

**GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2009**

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Officials		3
Independent Auditor's Report		4 - 5
Management's Discussion and Analysis		6 - 15
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A	17
Statement of Activities	B	18 - 19
Government Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Notes to Financial Statements		27 - 36
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		38 - 39
Notes to Required Supplementary Information - Budgetary Reporting		40
Other Supplementary Information:		
<u>Schedule</u>		
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	1	42
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	43
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	44 - 45
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	46 - 47
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 <u>Government Auditing Standards</u>		48 - 49
Schedule of Findings		50 - 52

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**OFFICIALS**

<u>Name</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
<b>Board of Education (Before September 2008 Election)</b>		
Warren Tiedeman	President	2008
Donell Nagel	Vice President	2011
Amy Jurrens	Board Member	2011
Terrence Clark	Board Member	2009
Doug Krull	Board Member	2008
<b>Board of Education (After September 2008 Election)</b>		
Donell Nagel	President	2011
Amy Jurrens	Vice President	2012
Lyle Hollander	Board Member	2011
Terrence Clark	Board Member	2009
Doug Krull	Board Member	2011
<b>School Officials</b>		
Dave Ackerman	Superintendent	Indefinite
Delinda Kruger	District Secretary/Treasurer and Business Manager	Indefinite
Thomas Whorley	Attorney	Indefinite

Paul T. East, CPA  
Paul W. Vander Woude, CPA  
Rose M. Grant, CPA, MST

707 WEST 11<sup>th</sup> STREET  
Sioux Falls, SD 57104  
(605)334-9111  
(605)334-2195 FAX

### Independent Auditor's Report

To the Board of Education of the  
George - Little Rock 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 George – Little Rock Community School District, George and Little Rock, 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 that our audit provides a reasonable basis for our opinions.

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

In accordance with Governmental Auditing Standards, we have also issued our report dated December 21, 2009 on our consideration of the George – Little Rock 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. 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 Governmental Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 15 and 38 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise George – Little Rock 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 year ended June 30, 2008 and 2007 (which is not presented herein) and expressed unqualified opinions on that financial statement. The previous audits for June 30, 2006, 2005, and 2004 were done by another firm, but were in accordance with the standards referred to in the second paragraph of this report, the financial statements for the years ended June 30, 2006, 2005, and 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

*East, Vander Woude, Grant & Co., P.C.*

East, Vander Woude, Grant & Co., P.C.  
Sioux Falls, SD  
December 21, 2009

## Management's Discussion and Analysis

George – Little Rock 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**

- The General Fund revenues increased from \$4,521,279 in fiscal year 2008 to \$4,569,292 in fiscal year 2009, while General Fund expenditures decreased from \$4,586,259 in fiscal year 2008 to \$4,505,878 in fiscal 2009. The District's General Fund balance increased from \$40,280 in fiscal 2008 to \$103,694 in fiscal 2009, a 157% increase.
- The increase in General Fund revenues was attributable to an increase in local and federal revenue in fiscal 2009. The decrease in expenditures was due primarily to a decrease in support services expenditures
- The statewide sales and services tax became effective January 1, 2004. Revenues collected were \$277,817 in 2008 and \$310,821 in 2009 which were used for debt service and construction costs.

### **Using this Annual Report**

The annual report consists of a series 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 the George – Little Rock 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 George – Little Rock 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 George – Little Rock Community School District acts solely as an agent or custodian for the benefit of those outside of the 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 to the District's budget for the year
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

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

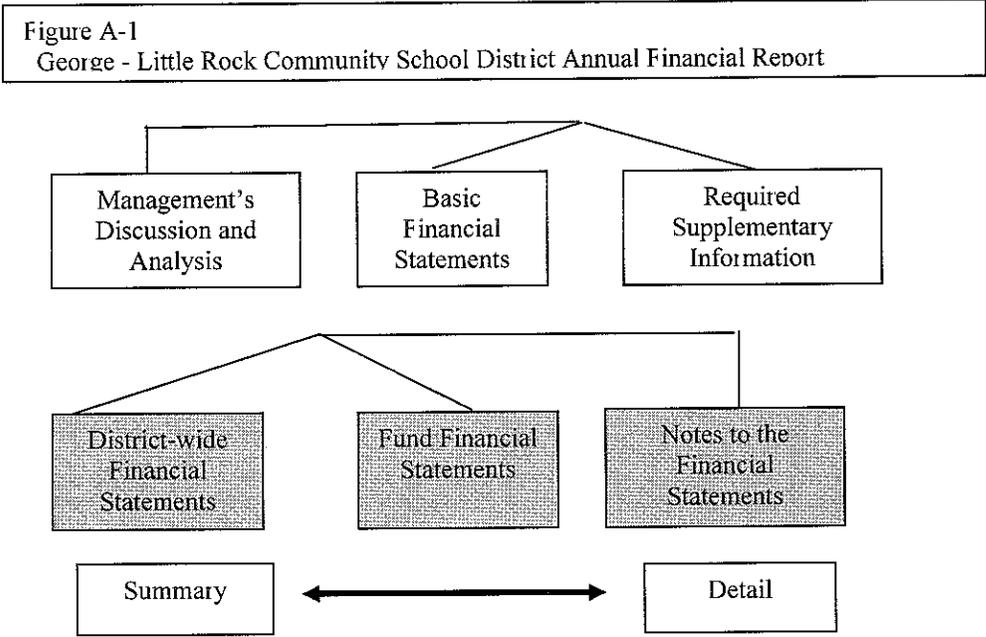


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities covered and the types of information contained.

Figure A-2: Major Features of the District Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary	Activities the district operates similar to private businesses: food services is included here
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide 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 its financial position is improving or deteriorating. To assess the District’s overall health, you need to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school building and other facilities

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 taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it 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 repay its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- *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 funds statements provide a detailed short-term view that helps the reader 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 Funds.

