

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Eddyville-Blakesburg Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 election)		
Ed Glenn	President	2008
Debra Bahr	Board Member	2010
Kevin Lane	Board Member	2010
Lawrence Smith	Board Member	2008
Matthew Huber	Board Member	2008
Dan Hulbert	Board Member	2009
Jeff Claypool	Board Member	2009

Board of Education (After September 2008 election)		
Ed Glenn	President	2011
Debra Bahr	Board Member	2009 *
Kevin Lane	Board Member	2009 *
David Friedman	Board Member	2011
Ed Glenn	Board Member	2011
Dan Hulbert	Board Member	2009
Jeff Claypool	Board Member	2009

School Officials

Dr. Dean Cook	Superintendent	2009
Susan Bayer	District Secretary/ Treasurer	2009
Richard Gaumer	Attorney	2009

* Board Term altered per the District's transition for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Eddyville-Blakesburg 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 Eddyville-Blakesburg Community School District, Eddyville, 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, each major fund and the aggregate remaining fund information of Eddyville-Blakesburg 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 March 19, 2010 on our consideration of Eddyville-Blakesburg 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 13 and 38 through 39 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 Eddyville-Blakesburg 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 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 7, 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 19, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Eddyville-Blakesburg 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 \$7,685,780 at June 30, 2008 to \$7,814,823 at June 30, 2009, while General Fund expenditures increased from \$7,480,910 at June 30, 2008 to \$7,778,655 at June 30, 2009. This resulted in an increase in the District's General Fund balance from \$1,198,533 at June 30, 2008 to a balance of \$1,234,701 at June 30, 2009, a 3.02% increase over the prior year.
- The increase in General Fund revenues was attributable to an increase in local taxes and federal revenue sources in fiscal 2009. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits.

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 Eddyville-Blakesburg 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 Eddyville-Blakesburg 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 Eddyville-Blakesburg 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.

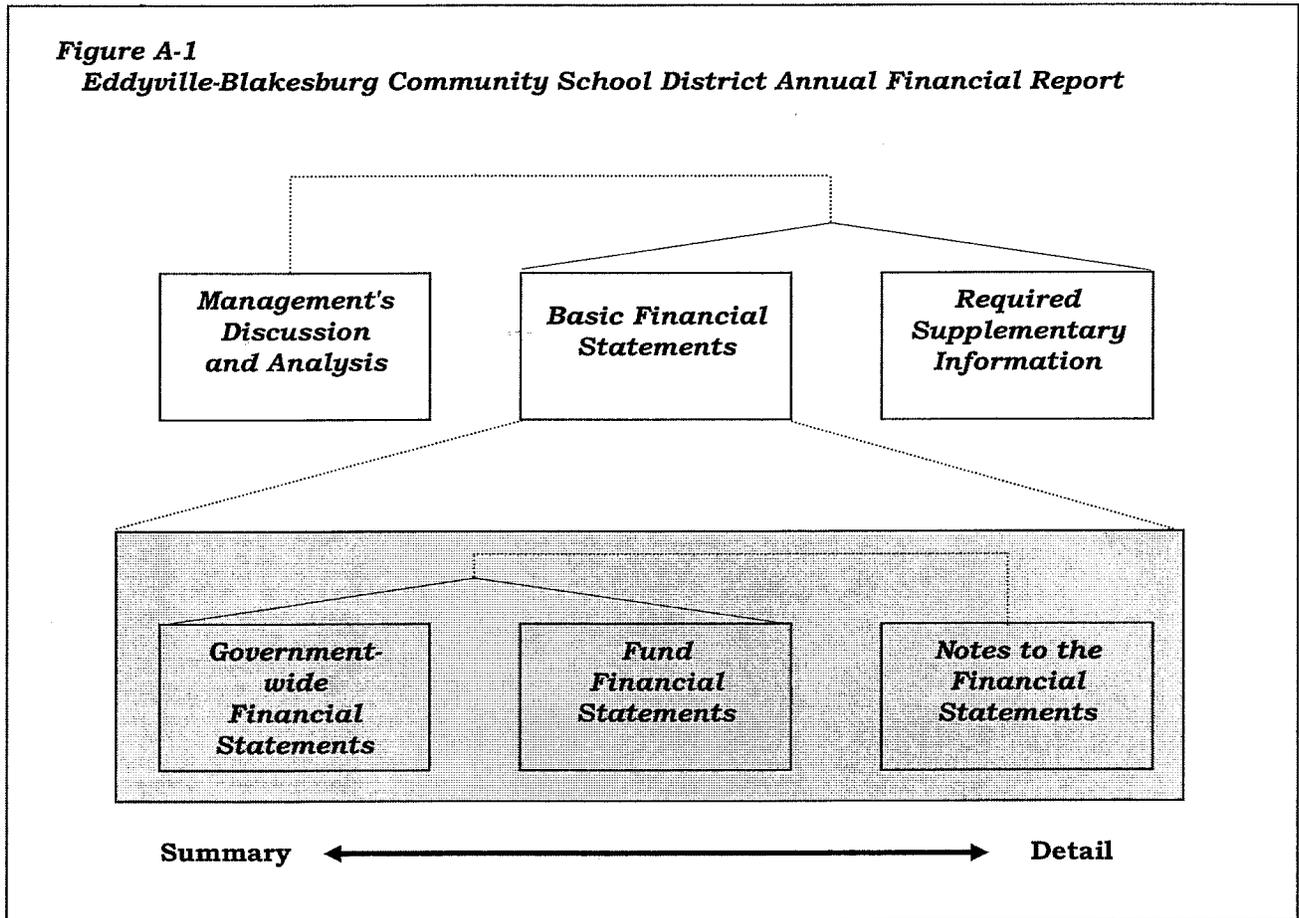


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
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 revenues, expenses and changes in 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, and 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 position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for 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 three enterprise funds, the School Nutrition Fund, the Child Care Fund and the Building and Trades Fund. The District also has an Internal Service 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.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Agency fund.

- Agency Fund – These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other entities and the Empowerment Program, whereby the District acts as the fiscal agent.
- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that 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 District-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 total net assets at June 30, 2009, compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total Change June 30, 2008-09
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 8,938,156	8,500,028	140,632	186,582	9,078,788	8,686,610	4.51%
Capital assets	5,587,757	4,638,215	222,895	227,461	5,810,652	4,865,676	19.42%
Total assets	14,525,913	13,138,243	363,527	414,043	14,889,440	13,552,286	9.87%
Long-term obligations	1,172,180	481,032	1,185	0	1,173,365	481,032	143.93%
Other liabilities	5,390,880	4,919,428	60,756	395,247	5,451,636	5,314,675	2.58%
Total liabilities	6,563,060	5,400,460	61,941	395,247	6,625,001	5,795,707	14.31%
Net assets:							
Invested in capital assets, net of related debt	4,796,134	4,401,077	222,895	227,461	5,019,029	4,628,538	8.44%
Restricted	1,765,816	1,811,347	0	0	1,765,816	1,811,347	-2.51%
Unrestricted	1,400,903	1,525,359	78,691	(208,665)	1,479,594	1,316,694	12.37%
Total net assets	\$ 7,962,853	7,737,783	301,586	18,796	8,264,439	7,756,579	6.55%

The District’s combined net assets increased by 6.55%, or \$507,860, over the prior year. The largest portion of the District’s net assets is the invested in capital assets, net of related debt. The debt related to the invested in capital assets are 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 decreased by \$45,531, or 2.51% from the prior year. The decrease was primarily a result the decrease in the Capital Projects Fund.

