, interest expense is recognized as the interest accrues,
regardless of when it is due. 203

Change in net assets of governmental activities (Exhibit B) \$ (26,151)

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ <u>87,466</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	73,699
Benefits	8,484
Services	2,869
Supplies	<u>77,916</u>
Total operating expenses	<u>162,968</u>
Operating (loss)	<u>(75,502)</u>
Non-operating revenues:	
State sources	1,755
Federal sources	66,037
Interest income	<u>23</u>
	<u>67,815</u>
Changes in net assets	(7,687)
Net assets beginning of year	<u>8,933</u>
Net assets end of year	<u>\$ <u>1,246</u></u>

See notes to financial statements.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 87,548
Cash payments to employees for services	(66,215)
Cash payments to suppliers for goods or services	<u>(67,124)</u>
Net cash (used by) operating activities	<u>(45,791)</u>
Cash flows from non-capital financing activities:	
State grants received	1,755
Federal grants received	<u>53,590</u>
Net cash provided by non-capital financing activities	<u>55,345</u>
Cash flows from investing activities:	
Interest on investments	<u>22</u>
Net (increase) in cash and cash equivalents	9,576
Cash and cash equivalents beginning of year	<u>6,042</u>
Cash and cash equivalents end of year	<u>\$ 15,618</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (75,502)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	12,447
Decrease in other receivables	83
Decrease in inventory	1,201
Increase in accounts payable	<u>15,980</u>
Net cash used by operating activities	<u>\$ (45,791)</u>
Non-cash investing, capital and financing activities:	

During the year ended June 30, 2009, the District received federal commodities valued at \$12,447.

See notes to financial statements.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trusts
	<u>Scholarships</u>
Assets	
Cash	\$ <u>43,305</u>
Total assets	<u>43,305</u>
Net Assets	
Reserved for scholarships	<u>43,305</u>
Total net assets	<u>\$ <u>43,305</u></u>

See notes to financial statements.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trusts
	<u>Scholarships</u>
Additions:	
Local sources:	
Miscellaneous	\$ 2,407
Total additions	<u>2,407</u>
Deductions:	
Support services:	
Scholarships	<u>3,550</u>
Total deductions	<u>3,550</u>
Change in net assets	(1,143)
Net assets beginning of year	<u>44,448</u>
Net assets end of year	<u>\$ 43,305</u>

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Allison-Bristow Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Allison and Bristow, Iowa, and agricultural area in Butler County. The District is governed by a Board of Education whose members are elected on a non-partisan basis. The District is involved in two-way whole grade sharing agreement with the Greene Community School District involving grades five through twelve.

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, Allison-Bristow 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. Allison-Bristow Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The Physical Plant and Equipment Levy is used to purchase equipment (over \$500 per item) and for major repairs and improvements to buildings and grounds. It is funded primarily through a combination of property tax and income surtax.

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

The District reports the following major proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in 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, have a maturity date no longer than three months.

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

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

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

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

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

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

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

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

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures in the instruction and support services functions exceeded the amounts budgeted. The District did not exceed the General Fund unspent balance amount.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 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, 2009, the District had investments in the Iowa Schools Joint Investment Trust, as follow:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$899,243</u>

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

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

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 37,525	-	-	37,525
Capital assets being depreciated:				
Buildings	3,217,846	53,086	-	3,270,932
Furniture and Equipment	521,985	73,602	-	595,587
Total capital assets being depreciated	3,739,831	126,688	-	3,866,519
Less accumulated depreciation for:				
Buildings	1,195,559	61,817	-	1,257,376
Furniture and Equipment	389,165	49,847	-	439,012
Total accumulated depreciation	1,584,724	111,664	-	1,696,388
Total capital assets being depreciated, net	2,155,107	15,024	-	2,170,131
Governmental activities, capital assets, net	\$ 2,192,632	15,024	-	2,207,656
Business type activities:				
Furniture and equipment	\$ 55,064	-	-	55,064
Less accumulated depreciation	55,064	-	-	55,064
Business type activities capital assets, net	\$ -	-	-	-
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 23,785
Unallocated				87,879
				\$ 111,664
Business Type activities:				
Food service operations				\$ -

(4) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$105,328, \$95,355, and \$85,131 respectively, equal to the required contributions for each year.