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

- *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 Fund, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

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

## Government-wide Financial Analysis

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

	Governmental Activities		Business type Activities		Total Activities		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2009	2008	2009	2008	2009	2008	2008 - 2009	
Current and other assets	\$ 5,501	\$ 4,398	\$ 23	\$ 18	\$ 5,524	\$ 4,416	\$ 1,108	25.1%
Capital assets	6,520	6,562	83	92	6,603	6,654	(51)	(0.77%)
Total assets	12,021	10,960	106	110	12,127	11,070	1,057	9.5%
Long-term Liabilities	4,050	4,322	-	-	4,050	4,322	(272)	100.0%
Other Liabilities	4,765	3,754	27	27	4,792	3,781	1,011	26.7%
Total Liabilities	8,815	8,076	27	27	8,842	8,103	739	9.1%
<b>Net Assets</b>								
Invested in capital assets, net of related debt	2,465	2,075	83	92	2,548	2,167	381	17.6%
Restricted	823	748	-	-	823	748	75	10.0%
Unrestricted	(82)	61	(4)	(9)	(86)	52	(138)	(265.38%)
Total net assets	\$ 3,206	\$ 2,884	\$ 79	\$ 83	\$ 3,285	\$ 2,967	\$ 318	10.7%

The District's combined net assets increased by 10.7 percent or approximately \$318,000 over the prior year. The largest increase is due to the ISCAP funds being held. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$75,000 from the prior year. The increase was primarily a result of the additional categorical revenues being greater than the expenditures in the general fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements – decreased approximately \$138,000 or 265 percent. This reduction in unrestricted net assets was primarily a result of the increases in the District's categorical restricted funds and invested in capital assets recorded in the current year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009

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

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-2009
Revenue							
Program revenue:							
Charges for service	\$ 368	\$ 335	\$ 121	\$ 118	\$ 489	\$ 453	7.95%
Operating grants, contributions and restricted interest	866	932	106	99	972	1,031	(5.72%)
Capital grants, contributions and restricted interest	25	33	-	-	25	33	(24.24%)
General revenues:							
Property tax	2,207	2,204	-	-	2,207	2,204	0.14%
Local option sales and service tax	311	278	-	-	311	278	11.87%
Unrestricted state grants	1,866	1,930	-	-	1,866	1,930	(3.32%)
Other	42	55	-	-	42	55	(23.64%)
Total revenues	<u>5,685</u>	<u>5,767</u>	<u>227</u>	<u>217</u>	<u>5,912</u>	<u>5,984</u>	<u>(1.20%)</u>
Program expenses:							
Governmental activities:							
Instruction	3,338	3,422	-	-	3,338	3,422	(2.45%)
Support service	1,519	1,655	-	-	1,519	1,655	(8.22%)
Non-instructional programs	-	-	231	223	231	223	3.59%
Other expenses	506	528	-	-	506	528	(4.17%)
Total expenses	<u>5,363</u>	<u>5,605</u>	<u>231</u>	<u>223</u>	<u>5,594</u>	<u>5,828</u>	<u>(4.02%)</u>
Change in net assets	<u>\$ 322</u>	<u>\$ 162</u>	<u>\$ (4)</u>	<u>\$ (6)</u>	<u>\$ 318</u>	<u>\$ 156</u>	<u>103.85%</u>

Property tax, statewide sales and service tax, and unrestricted state grants account for 74.2 percent of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86.8 percent of the total expenses.

The District's total revenues were approximately \$5.912 million, of which \$5.685 million was for governmental activities and approximately \$227,000 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.2% decrease in revenues and a 4.0% decrease in expenses. Increases in property tax, state grant and other revenues off set the decreases in charges for services and capital grants. Increase in expenses related to increases in the negotiated salaries and benefits, as well as increases in expenses due to the construction projects completion.

### Governmental Activities

Revenues for governmental activities were \$5,684,513 and expenses were \$5,362,714. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 3,338	\$ 3,422	(2.45%)	\$ 2,309	\$ 2,332	(0.99%)
Support services	1,519	1,655	(8.22%)	1,492	1,647	(9.41%)
Non-instructional programs	-	-	0.00%	-	-	0.00%
Other expenses	506	528	(4.17%)	302	326	(7.36%)
Totals	\$ 5,363	\$ 5,605	(4.32%)	\$ 4,103	\$ 4,305	(4.69%)

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$367,943.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$866,488.
- The net cost of governmental activities was financed with \$2,517,386 in property and other taxes and \$1,865,664 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$226,980, representing a 4.62% increase over the prior year, while expenses totaled \$230,723, a 3.58% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and contributions for capital project improvements. The decrease in revenues is a result of less contributed capital assets in the current year.

### INDIVIDUAL FUND ANALYSIS

As previously noted, George – Little Rock Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,028,449, an increase of \$104,961. The primary reason for the increase in combined fund balances in fiscal 2009 is due to the capital projects being completed in the past year.

### Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues. Additionally, the decreases in expenditures allowed District to increase the fund balance during the year.

- The General Fund balance increased from \$40,280 to \$103,694, due in part to the increases in local taxes and decreases in expenditures for the District.
- The Debt Service Fund balance increased from \$162,752 in fiscal 2008 to \$194,875 in fiscal 2009. The increased was due to the amounts transferred into the fund from Statewide Sales Tax Fund.
- The Capital Projects Fund balance decreased due to the transferred into the Debt Service Fund during the year. The District ended fiscal 2008 with a \$514,840 balance and ended fiscal 2009 ended with a balance of \$477,799.

### **Proprietary Fund Highlights**

School Nutrition Fund cash balance increased from \$11,405 at June 30, 2008 to \$16,995 at June 30, 2009, representing an increase of \$5,590. This is due primarily from increases in revenues received for services and federal revenues.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$129,612 less than budgeted receipts, with a variance of 2.15%. The most significant variance resulted from the decreases in state revenues.

Total expenditures were less than budgeted, due primarily to the lower expenditures for instructional and support services functions during the school year. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area due to the timing of disbursements paid at year-end without sufficient time to amend the certified budget.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2009, the District had invested \$6.6 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of .77% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$254,223.