Unrestricted net assets are 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 by \$162,900, or 12.37%. This increase in unrestricted net assets was a result of the District's increase in the General Fund balance.

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

Figure A-4
Changes of Net Assets

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 1,007,333	1,170,378	479,706	488,895	1,487,039	1,659,273	-10.38%
Operating grants and contributions and restricted interest	1,134,871	1,130,292	191,681	165,764	1,326,552	1,296,056	2.35%
Capital grants and contributions and restricted interest	15,000	0	0	0	15,000	0	100.00%
General revenues:							
Local tax	3,715,544	3,582,484	0	0	3,715,544	3,582,484	3.71%
Income Surtax	334,844	336,247	0	0	334,844	336,247	-0.42%
Statewide sales and service tax	564,203	481,098	0	0	564,203	481,098	17.27%
Unrestricted state grants	2,309,100	2,210,284	0	0	2,309,100	2,210,284	4.47%
Unrestricted interest	65,578	103,677	64	98	65,642	103,775	-36.75%
Other general revenue	71,494	112,132	2,132	2,433	73,626	114,565	-35.73%
Transfers	(327,342)	(5,852)	321,027	5,852	(6,315)	0	0.00%
Total revenues and transfers	8,890,625	9,120,740	994,610	663,042	9,885,235	9,783,782	1.04%
Program expenses:							
Governmental activities:							
Instructional	5,085,527	4,768,946	155,174	176,358	5,240,701	4,945,304	5.97%
Support services	2,570,189	2,900,345	9,329	8,753	2,579,518	2,909,098	-11.33%
Non-instructional programs	15,248	23,003	547,317	537,296	562,565	560,299	0.40%
Other expenses	994,591	738,986	0	0	994,591	738,986	34.59%
Total expenses	8,665,555	8,431,280	711,820	722,407	9,377,375	9,153,687	2.44%
Change in net assets	225,070	689,460	282,790	(59,365)	507,860	630,095	-19.40%
Net assets beginning of year	7,737,783	7,048,323	18,796	78,161	7,756,579	7,126,484	8.84%
Net assets end of year	\$ 7,962,853	7,737,783	301,586	18,796	8,264,439	7,756,579	6.55%

In fiscal 2009, property tax and unrestricted state grants account for 67.76% of the revenue from governmental activities while charges for services and operating grants and contributions account for 67.50% of the revenue from business type activities.

The District's total revenues were \$9,885,235 of which \$8,890,625 was for governmental activities and \$994,610 was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 1.04% in revenues and an increase of 2.44% in expenses. The increase in expenses was related to an increase in instruction, non-instruction, and other expenditures costs during the year.

Governmental Activities

Revenues, net of transfers for governmental activities were \$8,890,625 and expenses were \$8,665,555.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 5,085,527	4,768,946	6.64%	3,200,228	2,718,873	17.70%
Support services	2,570,189	2,900,345	-11.38%	2,566,620	2,896,422	-11.39%
Non-instructional	15,248	23,003	-33.71%	15,248	23,003	-33.71%
Other expenses	994,591	738,986	34.59%	726,255	492,312	47.52%
Totals	\$ 8,665,555	8,431,280	2.78%	6,508,351	6,130,610	6.16%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$1,007,333.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,134,871.
- The net cost of governmental activities was financed with \$4,614,591 in local tax, \$15,000 in capital grants, contributions and restricted interest, \$2,309,100 in unrestricted state grants, \$65,578 in interest income and \$71,494 in other general revenue

Business type Activities

Revenues including transfers of the District's business type activities were \$994,610 and expenses were \$711,820. The District's business type activities include the School Nutrition Fund, Child Care Fund and Building and Trades Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$3,276,749, over last year's ending fund balances of \$3,204,603. However, the

primary reason for the increase in combined fund balances in fiscal 2009 is due to the increase in the Special Revenue, Management Levy and Physical Plant and Equipment Levy.

Governmental Fund Highlights

- The District's improving General Fund financial position from \$1,198,533 at June 30, 2008 to \$1,234,701 at June 30, 2009, is the product of many factors. The expenditures in the instructional functional area increased by \$130,084 or 2.77%, while expenditures in the support services functional area decreased by \$133,001 or 5.25%. Thus, increasing the General Fund balance by \$36,168 or 3.02%.
- The Special Revenue, Management Levy Fund balance increased from \$230,489 at June 30, 2008 to \$302,873 at June 30, 2009. Revenues increased by \$3,003 or 1.14, while expenditures decreased by \$16,128 or 7.69%, ensuring the increase in the fund balance.
- The Special Revenue, Physical Plant and Equipment Levy Fund balance increased from \$389,189 at June 30, 2008 to \$505,520 at June 30, 2009. Revenues decreased by \$208,943 or 39.00%. Expenditures decreased by \$239,675 or 53.23%, thus increasing the fund balance by \$116,331 or 29.89%.
- The Capital Projects Fund balance decreased from \$1,265,993 at June 30, 2008 to \$1,124,111 at June 30, 2009. Revenues increased by \$796,540 or 165.57% while expenditures increased by \$1,094,565 or 336.84% with the largest increase in facilities acquisitions. Expenditures exceeding revenues ensured the decrease in the fund balance.

Proprietary Fund Highlights

- The School Nutrition Fund net assets increased from a deficit balance of \$19,414 at June 30, 2008 to a deficit balance of \$3,377 at June 30, 2009, representing an increase of 82.61%. Charges for services increased by \$15,660 or 9.79% while operating grants, contributions and restricted interest increased by \$27,083 or 16.43%
- The Child Care Fund net assets increased from a deficit \$95,921 at June 30, 2008 to a positive balance of \$189,954 at June 30, 2009, representing an increase of 298.03%. Charges for services increased by \$15,800 or 10.40% and the Day Care also received a \$294,000 transfer from the General Fund. Expenditures stayed about the same as the prior year expenditures, ensuring an increase in the fund balance.
- The Buildings and Trades Fund net assets decreased from \$134,131 at June 30, 2008 to \$115,009 at June 30, 2009, representing a decrease of 14.26%. Revenue decreased by \$56,449 or 31.89% and expenditures decreased by \$34,649 or 19.55%, ensuring the decrease in the fund balance.

BUDGETARY HIGHLIGHTS

The District's revenues were \$244,069 less than budgeted revenues, a variance of 2.40%. The most significant variance resulted from the District receiving less in local and state sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. During the year, the District adopted one budget amendment increasing expenditures by \$878,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

- At June 30, 2009, the District had invested \$5,810,652, 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) Additional detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$436,804.
- The original cost of the District's capital assets was \$12,921,422. Governmental funds account for \$12,470,971 with the remainder of \$450,451 in the Proprietary, School Nutrition Fund and Child Care Fund.
- The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$473,802 at June 30, 2008, compared to \$744,458, reported at June 30, 2009. This increase in the machinery and equipment category was due to the installation of lighting on the ball fields.

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,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 54,747	54,747	0	0	54,747	54,747	0.00%
Buildings	4,521,142	3,796,030	190,533	195,419	4,711,675	3,991,449	18.04%
Land improvements	299,772	345,678	0	0	299,772	345,678	-13.28%
Machinery and equipment	712,096	441,760	32,362	32,042	744,458	473,802	57.12%
Total	\$ 5,587,757	4,638,215	222,895	227,461	5,810,652	4,865,676	19.42%

Long-Term Debt

- At June 30, 2009, the District had \$1,173,365 in other long-term debt outstanding. This represents an increase of 143.93% from last year. (See Figure A-7) Additional detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.
- The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$369,751 at June 30, 2009.
- At June 30, 2009 the District had \$791,623 in lease purchase agreements payable from the Special Revenue, Physical Plant and Equipment Levy and Capital Projects Funds.
- Compensated absences totaled \$11,991, June 30, 2009. The Governmental activities is payable from the General Fund totaling \$10,806 at June 30, 2009. The Business type activities is payable from the Child Care Fund totaling \$1,185, at June 30, 2009.