(5) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$104,703 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	<u>Revenue Bonds</u>
Balance beginning of year	\$635,000
Additions	-
Reductions	<u>60,000</u>
Balance end of year	<u>\$575,000</u>

Details of the District's June 30, 2009 Local Option Sales and Services Tax Revenue Bond Anticipation Project Notes are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of June, 2007</u>			
	<u>Interest Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	4.100%	\$ 24,412	60,000	84,412
2011	4.125	21,951	65,000	86,951
2012	4.150	19,270	65,000	84,270
2013	4.200	16,572	70,000	86,572
2014	4.250	13,633	75,000	88,633
2015	4.300	10,445	75,000	85,445
2016	4.350	7,220	80,000	87,220
2017	4.400	<u>3,740</u>	<u>85,000</u>	<u>88,740</u>
Total		<u>\$117,243</u>	<u>575,000</u>	<u>692,243</u>

The District has pledged future local option sales and services tax revenues to repay the \$690,000 bonds issued in June 2007. The bonds were issued for the purpose of financing a portion of the costs of remodeling. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2017. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 55 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$692,243. For the current year \$86,841 of principal and interest was paid on the bonds and total local option sales and services tax revenues were \$156,731.

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

- a. \$69,000 of the proceeds from the issuance of the revenue bonds are deposited in a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b. All proceeds from the statewide sales and services tax shall be placed in a revenue account.

- c. Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year. The balance of this account at June 30, 2009 was \$165,688.
- d. Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District had \$69,000 in the required reserve account at June 30, 2009.

(7) Interfund Transfers

The detail of Interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$86,841</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2009

	Governmental	Proprietary	Total	Budget Amount		Final to Actual Variance
	Fund Type Actual	Fund Type Actual		Original	Final	
Revenues:						
Local sources	\$ 2,010,916	87,489	2,098,405	2,373,912	2,373,912	(275,507)
State sources	1,534,444	1,755	1,536,199	1,544,782	1,544,782	(8,583)
Federal sources	111,215	66,037	177,252	201,886	201,886	(24,634)
Total revenues	<u>3,656,575</u>	<u>155,281</u>	<u>3,811,856</u>	<u>4,120,580</u>	<u>4,120,580</u>	<u>(308,724)</u>
Expenditures/Expenses:						
Instruction	2,376,175	-	2,376,175	2,125,000	2,125,000	(251,175)
Support services	1,175,685	-	1,175,685	1,162,000	1,162,000	(13,685)
Non-instructional programs	5,158	162,968	168,126	304,000	304,000	135,874
Other expenditures	212,935	-	212,935	656,499	656,499	443,564
Total expenditures/expenses	<u>3,769,953</u>	<u>162,968</u>	<u>3,932,921</u>	<u>4,247,499</u>	<u>4,247,499</u>	<u>314,578</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(113,378)	(7,687)	(121,065)	(126,919)	(126,919)	5,854
Other financing sources (uses)	-	-	-	(100,000)	(100,000)	100,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	(113,378)	(7,687)	(121,065)	(226,919)	(226,919)	105,854
Balance beginning of year	1,194,369	8,933	1,203,302	1,050,723	1,050,723	152,579
Balance end of year	<u>\$ 1,080,991</u>	<u>1,246</u>	<u>1,082,237</u>	<u>823,804</u>	<u>823,804</u>	<u>258,433</u>

See accompanying independent auditor's report.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

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

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

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

During the year ended June 30, 2009, expenditures in the instruction and support services functions exceeded the amounts budgeted. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Instrumental Music	\$ 126	418	544	-
Vocal Music	4,061	4,243	614	7,690
Computers for Education	1,581	-	-	1,581
Drama	2,813	1,171	395	3,589
Athletics	(4,241)	12,738	8,497	-
Middle School Fund	5,114	27,359	29,374	3,099
Industrial Technology	20	-	-	20
Consumer Science	666	-	-	666
Eighth Grade	5,860	-	1,389	4,471
Fifth Grade	(746)	1,389	643	-
Interest	180	48	110	118
School Store	1,124	-	-	1,124
Pop Machine	2,200	1,918	1,909	2,209
TAG	(42)	42	-	-
Elementary Fund	(25)	170	145	-
	18,691	49,496	43,620	24,567
Less interaccount transfers		(11,185)	(11,185)	
Total	\$ 18,691	38,311	32,435	24,567