The original cost of the District's capital assets was \$9.6 million. Governmental funds account for \$9.4 million, with the remainder of \$0.2 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred with addition of \$193,918 of furniture and equipment and \$9,268 of improvements other than buildings in fiscal year 2009.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 39	\$ 39	\$ -	\$ -	\$ 39	\$ 39	0.00%
Buildings	5,436	5,573	-	-	5,436	5,573	(2.46%)
Improvements other than buildings	80	81	-	-	80	81	(1.23%)
Furniture and Equipment	964	868	83	92	1,047	960	9.06%
Totals	<u>\$ 6,519</u>	<u>\$ 6,561</u>	<u>\$ 83</u>	<u>\$ 92</u>	<u>\$ 6,602</u>	<u>\$ 6,653</u>	<u>(0.77%)</u>

### Long-Term Debt

At June 30, 2009, the District had \$4,322,231 in general obligation, revenue and other long-term debt outstanding compared to \$4,579,337 last year (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

In March 2005, the District's voters authorized the issuance of \$4,360,000 in general obligation bonds to pay for construction of the additions to buildings in George and Little Rock. Planning for the project started in fiscal 2005 and bonds were sold during fiscal 2006. At the same time the District issued \$685,000 of local option sales and services tax revenue bonds for the same project. The District had total outstanding bonded indebtedness at June 30, 2009 of \$4,230,000.

The District also had early retirement obligations of \$92,231 at June 30, 2009 with \$22,106 due in FY 2009 and \$70,125 long term

	Total School District		Total Change
	June 30,		June 30,
	2009	2008	2008-2009
General Obligation Bonds	3,780,000	3,935,000	(3.939%)
Revenue Bonds	450,000	530,000	(15.094%)
Early Retirement	92,231	114,337	(19.334%)
Totals	<u>\$ 4,322,231</u>	<u>\$ 4,579,337</u>	<u>(5.614%)</u>

## **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 financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the District will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment decreased in fiscal year 2008-2009 with a budget enrollment of 488. The District has a sharing agreement with Central Lyon Community School District for the Superintendent position so the District has an additional 10 enrollment supplement. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2008-2009 school year, George – Little Rock students who open enroll out to other districts decreased by 3 students, from 33 to 30. Because George – Little Rock is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- Fiscal 2009 will be the third year of a three-year contract with George-Little Rock Education Association. The District will negotiate a new agreement during fiscal 2010. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

## **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 Delinda Kruger, Board Secretary/Business Manager at the George - Little Rock Community School District, 500 E. Indiana Ave., George, IA 51237 or 712-475-3311.

## **BASIC FINANCIAL STATEMENTS**

George - Little Rock Community School District  
Statement of Net Assets  
June 30, 2009

Exhibit A

	Governmental Activities	Business Type Activities	Totals
<b>Assets</b>			
Cash and cash equivalents:			
ISCAP	\$ 1,565,545	\$ -	\$ 1,565,545
Other	1,437,179	16,995	1,454,174
Receivables:			
Property tax:			
Delinquent	31,524	-	31,524
Succeeding year	2,091,592	-	2,091,592
Local option sales taxes	20,111	-	20,111
Accounts	58,006	-	58,006
Accrued interest:			
ISCAP	5,979	-	5,979
Other	242	-	242
Due from other governments	278,441	-	278,441
Due from (to) other funds	13,000	(13,000)	-
Inventories	-	6,052	6,052
Capital assets, net of accumulated depreciation	6,519,751	82,972	6,602,723
<b>Total assets</b>	<b>12,021,370</b>	<b>93,019</b>	<b>12,114,389</b>
<b>Liabilities</b>			
Accounts payable	22,035	-	22,035
Salaries and benefits payable	444,238	11,231	455,469
Accrued interest payable	19,814	-	19,814
Deferred revenue - other	339,178	2,351	341,529
Deferred revenue - succeeding year property tax	2,091,592	-	2,091,592
ISCAP warrants payable	1,543,000	-	1,543,000
ISCAP accrued interest payable	8,546	-	8,546
ISCAP unamortized premium	24,581	-	24,581
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	165,000	-	165,000
Revenue bonds payable	85,000	-	85,000
Early retirement	22,106	-	22,106
Portion due after one year:			
General obligation bonds payable	3,615,000	-	3,615,000
Revenue bonds payable	365,000	-	365,000
Early retirement	70,125	-	70,125
<b>Total liabilities</b>	<b>8,815,215</b>	<b>13,582</b>	<b>8,828,797</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,464,812	82,972	2,547,784
Restricted for:			
Categorical funding	103,909	-	103,909
Management levy	12,535	-	12,535
Physical plant and equipment levy	169,065	-	169,065
Other special revenue purposes	48,375	-	48,375
Capital projects	477,799	-	477,799
Other	11,706	-	11,706
Unrestricted	(82,046)	(3,535)	(85,581)
<b>Total net assets</b>	<b>\$ 3,206,155</b>	<b>\$ 79,437</b>	<b>\$ 3,285,592</b>

See notes to financial statements.

George - Little Rock Community School District  
Statement of Activities  
June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest
<b>Governmental activities:</b>				
Instruction:				
Regular instruction	\$ 2,361,069	\$ 66,126	\$ 537,559	\$ -
Special instruction	528,099	60,902	119,650	-
Other instruction	448,689	236,907	7,728	-
	<u>3,337,857</u>	<u>363,935</u>	<u>664,937</u>	<u>-</u>
Support services:				
Student services	100,499	-	21,255	-
Instructional staff services	113,934	-	-	-
Administration services	489,139	-	-	-
Operation and maintenance of plant services	546,791	4,008	-	-
Transportation services	268,290	-	1,447	-
	<u>1,518,653</u>	<u>4,008</u>	<u>22,702</u>	<u>-</u>
Non-instructional programs				
Other expenses:	-	-	-	-
Facilities acquisition	145,025	-	-	25,139
Long-term debt interest	182,330	-	-	-
AEA flow-through	178,849	-	178,849	-
	<u>506,204</u>	<u>-</u>	<u>178,849</u>	<u>25,139</u>
Total governmental activities	5,362,714	367,943	866,488	25,139
<b>Business type activities:</b>				
Non-instructional programs:				
Food service operations	230,723	121,264	105,716	-
Total	<u>\$ 5,593,437</u>	<u>\$ 489,207</u>	<u>\$ 972,204</u>	<u>\$ 25,139</u>
<b>General Revenues:</b>				
Property tax levied for:				
General purposes				
Debt service				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements

Exhibit B

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (1,757,384)	\$ -	\$ (1,757,384)
(347,547)	-	(347,547)
(204,054)	-	(204,054)
(2,308,985)	-	(2,308,985)
(79,244)	-	(79,244)
(113,934)	-	(113,934)
(489,139)	-	(489,139)
(542,783)	-	(542,783)
(266,843)	-	(266,843)
(1,491,943)	-	(1,491,943)
-	-	-
(119,886)	-	(119,886)
(182,330)	-	(182,330)
-	-	-
(302,216)	-	(302,216)
(4,103,144)	-	(4,103,144)
-	(3,743)	(3,743)
(4,103,144)	(3,743)	(4,106,887)
2,089,534	-	2,089,534
117,031	-	117,031
310,821	-	310,821
1,865,664	-	1,865,664
41,893	170	42,063
4,424,943	170	4,425,113
321,799	(3,573)	318,226
2,884,356	83,010	2,967,366
\$ 3,206,155	\$ 79,437	\$ 3,285,592

See notes to financial statements

George - Little Rock Community School District  
Balance Sheet  
Governmental Funds  
June 30, 2009

Exhibit C

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Assets</b>					
Cash and pooled investments:					
ISCAP	\$ 1,565,545	\$ -	\$ -	\$ -	\$ 1,565,545
Other	534,770	193,187	457,534	251,688	1,437,179
Receivables:					
Property tax:					
Delinquent	25,708	1,688	-	4,128	31,524
Succeeding year	1,739,683	73,399	-	278,510	2,091,592
Local option sales taxes	-	-	20,111	-	20,111
Accounts	58,006	-	-	-	58,006
Accrued interest:					
ISCAP	5,979	-	-	-	5,979
Other	-	-	154	88	242
Due from other funds	13,000	-	-	-	13,000
Due from other governments	195,128	-	-	83,313	278,441
Total assets	<u>4,137,819</u>	<u>268,274</u>	<u>477,799</u>	<u>617,727</u>	<u>5,501,619</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	22,035	-	-	-	22,035
Salaries and benefits payable	440,415	-	-	3,823	444,238
ISCAP warrants payable	1,543,000	-	-	-	1,543,000
ISCAP accrued interest payable	8,546	-	-	-	8,546
ISCAP unamortized premium	24,581	-	-	-	24,581
Deferred revenue:					
Succeeding year property tax	1,739,683	73,399	-	278,510	2,091,592
Other	255,865	-	-	83,313	339,178
Total liabilities	<u>4,034,125</u>	<u>73,399</u>	<u>-</u>	<u>365,646</u>	<u>4,473,170</u>
Fund balances:					
Reserved for debt service	-	194,875	-	-	194,875
Reserved for categorical funding	103,909	-	-	-	103,909
Unreserved	(215)	-	477,799	252,081	729,665
Total fund balances	<u>103,694</u>	<u>194,875</u>	<u>477,799</u>	<u>252,081</u>	<u>1,028,449</u>
Total liabilities and fund balances	<u>\$ 4,137,819</u>	<u>\$ 268,274</u>	<u>\$ 477,799</u>	<u>\$ 617,727</u>	<u>\$ 5,501,619</u>

See notes to financial statements

George - Little Rock Community School District  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
June 30, 2009

Exhibit D

<b>Total fund balances of governmental funds (page 20)</b>	<b>\$ 1,028,449</b>
Amounts reported for governmental activities in the Statements of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,519,751
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	(19,814)
Long-term liabilities, including bonds and notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,322,231)</u>
<b>Net assets of governmental activities (page 19)</b>	<b><u>\$ 3,206,155</u></b>

See notes to financial statements.

George - Little Rock Community School District  
Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
June 30, 2009

Exhibit E

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 1,700,382	\$ 119,825	\$ 310,821	\$ 386,357	\$ 2,517,385
Tuition	91,462	-	-	-	91,462
Other	75,992	1,259	14,086	252,176	343,513
State sources	2,534,128	72	-	30,625	2,564,825
Federal sources	167,328	-	-	-	167,328
<b>Total Revenues</b>	<b>4,569,292</b>	<b>121,156</b>	<b>324,907</b>	<b>669,158</b>	<b>5,684,513</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	2,118,122	-	-	269,597	2,387,719
Special instruction	578,651	-	-	-	578,651
Other instruction	451,958	-	-	-	451,958
	<b>3,148,731</b>	<b>-</b>	<b>-</b>	<b>269,597</b>	<b>3,418,328</b>
Support services:					
Student services	101,281	-	-	-	101,281
Instructional staff services	86,515	-	-	825	87,340
Administration services	470,381	-	-	44,328	514,709
Operation and maintenance of plant services	293,324	-	-	103,216	396,540
Transportation services	226,797	-	-	82,222	309,019
	<b>1,178,298</b>	<b>-</b>	<b>-</b>	<b>230,591</b>	<b>1,408,889</b>
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	31,788	122,505	154,293
Long-term debt principal	-	235,000	-	-	235,000
Long-term debt interest	-	184,193	-	-	184,193
AEA flow-through	178,849	-	-	-	178,849
	<b>178,849</b>	<b>419,193</b>	<b>31,788</b>	<b>122,505</b>	<b>752,335</b>
<b>Total expenditures</b>	<b>4,505,878</b>	<b>419,193</b>	<b>31,788</b>	<b>622,693</b>	<b>5,579,552</b>
Excess (deficiency) of revenues over (under) expenditures	63,414	(298,037)	293,119	46,465	104,961
<b>Other financing sources (uses):</b>					
Operating transfers in (out)	-	330,160	(330,160)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>330,160</b>	<b>(330,160)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	63,414	32,123	(37,041)	46,465	104,961
Fund balances beginning of year	40,280	162,752	514,840	205,616	923,488
<b>Fund balances end of year</b>	<b>\$ 103,694</b>	<b>\$ 194,875</b>	<b>\$ 477,799</b>	<b>\$ 252,081</b>	<b>\$ 1,028,449</b>