Figure A-7
Long-term Liabilities

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Computer lease	\$ 123,491	180,468	0	0	123,491	180,468	-31.57%
Kinetic Computer Lease	235,167	0	0	0	235,167	0	100.00%
Band Instruments Lease	31,773	0	0	0	31,773	0	100.00%
Telephone Lease	43,649	56,670	0	0	43,649	56,670	-22.98%
Baseball Light Lease	137,116	0	0	0	137,116	0	100.00%
Softball Light Lease	49,706	0	0	0	49,706	0	100.00%
Football Light Lease	170,721	0	0	0	170,721	0	100.00%
Compensated absences	10,806	11,807	1,185	0	11,991	11,807	1.56%
Early retirement	369,751	232,087	0	0	369,751	232,087	59.32%
Total	\$ 1,172,180	481,032	1,185	0	1,173,365	481,032	143.93%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District's October 2009 certified enrollment count decreased by 35 students.
- The poor area economic situation is creating difficulties for the District with the area employers laying off and terminating employees because of low business trends.
- The District has continuing budget concerns at state level with how, the Governor's mandatory budget cuts will affect future revenue projections. The District has been forced to shift more of its funding to the property taxpayers of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Susan Bayer, Board Secretary, Eddyville-Blakesburg Community School District, 1301 Berdan Street, Eddyville, Iowa, 52553.

BASIC FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
Assets			
Cash and pooled investments:			
ISCAP	\$ 520,589	0	520,589
Other	3,955,829	0	3,955,829
Receivables:			
Property tax:			
Delinquent	42,012	0	42,012
Succeeding year	3,943,066	0	3,943,066
Income surtax	232,482	0	232,482
Accounts	1,001	130,068	131,069
Accrued ISCAP interest	4,815	0	4,815
Due from other governments	238,362	0	238,362
Inventories	0	10,564	10,564
Capital assets, net of accumulated depreciation	5,587,757	222,895	5,810,652
Total Assets	14,525,913	363,527	14,889,440
Liabilities			
Excess of warrants issued over bank balances	0	20,678	20,678
Accounts payable	196,705	1,706	198,411
Salaries and benefits payable	663,375	31,260	694,635
ISCAP warrants payable	514,000	0	514,000
ISCAP accrued interest payable	6,759	0	6,759
ISCAP unammortized premium	5,608	0	5,608
Accrued interest payable	34,687	0	34,687
Unearned revenue	0	7,112	7,112
Deferred revenue:			
Succeeding year property tax	3,943,066	0	3,943,066
Other	26,680	0	26,680
Long-term liabilities:			
Portion due within one year:			
Lease purchases	153,933	0	153,933
Compensated absences	10,806	1,185	11,991
Early retirement payable	105,095	0	105,095
Portion due after one year:			
Lease purchases	637,690	0	637,690
Early retirement payable	264,656	0	264,656
Total Liabilities	6,563,060	61,941	6,625,001
Net Assets			
Invested in capital assets, net of related debt	4,796,134	222,895	5,019,029
Restricted for:			
Categorical funding	26,641	0	26,641
Capital projects	1,124,111	0	1,124,111
Physical plant and equipment levy	505,520	0	505,520
Other special revenue purposes	109,544	0	109,544
Unrestricted	1,400,903	78,691	1,479,594
Total Net Assets	\$ 7,962,853	301,586	8,264,439

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 3,212,143	606,491	750,964	0	(1,854,688)	0	(1,854,688)
Special	1,121,044	122,738	127,002	0	(871,304)	0	(871,304)
Other	752,340	278,104	0	0	(474,236)	0	(474,236)
	<u>5,085,527</u>	<u>1,007,333</u>	<u>877,966</u>	<u>0</u>	<u>(3,200,228)</u>	<u>0</u>	<u>(3,200,228)</u>
Support services:							
Student services	197,075	0	0	0	(197,075)	0	(197,075)
Instructional	214,407	0	0	0	(214,407)	0	(214,407)
Administration	891,119	0	0	0	(891,119)	0	(891,119)
Operation and maintenance of plant	656,457	0	0	0	(656,457)	0	(656,457)
Transportation	611,131	0	3,569	0	(607,562)	0	(607,562)
	<u>2,570,189</u>	<u>0</u>	<u>3,569</u>	<u>0</u>	<u>(2,566,620)</u>	<u>0</u>	<u>(2,566,620)</u>
Non-instructional programs:							
Food service operations	15,248	0	0	0	(15,248)	0	(15,248)
Other expenditures:							
Facilities acquisitions	494,545	0	0	15,000	(479,545)	0	(479,545)
Long-term debt interest	35,323	0	0	0	(35,323)	0	(35,323)
AEA flowthrough	253,336	0	253,336	0	0	0	0
Depreciation(unallocated)*	211,387	0	0	0	(211,387)	0	(211,387)
	<u>994,591</u>	<u>0</u>	<u>253,336</u>	<u>15,000</u>	<u>(726,255)</u>	<u>0</u>	<u>(726,255)</u>
Total governmental activities	8,665,555	1,007,333	1,134,871	15,000	(6,508,351)	0	(6,508,351)
Business Type activities:							
Instruction:							
Other instruction	155,174	136,351	0	0	0	(18,823)	(18,823)
Support services:							
Administration	100	0	0	0	0	(100)	(100)
Operation and maintenance of plant services	9,003	0	0	0	0	(9,003)	(9,003)
Transportation	226	0	0	0	0	(226)	(226)
Non-instructional programs:							
Nutrition services	362,596	175,642	191,681	0	0	4,727	4,727
Child care services	184,721	167,713	0	0	0	(17,008)	(17,008)
Total business type activities	<u>711,820</u>	<u>479,706</u>	<u>191,681</u>	<u>0</u>	<u>0</u>	<u>(40,433)</u>	<u>(40,433)</u>
Total	\$ 9,377,375	1,487,039	1,326,552	15,000	(6,508,351)	(40,433)	(6,548,784)
General Revenues and Transfers:							
General Revenues:							
Local tax levied for:							
General purposes					\$ 3,613,815	0	3,613,815
Capital outlays					101,729	0	101,729
Income surtax					334,844	0	334,844
Statewide sales and services tax					564,203	0	564,203
Unrestricted state grants					2,309,100	0	2,309,100
Unrestricted investment earnings					65,578	64	65,642
Other					71,494	2,132	73,626
Transfers					(327,342)	321,027	(6,315)
Total general revenues and transfers					<u>6,733,421</u>	<u>323,223</u>	<u>7,056,644</u>
Changes in net assets					225,070	282,790	507,860
Net assets beginning of year					<u>7,737,783</u>	<u>18,796</u>	<u>7,756,579</u>
Net assets end of year					<u>\$ 7,962,853</u>	<u>301,586</u>	<u>8,264,439</u>