See accompanying independent auditor's report.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Private Purpose Trusts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance End of Year</u>
Harms Scholarship	\$ 5,263	155	150	5,268
Allison-Bristow Scholarship	(143)	1,541	1,500	(102)
North Scholarship	1,545	307	-	1,852
Boylan Scholarship	36,875	404	1,900	35,379
Legion Scholarship	908	-	-	908
Total	<u>\$ 44,448</u>	<u>2,407</u>	<u>3,550</u>	<u>43,305</u>

See accompanying independent auditor's report.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

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

For the Last Six Years

	Modified Accrual Basis					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 1,522,909	1,500,282	1,660,861	1,581,306	1,531,264	1,359,685
Tuition	404,572	247,392	250,219	178,363	199,930	223,209
Other	83,435	118,721	109,571	146,600	131,444	151,772
State sources	1,534,444	1,497,307	1,390,125	1,369,787	1,321,494	1,244,430
Federal sources	111,215	72,220	117,408	112,255	105,555	125,878
Total	<u>\$ 3,656,575</u>	<u>3,435,922</u>	<u>3,528,184</u>	<u>3,388,311</u>	<u>3,289,687</u>	<u>3,104,974</u>
Expenditures:						
Instruction	\$ 2,376,175	2,038,611	1,983,683	1,883,688	1,818,221	1,921,083
Support services:						
Student	644	5,410	3,097	4,140	11,054	41,941
Instructional staff	132,753	90,194	88,100	85,184	56,913	87,642
Administration	445,698	399,939	410,814	412,358	505,929	357,173
Operation and maintenance of plant	423,290	290,294	451,878	289,286	267,208	269,653
Transportation	173,300	185,754	172,154	175,574	287,502	168,884
Non-instructional programs	5,158	4,540	1,965	1,923	11,230	20,059
Other expenditures:						
Facilities acquisition	20,991	507,823	49,610	-	51,602	7,262
Debt service:						
Principal	60,000	55,000	206,038	241,038	231,038	180,000
Interest and services	27,241	27,188	7,330	15,968	19,858	31,577
AEA flowthrough	104,703	102,478	99,964	97,375	97,069	98,735
Total	<u>\$ 3,769,953</u>	<u>3,707,231</u>	<u>3,474,633</u>	<u>3,206,534</u>	<u>3,357,624</u>	<u>3,184,009</u>

BRUCE D. FRINK

Certified Public Accountant

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

Member:

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

To the Board of Education of the
Allison-Bristow 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 Allison-Bristow Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 14, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allison-Bristow 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 Allison-Bristow Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Allison-Bristow Community School District's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Allison-Bristow 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 Allison-Bristow Community School District's financial statements that is more than inconsequential will not be prevented or detected by Allison-Bristow 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.

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

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

202 Central Avenue East
P.O. Box 241
Clarion, IA 50525

Phone: (515) 532-6659
Fax: (515) 532-3677
bruce@frinkcpa.com

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 Allison-Bristow Community School District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allison-Bristow 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 immaterial instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances on 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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



BRUCE D. FRINK
Certified Public Accountant

January 14, 2010

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part I: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

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

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

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

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

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

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

Conclusion - Response accepted.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

II-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, exceeded the amended certified budget amounts in the instruction and support services functions.

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

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

II-B-09 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kristy Lammers M & K Catering Board Member	Catering, superintendent search meals	\$501

The transaction with Ms. Lammers does not appear to violate Chapter 279.7A of the Code of Iowa as it does not exceed the \$2,500 limit.

Recommendation - The District should review these types of transactions annually to ensure legal compliance.

Response - We will review these on an annual basis and consult with our attorney when needed.

Conclusion - Response accepted.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-09 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-H-09 Certified Annual Report - The Certified Annual Report was certified timely to the Department of Education.

ALLISON-BRISTOW COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

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

- II-I-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning balance		\$	-
Statewide sales and services tax revenue			152,003
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$11,676		
Other improvements	53,086		
Debt service for school infrastructure:			
Revenue debt	<u>87,241</u>		<u>152,003</u>
Ending balance		\$	<u><u>-</u></u>