See notes to financial statements

George - Little Rock Community School District  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 - Governmental Funds to the Statement of Activities  
 Year ended June 30, 2009

Exhibit F

**Net change in fund balance - total governmental funds (page 22)** \$ 104,961

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

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

Expenditures for capital assets	203,186	
Depreciation expense	<u>(245,317)</u>	(42,131)

Proceeds from issuing long-term liabilities provided 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 repayments exceeded issues, as follows:

Repaid	<u>235,000</u>	235,000
--------	----------------	---------

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

		<u>1,863</u>
--	--	--------------

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, as follows:

Early retirement	<u>22,106</u>	<u>22,106</u>
------------------	---------------	---------------

**Change in net assets of governmental activities (page 19)** \$ 321,799

George - Little Rock Community School District  
Statement of Net Assets  
Proprietary Fund  
June 30, 2009

Exhibit G

	School Nutrition
<b>Assets</b>	
Cash and cash equivalents	\$ 16,995
Inventories	6,052
Prepaid Expenses	-
Capital assets, net of accumulated depreciation	82,972
<b>Total assets</b>	<b>106,019</b>
<b>Liabilities</b>	
Accounts payable	
Due to other funds	13,000
Deferred revenue	2,351
Salaries and benefits payable	11,231
<b>Total Liabilities</b>	<b>26,582</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	82,972
Unrestricted	(3,535)
<b>Total net assets</b>	<b>\$ 79,437</b>

See notes to financial statements.

George - Little Rock Community School District  
Statement of Revenues, Expenses and Changes in  
Fund Net Assets - Proprietary Fund  
June 30, 2009

Exhibit H

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	<u>\$ 121,264</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	91,308
Benefits	12,614
Purchased services	2,529
Supplies	115,230
Depreciation	8,906
Total operating expenses	<u>230,723</u>
Operating loss	<u>(109,459)</u>
Non-operating revenues:	
State sources	2,919
Federal sources	102,797
Interest income	170
Total non-operating revenues	<u>105,886</u>
Change in net assets	(3,573)
Net assets beginning of year	<u>83,010</u>
Net assets end of year	<u>\$ 79,437</u>

See notes to financial statements

George - Little Rock Community School District  
Statement of Cash Flows  
Proprietary Fund  
Year ended June 30, 2009

EXHIBIT I

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 122,148
Cash paid to employees for services	(104,560)
Cash paid to suppliers for goods or services	(101,704)
Net cash used by operating activities	<u>(84,116)</u>
Cash flows from non-capital financing activities:	
State grants received	2,919
Federal grants received	86,617
Net cash provided by non-capital financing activities	<u>89,536</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Net cash used by capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	170
Net increase (decrease) in cash and cash equivalents	5,590
Cash and cash equivalents beginning of year	11,405
Cash and cash equivalents end of year	<u>\$ 16,995</u>
<b>Reconciliation of operating loss to net cash used by operating activities</b>	
Operating loss	\$ (109,459)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Commodities used	16,180
Depreciation	8,906
(Increase) decrease in inventories	11
(Increase) decrease in accounts receivable	266
Increase (decrease) in salaries and benefits payable	(639)
Increase (decrease) in deferred revenues	619
Net cash used in operating activities	<u>\$ (84,116)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received \$16,180 of federal commodities

See notes to financial statements

# GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2009

### (1) Summary of Significant Accounting Policies

The George – Little Rock 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 George and Little Rock, Iowa and the predominately agricultural territory in Lyon, Sioux and Osceola 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, George – Little Rock Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The George – Little Rock Community School District has no component units, which meet the Governmental Accounting Standards Board criteria.

#### B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital

# GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2009

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 nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues 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 expenditures, including instructional, support and other costs

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

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

The District reports the following major proprietary fund:

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the 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

# GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2009

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. The proprietary fund of the District may apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 that are developed for business enterprises if there is no GASB pronouncements covering that area.

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

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

### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. All investments are non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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.

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2009**

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	2,500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	100 years
Improvements other than buildings	15 - 50 years
Furniture and equipment:	3 - 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

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

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

Fund Equity – 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.

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2009**

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

**E. Budgets and Budgetary Accounting**

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

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust, as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 61,468</u>

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

Credit risk for the investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investor Service.

**(3) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	School Lunch	<u>\$ 13,000</u>

The School Lunch Fund will be repaying the General Fund for an advance to pay expenditures when the cash flow improves

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2009**

**(4) Interfund Transfers**

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

Transfer to	Transfer from:	Amount
Capital Projects	Statewide Sales Tax	\$ 12,500
Debt Service	Statewide Sales Tax	275,500
Debt Service	Capital Projects	54,660
		<u>\$ 342,660</u>

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

**(5) Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2008-09A	6/26/08	6/25/09	\$ -	\$ -	\$ -	\$ -	\$ -
2008-09B	1/21/09	1/21/10	634,025	5,864	626,000	8,232	6,830
2009-10A	6/25/09	6/23/10	931,520	-	917,000	314	17,751
Total			<u>\$ 1,565,545</u>	<u>\$ 5,864</u>	<u>\$ 1,543,000</u>	<u>\$ 8,546</u>	<u>\$ 24,581</u>

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 25<sup>th</sup> of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance			
	Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ -	\$ 135,000	\$ 135,000	\$ -
2008-09B	-	-	-	-
	<u>\$ -</u>	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ -</u>

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**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
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%
2009-10A	2.500%	0.902%

**6) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 39,270	\$ -	\$ -	\$ 39,270
Total capital assets not being depreciated	39,270	-	-	39,270
Capital assets being depreciated:				
Buildings	7,112,842	-	-	7,112,842
Improvements other than buildings	438,840	9,268	-	448,108
Furniture and equipment	1,720,161	193,918	39,000	1,875,079
Total capital assets being depreciated	9,271,843	203,186	39,000	9,436,029
Less accumulated depreciation for:				
Buildings	1,539,841	137,314	-	1,677,155
Improvements other than buildings	357,405	10,205	-	367,610
Furniture and equipment	851,985	97,798	39,000	910,783
Total accumulated depreciation	2,749,231	245,317	39,000	2,955,548
Total capital assets being depreciated, net	6,522,612	(42,131)	-	6,480,481
Governmental activities capital assets, net	\$ 6,561,882	\$ (42,131)	\$ -	\$ 6,519,751
<b>Business type activities:</b>				
Furniture and equipment	\$ 215,010	\$ -	\$ -	\$ 215,010
Less accumulated depreciation	(123,131)	(8,906)	-	(132,037)
Business type activities capital assets, net	\$ 91,879	\$ (8,906)	\$ -	\$ 82,973