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

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Nonmajor	Total
			Governmental Funds	
Assets				
Cash and pooled investments:				
ISCAP	\$ 520,589	0	0	520,589
Other	1,932,672	1,036,467	913,958	3,883,097
Receivables:				
Property tax:				
Delinquent	38,033	0	3,979	42,012
Succeeding year	3,462,059	0	481,007	3,943,066
Income surtax	232,482	0	0	232,482
Accounts	1,001	0	0	1,001
Accrued ISCAP interest	4,815	0	0	4,815
Due from other governments	149,718	88,644	0	238,362
Total Assets	\$ 6,341,369	1,125,111	1,398,944	8,865,424
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 195,705	1,000	0	196,705
Salaries and benefits payable	663,375	0	0	663,375
ISCAP warrants payable	514,000	0	0	514,000
ISCAP accrued interest payable	6,759	0	0	6,759
ISCAP unammortized premium	5,608	0	0	5,608
Deferred revenue:				
Succeeding year property tax	3,462,059	0	481,007	3,943,066
Income surtax	232,482	0	0	232,482
Other	26,680	0	0	26,680
Total liabilities	5,106,668	1,000	481,007	5,588,675
Fund balances:				
Reserved for:				
Categorical funding	26,641	0	0	26,641
Unreserved	1,208,060	1,124,111	917,937	3,250,108
Total fund balances	1,234,701	1,124,111	917,937	3,276,749
Total Liabilities and Fund Balances	\$ 6,341,369	1,125,111	1,398,944	8,865,424

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG 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 (page 16)	\$ 3,276,749
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.	5,587,757
Accounts receivable income surtax, are not yet available to to finance expenditures of the current period.	232,482
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	72,732
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.	(34,687)
Long-term liabilities, including early retirement, lease purchases and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(1,172,180)
Net assets of governmental activities (page 14)	<u><u>\$ 7,962,853</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 3,526,945	564,203	569,302	4,660,450
Tuition	713,615	0	0	713,615
Other	132,323	0	300,356	432,679
State sources	3,138,431	15,000	142	3,153,573
Federal sources	303,509	0	0	303,509
Total revenues	<u>7,814,823</u>	<u>579,203</u>	<u>869,800</u>	<u>9,263,826</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,198,444	0	48,531	3,246,975
Special	1,121,044	0	0	1,121,044
Other	511,611	0	281,521	793,132
	<u>4,831,099</u>	<u>0</u>	<u>330,052</u>	<u>5,161,151</u>
Support services:				
Student	197,075	0	0	197,075
Instructional staff	209,650	4,757	0	214,407
Administration	815,972	0	129,112	945,084
Operation and maintenance of plant	629,375	0	42,885	672,260
Transportation	548,148	10,000	19,052	577,200
	<u>2,400,220</u>	<u>14,757</u>	<u>191,049</u>	<u>2,606,026</u>
Non-instructional programs:				
Food service operations	0	0	15,248	15,248
Other expenditures:				
Facilities acquisitions	0	1,330,176	66,186	1,396,362
Long-term debt:				
Principal	0	0	143,950	143,950
Interest and fiscal charges	0	0	13,727	13,727
AEA flowthrough	253,336	0	0	253,336
	<u>253,336</u>	<u>1,330,176</u>	<u>223,863</u>	<u>1,807,375</u>
Total expenditures	<u>7,484,655</u>	<u>1,344,933</u>	<u>760,212</u>	<u>9,589,800</u>
Excess (deficiency) of revenues over (under) expenditures	330,168	(765,730)	109,588	(325,974)
Other financing sources (uses):				
Transfer in	0	0	157,677	157,677
Transfer out	(294,000)	(74,587)	(89,405)	(457,992)
Proceeds from lease purchases	0	698,435	0	698,435
Total other financing sources (uses)	<u>(294,000)</u>	<u>623,848</u>	<u>68,272</u>	<u>398,120</u>
Net change in fund balances	36,168	(141,882)	177,860	72,146
Fund balance beginning of year	<u>1,198,533</u>	<u>1,265,993</u>	<u>740,077</u>	<u>3,204,603</u>
Fund balance end of year	<u>\$ 1,234,701</u>	<u>1,124,111</u>	<u>917,937</u>	<u>3,276,749</u>

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2009

Net change in fund balances - total governmental funds (page 18) \$ 72,146

**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. Capital outlay expenditures, depreciation expense and loss on the disposal of capital assets in the current year are as follows:

Capital outlays	\$ 1,389,753	
Depreciation expense	(405,211)	
Loss on disposal on capital assets	<u>(35,000)</u>	949,542

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. (38,015)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (45,859)

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. (21,596)

Proceed 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 and repayments, are as follows:

Issued	\$ (698,435)	
Repaid	<u>143,950</u>	(554,485)

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

Early retirement	\$ (137,664)	
Compensated absences	<u>1,001</u>	<u>(136,663)</u>

Changes in net assets of governmental activities (page 15) \$ 225,070

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	School Nutrition	Child Care	Building and Trades	Total	
Assets					
Current assets:					
Cash and pooled investments	\$ 0	1,536	0	1,536	72,732
Accounts receivable	1,710	953	127,405	130,068	0
Inventories	10,564	0	0	10,564	0
Non-current assets:					
Capital assets, net of accumulated depreciation	25,785	197,110	0	222,895	0
Total Assets	38,059	199,599	127,405	365,063	72,732
Liabilities					
Current Liabilities:					
Excess of warrants issued over bank balance	11,524	0	10,690	22,214	0
Accounts payable	0	0	1,706	1,706	0
Salaries and benefits payable	22,800	8,460	0	31,260	0
Unearned revenues	7,112	0	0	7,112	0
Total current liabilities	41,436	8,460	12,396	62,292	0
Long-term liabilities:					
Accrued compensated absences	0	1,185	0	1,185	0
Total Liabilities	41,436	9,645	12,396	63,477	0
Net Assets					
Invested in capital assets	25,785	197,110	0	222,895	0
Unrestricted	(29,162)	(7,156)	115,009	78,691	72,732
Total Net Assets	\$ (3,377)	189,954	115,009	301,586	72,732

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Business type Activities - Enterprise Funds				Governmental Activities -
	School Nutrition	Child Care	Building and Trades	Total	Internal Service Funds
OPERATING REVENUE:					
Local sources:					
Charges for service	\$ 175,642	167,713	0	343,355	0
Other miscellaneous revenue	22	2,110	136,351	138,483	33,398
	<u>175,664</u>	<u>169,823</u>	<u>136,351</u>	<u>481,838</u>	<u>33,398</u>
OPERATING EXPENSES:					
Instruction:					
Other:					
Services	0	0	23,619	23,619	0
Supplies	0	0	131,555	131,555	0
	<u>0</u>	<u>0</u>	<u>155,174</u>	<u>155,174</u>	<u>0</u>
Support services:					
Student services:					
Benefits	0	0	0	0	41,583
Administration:					
Benefits	0	0	0	0	30,108
Services	0	100	0	100	0
Operation and maintenance of plant:					
Supplies	0	8,704	299	9,003	0
Transportation:					
Salaries	0	198	0	198	0
Benefits	0	28	0	28	0
	<u>0</u>	<u>9,030</u>	<u>299</u>	<u>9,329</u>	<u>71,691</u>
Non-instruction:					
Salaries	126,570	135,898	0	262,468	0
Benefits	39,019	27,265	0	66,284	0
Services	3,061	447	0	3,508	0
Supplies	179,091	3,998	0	183,089	0
Depreciation	14,480	17,113	0	31,593	0
Other	375	0	0	375	0
	<u>362,596</u>	<u>184,721</u>	<u>0</u>	<u>547,317</u>	<u>0</u>
TOTAL OPERATING EXPENSES	<u>362,596</u>	<u>193,751</u>	<u>155,473</u>	<u>711,820</u>	<u>71,691</u>
OPERATING LOSS	<u>(186,932)</u>	<u>(23,928)</u>	<u>(19,122)</u>	<u>(229,982)</u>	<u>(38,293)</u>
NON-OPERATING REVENUES:					
State sources	4,549	0	0	4,549	0
Federal sources	187,132	0	0	187,132	0
Interest income	64	0	0	64	278
TOTAL NON-OPERATING REVENUES	<u>191,745</u>	<u>0</u>	<u>0</u>	<u>191,745</u>	<u>278</u>
Change in net assets before other financing sources	4,813	(23,928)	(19,122)	(38,237)	(38,015)
Other financing sources:					
Transfers In	0	294,000	0	294,000	0
Capital contributions	11,224	15,803	0	27,027	0
Total other financing sources	<u>11,224</u>	<u>309,803</u>	<u>0</u>	<u>321,027</u>	<u>0</u>
Change in net assets	16,037	285,875	(19,122)	282,790	(38,015)
Net assets beginning of year	(19,414)	(95,921)	134,131	18,796	110,747
Net assets end of year	<u>\$ (3,377)</u>	<u>189,954</u>	<u>115,009</u>	<u>301,586</u>	<u>72,732</u>