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2009**

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular	\$	28,656
Support services:		
Instructional staff		26,594
Operation and maintenance of plant		150,251
Transportation		39,816
		245,317
Unallocated		-
Total depreciation expense - governmental activities	\$	245,317
Business type activities:		
Food service operations	\$	8,906

**7) Long-Term Debt**

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Revenue Bonds	\$ 530,000	\$ -	\$ 80,000	\$ 450,000	\$ 85,000
General Obligation	3,935,000	-	155,000	3,780,000	165,000
Early Retirement	114,337	-	22,106	92,231	22,106
Total	\$ 4,579,337	\$ -	\$ 257,106	\$ 4,322,231	\$ 272,106

General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year Ending June, 30	Interest Rates	Bond Issue July 1, 2005		
		Series 2005A		
		Principal	Interest	Total
2010	4%	\$ 165,000	\$ 158,400	\$ 323,400
2011	4%	170,000	151,800	321,800
2012	4%	180,000	145,000	325,000
2013	4%	190,000	137,800	327,800
2014	4%	195,000	130,200	325,200
2015-2019	4.25%	1,130,000	520,625	1,650,625
2020-2024	4.25%	1,425,000	256,275	1,681,275
2025	4.25%	325,000	13,813	338,813
		\$ 3,780,000	\$ 1,513,913	\$ 5,293,913

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2009**

Revenue Bonds Payable

Details of the District's June 30, 2009 local option (statewide) sales and services tax revenue bonded indebtedness are as follows:

Year Ending June, 30	Interest Rates	Bond Issue July 1, 2005 Series 2005B		
		Principal	Interest	Total
2010	3 10%	\$ 85,000	\$ 14,658	\$ 99,658
2011	3 20%	85,000	11,810	96,810
2012	3 30%	90,000	8,745	98,745
2013	3 40%	95,000	5,368	100,368
2014	3 60%	95,000	1,805	96,805
		<u>\$ 450,000</u>	<u>\$ 42,385</u>	<u>\$ 492,385</u>

The local option (statewide) sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option (statewide) sales and service tax revenue bonds includes the following provisions:

1. A sinking fund to be established for all proceeds of the local option (statewide) sales and services tax revenue must be deposited.
2. The amounts to be deposited into the sinking fund shall be equal to the amount of principal and interest coming due on the bonds and any other obligations payable from the local option (statewide) sales and service tax revenues
3. A reserve fund is required to be maintained on deposit an amount equal to the lesser of 10% of the proceeds of the Series 2008B or 125% of the average annual debt service on Series 2008B

The District did comply with all of the provisions during the year ended June 30, 2009. The required reserve account was established by the District with a balance of \$68,500 and the sinking fund had \$93,400.

During the year ended June 30, 2009, the District made interest payments totaling \$181,940 under the agreements.

**(8) Termination Benefits**

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Directors by February 1 of the applicable year.

Early retirement benefits are a flat \$2,000 per year for 5 years and health insurance payments based on the retirement year rate until the retiree reaches 65 years of age. If health insurance rates go up the retiree will need to pay the difference.

At June 30, 2009, the District has obligations to three participants with a total liability of \$92,231.

**GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2009**

Actual early retirement expenditures for the year ended June 30, 2009 totaled \$22,106. Details of the early retirement obligations at June 30, 2009 are as follows:

<u>Year Ending</u>	<u>Compensation</u>	<u>Health Insurance</u>	<u>Total</u>
2010	\$ 6,000	\$ 16,106	\$ 22,106
2011	6,000	16,106	22,106
2012	4,000	16,106	20,106
2013	4,000	9,804	13,804
2014	-	5,461	5,461
Thereafter	-	8,648	8,648
	<u>\$ 20,000</u>	<u>\$ 72,231</u>	<u>\$ 92,231</u>

**(9) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit 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, IA, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$176,658, \$172,258 and \$154,612 respectively, equal to the required contributions for each year.

**(10) Risk Management**

George – Little Rock 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.

**(11) 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 \$178,849 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.

**George – Little Rock Community School District**

**Required Supplementary Information**

George - Little Rock Community School District  
 Budgetary Comparison Schedule of Revenues, Expenditure and Changes in Balances -  
 Budget and Actual - All Governmental Funds and Proprietary Fund  
 Required Supplementary Information  
 Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local Sources	\$ 2,952,360	\$ 121,434
Intermediate sources	-	-
State sources	2,564,825	2,919
Federal sources	167,328	102,797
Total revenues	<u>5,684,513</u>	<u>227,150</u>
Expenditures		
Instruction	3,418,328	-
Support services	1,408,889	-
Non-instructional programs	-	230,723
Other expenditures	752,335	-
Total expenditures	<u>5,579,552</u>	<u>230,723</u>
Excess (deficiency) of revenues over (under) expenditures	104,961	(3,573)
Other financing sources, net	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	104,961	(3,573)
Balances beginning of year	<u>923,488</u>	<u>83,010</u>
Balances end of year	<u>\$ 1,028,449</u>	<u>\$ 79,437</u>

See accompanying independent auditor's report

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 3,073,794	\$ 3,046,163	\$ 3,046,163	\$ 27,631
-	4,000	4,000	(4,000)
2,567,744	2,724,148	2,724,148	(156,404)
270,125	266,964	266,964	3,161
<u>5,911,663</u>	<u>6,041,275</u>	<u>6,041,275</u>	<u>(129,612)</u>
3,418,328	3,607,683	3,607,683	(189,355)
1,408,889	1,677,300	1,677,300	(268,411)
230,723	237,000	237,000	(6,277)
752,335	731,501	731,501	20,834
<u>5,810,275</u>	<u>6,253,484</u>	<u>6,253,484</u>	<u>(443,209)</u>
101,388	(212,209)	(212,209)	313,597
-	2,000	2,000	(2,000)
101,388	(210,209)	(210,209)	311,597
1,006,498	1,170,898	333,395	673,103
<u>\$ 1,107,886</u>	<u>\$ 960,689</u>	<u>\$ 123,186</u>	<u>\$ 984,700</u>

See accompanying independent auditor's report.