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Business type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	School Nutrition	Child Care	Building and Trades	Total	
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 174,417	0	0	174,417	0
Cash received from miscellaneous operating activities	22	168,871	185,946	354,839	113,233
Cash payments to employees for services	(165,220)	(159,135)	0	(324,355)	0
Cash payments to suppliers for goods or services	(165,402)	(13,249)	(157,090)	(335,741)	(151,691)
Net cash provided by (used in) operating activities	(156,183)	(3,513)	28,856	(130,840)	(38,458)
Cash flows from non-capital financing activities:					
Transfer from the General Fund	0	294,000	0	294,000	0
State grants received	4,549	0	0	4,549	0
Federal grants received	167,340	0	0	167,340	0
Net cash provided by non-capital financing activities	171,889	294,000	0	465,889	0
Cash flows from investing activities:					
Interest income	64	0	0	64	278
Net increase(decrease) in cash and cash equivalents	15,770	290,487	28,856	335,113	(38,180)
Cash and cash equivalents at beginning of year	(27,294)	(288,951)	(39,546)	(355,791)	110,912
Cash and cash equivalents at end of year	\$ (11,524)	1,536	(10,690)	(20,678)	72,732
Reconciliation of operating loss to net cash provided by(used in) operating activities:					
Operating loss	\$ (186,932)	(23,928)	(19,122)	(229,982)	(38,293)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:					
Commodities consumed	19,792	0	0	19,792	0
Depreciation	14,480	17,113	0	31,593	0
Increase in inventories	(2,667)	0	0	(2,667)	0
Decrease(Increase) in accounts receivable	(25)	(953)	49,595	48,617	79,835
Decrease in accounts payable	0	0	(1,617)	(1,617)	0
Increase in salaries and benefits payable	369	4,255	0	4,624	0
Decrease in incurred but not reported	0	0	0	0	(80,000)
Decrease in unearned revenue	(1,200)	0	0	(1,200)	0
Net cash provided by(used in) operating activities	\$ (156,183)	(3,513)	28,856	(130,840)	(38,458)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal commodities valued at \$19,792.

During the year ended June 30, 2009, the Nutrition Fund received contributed capital valued at \$11,224 from the Capital Projects Fund.

During the year ended June 30, 2009, the Day Care Fund received contributed capital valued at \$15,803 from the General Fund.

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2009

	Private Purpose Trust	Agency
	Scholarship	
Assets		
Cash and pooled investments	\$ 21,749	2,308
Liabilities		
Due to other groups	0	2,308
Net Assets		
Reserved for scholarships	\$ 21,749	0

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Instruction:	
Local sources:	
Interest	\$ 355
Donations and contributions	8,524
Total additions	8,879
 Deductions:	
Instruction:	
Scholarships	12,400
 Loss before other financing sources	(3,521)
 Other financing sources:	
Transfer in	6,315
 Change in net assets	2,794
 Net assets beginning of year	18,955
 Net assets end of year	\$ 21,749

SEE NOTES TO FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) **Summary of Significant Accounting Policies**

The Eddyville-Blakesburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Eddyville and Blakesburg, Iowa, and the predominate agricultural territory in Wapello, Monroe, Davis and Mahaska Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Eddyville-Blakesburg Community School District has included all funds, 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 Eddyville-Blakesburg 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 Wapello, Monroe, Davis and Mahaska Counties 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 asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

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 utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise funds, School Nutrition Fund, Child Care Fund and Building and Trades Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Child Care Fund is used to account for the day care service operations of the District. The Building and Trades Fund is used to account

for the vocational program which builds different projects. The Internal Service Fund is used to account for partially self-funded health insurance premiums 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 to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operation.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary 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

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, 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, 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	\$ 0
Buildings	2,000
Land improvements	2,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

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

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

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

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Compensated Absences - District employees accumulate 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 funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General 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.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2009 were entirely covered by federal depository insurance or 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.

The District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 2,126</u>

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) **Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue, Physical Plant and Equipment Levy	\$ 83,090
Debt Service	Capital Projects	74,587
Day Care Fund	General Fund	294,000
Private Purpose Trust	Support Trust	<u>6,315</u>
Total		<u>\$ 457,992</u>

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

The Special Revenue, Physical Plant and Equipment Levy Fund transferred funds to Debt Service Fund for the lease payments paid with local tax.

The Capital Projects Fund transferred funds to the Debt Service Funds for the payment of leases with statewide sales and service tax revenue.

The General Fund transferred Vision Iowa monies to the Day Care Fund for cash flow purposes.

The Support Trust Fund transferred a scholarship account to the Private Purpose Trust Fund.

(4) 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, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09B	1/21/09	1/21/10	\$ 520,589	4,815	514,000	6,759

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. The District had no ISCAP borrowings for the year ended June 30, 2009.

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
2008-09B	3.000%	2.110%

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 54,747	0	0	54,747
Total capital assets not being depreciated	54,747	0	0	54,747
Capital assets being depreciated:				
Buildings	7,383,472	890,593	0	8,274,065
Land improvements	1,280,136	0	0	1,280,136
Machinery and equipment	2,862,332	429,160	429,469	2,862,023
Total capital assets being depreciated	11,525,940	1,319,753	429,469	12,416,224
Less accumulated depreciation for:				
Buildings	3,587,442	165,481	0	3,752,923
Land improvements	934,458	45,906	0	980,364
Machinery and equipment	2,420,572	193,824	464,469	2,149,927
Total accumulated depreciation	6,942,472	405,211	464,469	6,883,214
Total capital assets being depreciated, net	4,583,468	914,542	(35,000)	5,533,010
Governmental activities capital assets, net	\$ 4,638,215	914,542	(35,000)	5,587,757

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets being depreciated:				
Buildings	\$ 306,500	0	0	306,500
Machinery and equipment	145,297	27,027	28,373	143,951
Total capital assets being depreciated	451,797	27,027	28,373	450,451
Less accumulated depreciation for:				
Buildings	111,081	4,886	0	115,967
Machinery and equipment	113,255	26,707	28,373	111,589
Total accumulated depreciation	224,336	31,593	28,373	227,556
Business type activities capital assets, net	\$ 227,461	(4,566)	0	222,895

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 127,604
Support services:	
Administration	7,289
Transportation	58,931
	<u>193,824</u>
Unallocated depreciation	<u>211,387</u>
Total governmental activities depreciation expense	<u>\$ 405,211</u>

Business type activities:

Food services	\$ 14,480
Day Care	17,113
Total business type activities depreciation expense	<u>\$ 31,593</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Government activities:					
Early retirement	\$ 232,087	176,965	39,301	369,751	105,095
Compensated absences	11,807	10,806	11,807	10,806	10,806
Computer lease	180,468	0	56,977	123,491	60,099
Kinetic computer lease	0	300,100	64,933	235,167	55,001
Telephone lease	56,670	0	13,021	43,649	13,757
Band instruments lease	0	40,792	9,019	31,773	7,301
Baseball lights lease	0	137,116	0	137,116	6,987
Softball lights lease	0	49,706	0	49,706	2,714
Football lights lease	0	170,721	0	170,721	8,074
Total	\$ 481,032	886,206	195,058	1,172,180	269,834

Business type activities:

Compensated absences	\$ 0	1,185	0	1,185	1,185
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Computer Lease

During the year ended June 30, 2006, the District obtained financing for 215 computers and computer switches. Payments were made from the Physical Plant and Equipment Levy Fund.

During the year ended June 30, 2008, the District obtained financing for 70 computers and computer switches. Payments were made from the Capital Projects Fund.

Year Ending June 30,	Computer Lease - June 1, 2006				Computer Lease - June 16, 2008				Total Computer Leases		
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2010	5.48	\$ 60,099	6,767	66,866	4.461	\$ 55,001	10,490	65,491	\$ 115,100	10,490	125,590
2011	5.48	63,392	3,474	66,866	4.461	57,454	8,037	65,491	120,846	8,037	128,883
2012	-	-	-	-	4.461	60,017	5,474	65,491	60,017	5,474	65,491
2013	-	-	-	-	4.461	62,695	2,797	65,492	62,695	2,797	65,492
Total		\$ 123,491	10,241	133,732		\$ 235,167	26,798	261,965	\$ 358,658	26,798	385,456

Sports Field Lighting Leases

During the year ended June 30, 2009, the District obtained financing for lighting of the football, softball, and baseball fields. Payments were made from the Capital Projects Fund.

Year Ending June 30,	Baseball Light Lease - August 7, 2008				Softball Light Lease - September 2, 2008			
	Interest Rate	Principal	Interest	Total	Interest Rates	Principal	Interest	Total
2010	4.69 % \$	6,987	5,933	12,920	4.63 % \$	2,714	1,952	4,666
2011	4.69	6,765	6,155	12,920	4.63	2,443	2,223	4,666
2012	4.69	7,085	5,835	12,920	4.63	2,559	2,107	4,666
2013	4.69	7,420	5,500	12,920	4.63	2,679	1,987	4,666
2014	4.69	7,771	5,149	12,920	4.63	2,806	1,860	4,666
2015-2019	4.69	44,730	19,870	64,600	4.63	16,153	7,177	23,330
2020-2024	4.69	56,358	8,242	64,600	4.63	20,352	2,978	23,330
Total		\$ 137,116	56,684	193,800		\$ 49,706	20,284	69,990

Year Ending June 30,	Football Light Lease - June 27, 2008				Total Light Leases		
	Interest Rate	Principal	Interest	Total	Principal	Interest	Total
2010	4.75 % \$	8,074	8,075	16,149	\$ 17,775	15,960	33,735
2011	4.75	8,456	7,693	16,149	17,664	16,071	33,735
2012	4.75	8,856	7,293	16,149	18,500	15,235	33,735
2013	4.75	9,274	6,875	16,149	19,373	14,362	33,735
2014	4.75	9,713	6,436	16,149	20,290	13,445	33,735
2015-2019	4.75	55,907	24,837	80,744	116,790	51,884	168,674
2020-2024	4.75	70,441	10,305	80,746	147,151	21,525	168,676
Total		\$ 170,721	71,514	242,235	\$ 357,543	148,482	506,025

Band Instruments Lease

During the year ended June 30, 2009, the District obtained financing for 39 band instruments. Payments are made from the Capital Projects Fund.

Year Ending June 30,	Instrument Lease - October 20, 2008			
	Interest Rates	Principal	Interest	Total
2010	5.65 % \$	7,301	1,795	9,096
2011	5.65	7,713	1,383	9,096
2012	5.65	8,149	947	9,096
2013	5.65	8,610	486	9,096
Total		\$ 31,773	4,611	36,384

Telephone Lease

During the year ended June 30, 2008, the District obtained financing for a phone system. Payments were made from the Physical Plant and Equipment Levy Fund.

Year Ending June 30,	Telephone Lease - July 1, 2007			
	Interest Rates	Principal	Interest	Total
2010	5.56 %	\$ 13,757	2,467	16,224
2011	5.56	14,535	1,689	16,224
2012	5.56	15,357	868	16,225
Total		\$ 43,649	5,024	48,673

Early Retirement

The District offers a voluntary early retirement plan to its Teachers, Teachers Aides, Custodians, Cooks, Secretaries and Bus Drivers. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive cash benefit for each eligible employee is based on a percentage of the employee's current salary. The District also pays an early retirement incentive for a single health insurance policy until the retiree is age sixty-five. Early retirement benefits paid during the year ended June 30, 2009, totaled \$39,301. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the years ended June 30, 2009, 2008 and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$305,583, \$288,788, and \$267,930, respectively, equal to the required contributions for each year.

(8) Risk Management

Eddyville-Blakesburg Community School District is exposed to Various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to

employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$253,336 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Deficit Net Assets

The Enterprise Fund, School Nutrition and Child Care Funds had deficit unrestricted net assets at June 30, 2009 of \$29,162 and \$7,156, respectively.

(11) Categorical Funding

The District's ending balances for categorical funding by project as of the year ended June 30, 2009 are as follows:

Project	Amount
Salary Improvement Program	\$ 3,584
Market factor	3,854
Professional Development for Model Core Curriculum	12,504
Professional Development	6,699
Total	<u>\$ 26,641</u>

(12) Other Postemployment Benefits (OPEB)

GASB Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits expenses and related liabilities or assets note disclosures, and if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB Statement Number 45 for the year ending June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2009

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 5,806,744	481,902	6,288,646	6,505,358	6,505,358	(216,712)
State sources	3,153,573	4,549	3,158,122	3,356,120	3,356,120	(197,998)
Federal sources	303,509	187,132	490,641	320,000	320,000	170,641
Total revenues	<u>9,263,826</u>	<u>673,583</u>	<u>9,937,409</u>	<u>10,181,478</u>	<u>10,181,478</u>	<u>(244,069)</u>
Expenditures/expenses:						
Instruction	5,161,151	155,174	5,316,325	5,825,000	5,382,986	66,661
Support services	2,606,026	9,329	2,615,355	3,575,000	3,478,000	862,645
Non-instructional programs	15,248	547,317	562,565	705,000	654,500	91,935
Other expenditures	1,807,375	0	1,807,375	940,412	2,407,926	600,551
Total expenditures/expenses	<u>9,589,800</u>	<u>711,820</u>	<u>10,301,620</u>	<u>11,045,412</u>	<u>11,923,412</u>	<u>1,621,792</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	(325,974)	(38,237)	(364,211)	(863,934)	(1,741,934)	1,377,723
Other financing sources, net	398,120	321,027	719,147	0	0	719,147
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	72,146	282,790	354,936	(863,934)	(1,741,934)	2,096,870
Balance beginning of year	<u>3,204,603</u>	<u>18,796</u>	<u>3,223,399</u>	<u>2,875,571</u>	<u>2,875,571</u>	<u>347,828</u>
Balance end of year	<u>\$ 3,276,749</u>	<u>301,586</u>	<u>3,578,335</u>	<u>2,011,637</u>	<u>1,133,637</u>	<u>2,444,698</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDDYVILLE-BLAKESBURG 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 the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. 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, the District adopted one budget amendment which increased budget expenditures by \$878,000.