George – Little Rock 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.

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 District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2009, disbursements in the other expenditures function exceeded the amounts budgeted but the District did not exceed its General Fund unspent authorized budget.

**George – Little Rock Community School District  
Other Supplementary Information**

George - Little Rock Community School District  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2009

Schedule 1

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	
<b>Assets</b>					
Cash and cash equivalents:					
Cash	\$ 32,940	\$ 43,287	\$ 150,085	\$ 20,376	\$ 246,688
Investments	-	5,000	-	-	5,000
Receivables:					
Property tax:					
Delinquent	1,701	-	2,156	271	4,128
Succeeding year	102,000	-	156,387	20,123	278,510
Accrued interest	-	88	-	-	88
Due from other governments	-	-	83,313	-	83,313
<b>Total assets</b>	<b>136,641</b>	<b>48,375</b>	<b>391,941</b>	<b>40,770</b>	<b>617,727</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Salaries and benefits payable	-	-	-	3,823	3,823
Deferred revenue - succeeding year	102,000	-	156,387	20,123	278,510
Property tax	-	-	83,313	-	83,313
Other	-	-	-	-	-
<b>Total liabilities</b>	<b>102,000</b>	<b>-</b>	<b>239,700</b>	<b>23,946</b>	<b>365,646</b>
Fund equity:					
Unreserved fund balances	34,641	48,375	152,241	16,824	252,081
<b>Total liabilities and fund balances</b>	<b>\$ 136,641</b>	<b>\$ 48,375</b>	<b>\$ 391,941</b>	<b>\$ 40,770</b>	<b>\$ 617,727</b>

See accompanying independent auditor's report.

George - Little Rock Community School District  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended June 30, 2009

Schedule 2

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	
Revenues:					
Local sources:					
Local tax	\$ 120,226	\$ -	\$ 247,014	\$ 19,117	\$ 386,357
Other	10,189	237,774	4,023	190	252,176
State sources	72	-	30,542	11	30,625
Total revenues	<u>130,487</u>	<u>237,774</u>	<u>281,579</u>	<u>19,318</u>	<u>669,158</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	23,504	239,057	-	7,036	269,597
Support services:					
Student Services	-	-	825	-	825
Administration Services	-	-	44,328	-	44,328
Operation and maintenance of plant services	84,531	-	12,497	6,188	103,216
Student Transportation	-	-	80,545	1,677	82,222
Other expenditures:					
Facilities acquisition	-	-	113,237	9,268	122,505
Total expenditures	<u>108,035</u>	<u>239,057</u>	<u>251,432</u>	<u>24,169</u>	<u>622,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,452</u>	<u>(1,283)</u>	<u>30,147</u>	<u>(4,851)</u>	<u>46,465</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	22,452	(1,283)	30,147	(4,851)	46,465
Fund balances beginning of year	<u>12,189</u>	<u>49,658</u>	<u>122,094</u>	<u>21,675</u>	<u>205,616</u>
Fund balances end of year	<u>\$ 34,641</u>	<u>\$ 48,375</u>	<u>\$ 152,241</u>	<u>\$ 16,824</u>	<u>\$ 252,081</u>

See accompanying independent auditor's report

George - Little Rock Community School District  
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
 Year ended June 30, 2009

Schedule 3

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Annual	4,084	7,716	8,934	20	2,886
Resale	1,697	41,751	40,543	(950)	1,955
General	-	37,012	37,045	789	756
Athletics	-	9,651	2,900	(6,751)	-
Baseball	-	631	4,310	3,719	40
Basketball:					
Boys	1,000	6,005	4,059	(2,946)	-
Boys Fundraiser	438	10,101	8,905	-	1,634
Girls	1,000	21,945	20,866	(2,079)	-
Girls Fundraiser	-	-	-	353	353
Track:					
Boys	-	255	3,189	2,934	-
Girls	-	2,206	3,238	1,032	-
Softball	-	1,499	3,417	1,918	-
Wrestling	-	1,493	2,829	1,336	-
Wrestling Fundraiser	-	1,258	-	-	1,258
Football	-	-	346	346	-
Golf:					
Boys	-	-	460	460	-
Girls	-	-	470	470	-
Volleyball	369	10,585	9,826	(1,128)	-
Cross Country	-	2,936	3,391	455	-
Cheerleaders	598	750	1,150	-	198
Music - Vocal	-	1,401	2,059	658	-
Music - Instrumental	428	1,063	1,017	-	474
Music Boosters	343	-	-	-	343
Recreation Club	267	402	460	(209)	-
Faculty	1,207	6,622	5,259	-	2,570
Future Farmers of America	1,844	17,908	22,210	2,458	-
Future Farmers /Savings	5,850	5,255	-	-	11,105
National Honor Society	48	138	195	209	200
MS Student Council	370	-	-	-	370
HS Student Council	2,205	3,407	2,737	-	2,875
Broadway Bound	94	683	451	-	326
Investor Group	1,849	-	-	-	1,849
Drama Club	-	2,248	4,632	2,384	-
Summer Recreation	680	1,006	1,865	179	-
Interest on Investments	-	531	-	(531)	-

See accompanying independent auditor's report

George - Little Rock Community School District  
 Schedule of Changes in Special Revenue Fund, Student Activity Accounts  
 Year ended June 30, 2009