OTHER SUPPLEMENTARY INFORMATION

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds				
	Student Activity	Manage- ment Levy	Physical Plant and Equipment Levy	Support Trust	Total
Assets					
Cash and pooled investments	\$ 84,793	300,044	504,370	24,751	913,958
Receivables:					
Property tax:					
Current year delinquent	0	2,829	1,150	0	3,979
Succeeding year	0	375,000	106,007	0	481,007
Total Assets	\$ 84,793	677,873	611,527	24,751	1,398,944
Liabilities and Fund Balances					
Liabilities:					
Deferred revenue:					
Succeeding year property tax	\$ 0	375,000	106,007	0	481,007
Fund balance	84,793	302,873	505,520	24,751	917,937
Liabilities and Fund Balances	\$ 84,793	677,873	611,527	24,751	1,398,944

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						Total Nonmajor Governmental Total
	Student Activity	Manage- ment Levy	Physical Plant and Equipment Levy	Support Trust	Total Special Revenue Funds	Debt Service	
REVENUES:							
Local sources:							
Local tax	\$ 0	250,169	319,133	0	569,302	0	569,302
Other	276,202	15,617	7,758	779	300,356	0	300,356
State sources	0	101	41	0	142	0	142
TOTAL REVENUES	276,202	265,887	326,932	779	869,800	0	869,800
EXPENDITURES:							
Current:							
Instruction:							
Regular	0	48,531	0	0	48,531	0	48,531
Other	281,521	0	0	0	281,521	0	281,521
Support services:							
Administration	0	68,821	60,291	0	129,112	0	129,112
Operation and maintenance of plant	0	42,885	0	0	42,885	0	42,885
Student transportation	0	18,018	1,034	0	19,052	0	19,052
Non-instructional programs:							
Food service operations	0	15,248	0	0	15,248	0	15,248
Other expenditures							
Facilities acquisitions	0	0	66,186	0	66,186	0	66,186
Long-term debt:							
Principal	0	0	0	0	0	143,950	143,950
Interest and fiscal charges	0	0	0	0	0	13,727	13,727
TOTAL EXPENDITURES	281,521	193,503	127,511	0	602,535	157,677	760,212
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,319)	72,384	199,421	779	267,265	(157,677)	109,588
OTHER FINANCING SOURCES (USES):							
Transfer in	0	0	0	0	0	157,677	157,677
Transfer out	0	0	(83,090)	(6,315)	(89,405)	0	(89,405)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(83,090)	(6,315)	(89,405)	157,677	68,272
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(5,319)	72,384	116,331	(5,536)	177,860	0	177,860
FUND BALANCES BEGINNING OF YEAR	90,112	230,489	389,189	30,287	740,077	0	740,077
FUND BALANCES END OF YEAR	\$ 84,793	302,873	505,520	24,751	917,937	0	917,937

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Activity Management	\$ 24,068	58,871	56,574	625	26,990
Uniform	0	37,527	37,527	0	0
Cross Country	428	0	50	0	378
Boys Basketball	2,020	6,402	7,861	0	561
Football	1,159	7,863	7,929	0	1,093
Baseball	1,323	3,164	5,321	0	(834)
Boys Track	284	1,786	1,769	0	301
Golf	681	200	364	0	517
Wrestling	4,360	10,689	11,989	0	3,060
Girls Basketball	191	17,959	13,788	0	4,362
Volleyball	2,197	5,943	7,067	0	1,073
Softball	3,919	8,635	8,978	0	3,576
Girls Track	667	811	831	0	647
Cheerleading	11	0	0	0	11
Cheerleading Football	1,141	3,434	4,763	0	(188)
Cheerleading Basketball	252	1,270	1,371	0	151
Cheerleading Wrestling	0	660	543	0	117
Interest	625	0	0	(625)	0
Class of 2009	1,027	0	1,027	0	0
Class of 2010	363	7,622	6,266	0	1,719
Class of 2011	0	408	0	0	408
National Honor Society	170	0	81	0	89
HS Student Council	833	1,871	1,651	0	1,053
EEAC Student Council	4	3,020	1,137	0	1,887
E-B Jr High Student Council	6,917	3,058	6,063	0	3,912
BAC 7/8 Activity	9,834	6,923	7,230	0	9,527
BAC Elementary	227	1,265	808	0	684
FFA	3,449	39,742	37,242	0	5,949
Spanish Club	6,725	0	6,725	0	0
Thespian Club	480	0	727	0	(247)
Jr Red Cross	243	612	400	0	455
Tri M Society	1,003	91	677	0	417
Drama/Play	1,770	30	279	0	1,521
FFA CD	4,164	0	0	0	4,164
Vocal	0	435	420	0	15
Yearbook	13,789	6,625	6,601	0	13,813
Concessions	600	32,739	32,535	0	804
Family Career	340	2,232	1,538	0	1,034
Band	0	2,159	2,159	0	0
MS Band Fundraiser	(6,272)	1,753	815	0	(5,334)
MS Drama	70	58	18	0	110
Future Business Leaders	1,050	345	397	0	998
Total	\$ 90,112	276,202	281,521	0	84,793

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2009

	Private Purpose Trust - Scholarship Fund						Total
	BAC	FFA	Thelma	Carroll D	Harry	Total	
	Schroeder Scholarship	FFA Scholarship	Memorial Scholarship	Hohl Scholarship	Mc Mullin Scholarship		
ASSETS							
Cash and pooled investments	\$ 1,065	6,243	6,496	1,240	4,750	1,955	21,749
LIABILITIES							
	0	0	0	0	0	0	0
NET ASSETS							
Reserved for scholarships	\$ 1,065	6,243	6,496	1,240	4,750	1,955	21,749

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trust - Scholarship Fund						Total
	BAC	FFA	Thelma	Carroll D	Harry		
	Schroeder Scholarship	FFA Scholarship	Memorial Scholarship	Hohl Scholarship	Mc Mullin Scholarship		
Additions: Local sources: Interest income Donations and Contributions	\$ 25	83	181	0	0	66	355
	0	0	0	5,024	3,000	500	8,524
	25	83	181	5,024	3,000	566	8,879
Deductions: Instruction: Scholarships	0	400	0	5,000	6,000	1,000	12,400
Change in net assets before other financing sources	25	(317)	181	24	(3,000)	(434)	(3,521)
OTHER FINANCING SOURCES: Transfers in	0	0	6,315	0	0	0	6,315
Changes in net assets	25	(317)	6,496	24	(3,000)	(434)	2,794
Net assets beginning of year	1,040	6,560	0	1,216	7,750	2,389	18,955
Net assets end of year	\$ 1,065	6,243	6,496	1,240	4,750	1,955	21,749

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2009

	Beginning Balance	Increases	Decreases	Ending Balance
BAC Faculty				
Assets:				
Cash and other investments	\$ 594	723	756	561
Liabilities:				
Due to other groups	\$ 594	723	756	561
E-B HS Faculty				
Assets:				
Cash and other investments	\$ 1,709	364	326	1,747
Liabilities:				
Due to other groups	\$ 1,709	364	326	1,747
Total				
Assets:				
Cash and other investments	\$ 2,303	1,087	1,082	2,308
Liabilities:				
Due to other groups	\$ 2,303	1,087	1,082	2,308

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 4,660,450	4,450,003	4,400,083	4,160,233	3,816,851	3,164,785
Tuition	713,615	880,055	883,897	1,091,012	585,509	638,838
Other	432,679	445,519	380,575	300,615	567,934	404,322
State sources	3,153,573	3,138,946	3,232,823	2,900,185	2,856,947	2,691,921
Federal sources	303,509	201,630	219,238	266,667	280,788	312,395
Total	<u>\$ 9,263,826</u>	<u>9,116,153</u>	<u>9,116,616</u>	<u>8,718,712</u>	<u>8,108,029</u>	<u>7,212,261</u>
Expenditures:						
Current:						
Instruction:						
Regular	\$ 3,246,975	3,251,271	3,379,829	3,325,982	3,510,809	3,074,981
Special	1,121,044	1,026,208	980,574	945,318	955,630	871,201
Other	793,132	692,614	563,514	661,387	489,972	555,274
Support services:						
Student	197,075	169,086	150,896	37,448	67,230	165,055
Instructional staff	214,407	327,919	559,431	173,734	122,397	219,814
Administration	945,084	916,786	946,784	886,521	778,248	780,750
Operation and maintenance of plant	672,260	705,781	666,231	668,700	647,461	671,715
Transportation	577,200	714,185	737,271	584,158	551,283	476,909
Non-instructional programs	15,248	23,003	24,498	9,449	25,860	24,508
Other expenditures:						
Facilities acquisitions	1,396,362	527,724	409,954	101,263	364,123	295,160
Long-term debt:						
Principal	143,950	85,299	73,347	0	0	0
Interest	13,727	14,225	2,247	0	0	0
AEA flow-through	253,336	246,674	246,125	226,534	215,713	218,241
Total	<u>\$ 9,589,800</u>	<u>8,700,775</u>	<u>8,740,701</u>	<u>7,620,494</u>	<u>7,728,726</u>	<u>7,353,608</u>

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

To the Board of Education of the
Eddyville-Blakesburg 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 Eddyville-Blakesburg Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 19, 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 Eddyville-Blakesburg 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 Eddyville-Blakesburg Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Eddyville-Blakesburg 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 Eddyville-Blakesburg 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 Eddyville-Blakesburg Community School District's financial statements that is more than inconsequential will not be prevented or detected by Eddyville-Blakesburg 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 Eddyville-Blakesburg 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-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eddyville-Blakesburg 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, 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.

Eddyville-Blakesburg 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 Eddyville-Blakesburg 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 Eddyville-Blakesburg Community School District and other parties to whom Eddyville-Blakesburg 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 Eddyville-Blakesburg 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, P.C.

March 19, 2010

EDDYVILLE-BLAKESBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - The District will continue to review the internal control structure and work to segregate duties when feasible.

Conclusion - Response accepted.

I-B-09 Reliable Financial Statements - Iowa School Districts are required to record the financial records on a GAAP Basis of Accounting. The financial records are normally converted at year end, after a year of cash based records. The recognition of receivables, payables, inventory, long-term debt recognition and depreciation of capital assets are all pieces which the accounting personnel is expected to be completing. The individuals performing the accounting function needs to be well trained in all areas to be effective in completing the Certified Annual Report. The Iowa Association of School Business Officials provides training to its members as does the Department of Education and Software Unlimited. This training helps in providing instruction as well as promotes networking of other accounting personnel. There were no adjustments in the Enterprise - School Nutrition Fund and the Enterprise - School Child Care made for the changes in capital assets balances. Also, there were no adjustments made to include the accrued compensation or early retirement payables in the Districts Long Term Liabilities.

Recommendation - The maintenance of reliable accounting records has and continues to be important in every district. The necessity of the numerous adjustments for the financial statements may indicate that additional training is necessary for the accounting personnel. The District should consider sending their accounting staff to end-of-year training, in an effort to provide more reliable financial statements.

Response - The District will explore opportunities to receive further training regarding the end of the year transactions for the account adjustments in Capital Assets, Nutrition Fund and Long-term Debt.

Conclusion - Response accepted.

CONTROL DEFICIENCIES:

I-C-09 Non-certified Time Sheets - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches. The District should also review its payroll procedures to ensure that supporting documentation is kept for all employees who receive checks.

Response - The District has resolved this deficiency by keeping track of the hours worked by the non-certified coaches and requiring the proper supporting documentation.

Conclusion - Response accepted.

EDDYVILLE-BLAKESBURG 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 - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.
- II-B-09 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-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 are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Deb Bahr, Board Member Servicing agent at Insurance Associates	Worker's Compensation insurance	\$52,718

In accordance with Chapter 279.7A of the Code of Iowa, the above transactions with Deb Bahr, does not appear to represent a conflict of interest. In accordance with the attorney's opinion from Brian Gruhn of Gruhn Law firm, dated, October 13, 2009, Debra Bahr is an agent who represents the insurance carrier and does not set the premium set forth by the insurance carrier.

- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-09 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-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-K-09 Statewide Sales and Service Tax - During our audit, there was no instances of non-compliance noted with the use of the statewide sales and services tax revenue provisions Chapter 423F.3 of the Code of Iowa.

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 services tax are as follows:

Beginning Balance	\$ 0
Statewide sales and services tax revenue	<u>564,203</u>
Expenditures/transfers out:	
School infrastructures:	
Buildings	<u>564,203</u>
Ending Balance	<u><u>\$ 0</u></u>

II-L-09 Corrective Transfer - We noted during our audit that the District bought band instruments and financed the lease with funds from the Capital Projects Fund totaling \$40,792.40. Of this lease \$4,437.40 were items less than the \$500 threshold required by Chapter 298.3 of the Code of Iowa.

Recommendation - The District needs to make a transfer of \$4,437.40 from the General Fund to the Capital Projects Fund to comply with Chapter 298.3 of the Code of Iowa.

Response - The District has made the corrective transfer.

Conclusion - Response accepted.

II-M-09 Signing of Officiating Contracts - We noted during our audit that the Board President was not signing athletic officiating 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 signing all contracts the District enters into, to comply with Chapter 291.1 of the Code of Iowa.

Response - The District is having the Board President sign all contracts.

Conclusion - Response accepted.

II-N-09 Checks Outstanding - We noted during our audit that the District had checks included in the activity bank reconciliation which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be reissued, voided, or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The District has researched the outstanding checks and taken appropriate action.

Conclusion - Response accepted.

II-O-09 Financial Condition - The District had deficit unrestricted net assets of \$29,162 in the Enterprise - School Nutrition Fund and \$7,156 in the Enterprise - School Child Care at June 30, 2009.

During our audit, we noted that the District had four deficit account in the Special Revenue - Activity Fund of \$6,603.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - The District is reviewing alternatives for eliminating these deficits.

Conclusion - Response accepted.

II-P-09 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. Per the Uniform Financial Accounting Manual, "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 co-curricular 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 District receives money for the use of facilities when they are hosting district and regional events. Currently, the District's practice is to receipt rents for hosting district and regional events into the Activity Fund. Chapter 297.9 of the Code of Iowa requires rent to be receipted into the General Fund. In the future, the District should receipt rent collected for facility usage into the General Fund.

Currently, donations from Box Tops for Education are recorded in the Elementary account in the Student Activity Fund. Box Tops for Education are donations for school supplies and should be receipted into the General Fund.

The Activity Management account awards scholarships from proceeds from donations and miscellaneous receipts generated by the Student Activity Fund during the year. When donations are received by the District the revenues should be recorded in the fund that may legally pay for the purpose of the donation. Scholarships are most appropriately paid from the Private Purpose Trust Fund; therefore, proceeds from scholarship donations should be placed and expended from the Private Purpose Trust Fund.

Response - The District has implemented these recommendations.

Conclusion - Response accepted.