Schedule 3

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
Class of:					
2007	32	-	-	(32)	-
2009	1,449	15	778	-	686
2010	283	7,435	5,818	528	2,428
2011	687	365	-	-	1,052
2012	612	380	42	-	950
2013	144	723	578	-	289
2014	88	559	447	-	200
2015	-	654	523	-	131
Insurance	-	878	878	-	-
NOW Interest	-	336	-	(336)	-
Magazines	790	1,226	697	(1,319)	-
MS Magazines	1,724	5,200	2,959	(2,458)	1,507
MS Yearbook	-	1,160	1,027	-	133
Pictures	-	21	-	(21)	-
MS Reading Program	-	3,947	3,947	-	-
Martha Schrick Memorial	-	-	4	4	-
Steve Groenwold Memorial	40	-	4	-	36
Jim Schaar Memorial	42	-	4	-	38
Virgil Krull Memorial	210	5	4	-	211
Band Fundraiser	14,403	14,527	21,664	-	7,266
Workkeys	601	-	-	-	601
Vending Machine	2,121	1,196	893	(650)	1,774
Promotions	2,061	2,197	1,526	(851)	1,881
	<u>\$ 49,658</u>	<u>\$ 237,774</u>	<u>\$ 239,057</u>	<u>\$ -</u>	<u>\$ 48,375</u>

See accompanying independent auditor's report.

George - Little Rock Community School District  
Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds  
For the Last Six Years

	Modified Accrual Basis			
	2009	2008	2007	2006
<b>Revenues:</b>				
Local sources:				
Local tax	\$ 2,517,385	\$ 2,481,924	\$ 2,435,179	\$ 2,220,837
Tuition	91,462	91,439	64,239	108,869
Other	343,513	330,738	417,069	454,405
Bonds	-	-	-	5,045,000
Intermediate sources	-	-	500	1,697
State sources	2,564,825	2,554,877	2,246,580	2,238,731
Federal sources	167,328	306,558	498,649	209,369
Total	<u>5,684,513</u>	<u>5,765,536</u>	<u>5,662,216</u>	<u>10,278,908</u>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	2,387,719	2,388,562	2,291,273	2,177,635
Special instruction	578,651	510,165	497,948	483,495
Other instruction	451,958	406,835	376,508	378,093
Support services:				
Student services	101,281	98,269	90,720	96,344
Instructional staff services	87,340	132,092	72,786	75,428
Administration services	514,709	590,484	557,377	534,224
Operation and maintenance of plant services	396,540	458,106	411,631	355,349
Transportation services	309,019	252,794	309,222	238,468
Non-instructional programs	-	74	2,033	-
Other expenditures:				
Facilities acquisition	154,293	286,978	4,039,507	1,493,337
Long-term debt				
Principal	235,000	232,091	217,091	135,000
Interest and other charges	184,193	191,992	201,438	180,602
AEA flow-through	178,849	169,411	164,820	155,076
Total	<u>\$ 5,579,552</u>	<u>\$ 5,717,853</u>	<u>\$ 9,232,354</u>	<u>\$ 6,303,051</u>

See accompanying independent auditor's report.

## Schedule 4

2005	2004
\$ 1,843,801	\$ 1,686,118
95,412	78,793
240,651	285,002
43,591	-
1,344	-
2,134,833	1,941,302
283,336	179,640
4,642,968	4,170,855
1,981,506	1,838,852
557,850	571,727
394,355	292,522
72,976	48,851
80,801	75,841
464,367	628,640
321,735	250,703
223,469	193,493
672	-
579,680	287,585
-	-
18,360	17,000
149,090	146,587
\$ 4,844,861	\$ 4,351,801

See accompanying independent auditor's report

Paul T. East, CPA  
Paul W. Vander Woude, CPA  
Rose M. Grant, CPA, MST

707 WEST 11<sup>th</sup> STREET  
Sioux Falls, SD 57104  
(605)334-9111  
(605)334-2195 FAX

**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  
George – Little Rock 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 George – Little Rock 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 December 21, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the George – Little Rock 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 of the effectiveness of George – Little Rock Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of George – Little Rock 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 George – Little Rock 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 George – Little Rock Community School District's financial statements that is more than inconsequential will not be prevented or detected by George – Little Rock Community School District's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiency 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 George – Little Rock 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 deficiency described above, we believe item I-09-A is material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George – Little Rock 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, noncompliance 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 object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance 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 is 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.

George – Little Rock 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 George – Little Rock 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 George – Little Rock Community School District and other parties to whom George – Little Rock 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 George – Little Rock 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.



East, Vander Woude, Grant & Co., P.C.  
Certified Public Accountants  
Sioux Falls, SD  
December 21, 2009

George - Little Rock Community School District  
Schedule of Findings  
Year ended June 30, 2009

**Part I: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

I-09-A The School District's internal control structure should be designed to provide for the preparation of the financial statements being audited. The School District requested the external auditors to prepare the financial statements and related footnote disclosures as part of our regular audit services.

Recommendation – It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. During 2006, a new auditing standard from the American Institute of Certified Public Accountants, SAS 112, became effective. This statement requires auditors to communicate this situation to the state as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this new auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Response – We are aware of the risk associated with not preparing our financial statements, but believe our review of the financial statements to be adequate to reduce this risk.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

George - Little Rock Community School District  
Schedule of Findings  
Year ended June 30, 2009

**Part II: Other Findings Related to Required Statutory Reporting:**

- II-09-A Certified Budget – Expenditures for the year ended June 30, 2009, exceeded the certified budget amount in the other expenditures function area. The District did not exceed its unspent authorized budget for the year ended June 30, 2009
- Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.
- Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion – Response accepted
- II-09-B Questionable Expenditures - No disbursements were noted that might not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-09-C 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-09-D Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-09-E Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. Coverage amounts should be reviewed annually to insure adequacy for current operations.
- II-09-F Board Minutes - No transactions requiring Board approval, which had not been approved by the Board, were noted
- II-09-G Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-09-H Certified Annual Report - The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-09-I Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-09-J Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

George - Little Rock Community School District  
 Schedule of Findings  
 Year ended June 30, 2009

**Part II: Other Findings Related to Required Statutory Reporting con't:**

II-09-K Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F 3 of the Code of Iowa were noted.

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

Beginning balance		\$ 352,590
Statewide sales and services tax revenue		310,821
Expenditures/transfers out:		
School infrastrucure		
Equipement	(12,500)	
Debt service for school infrastructure:		
General obigation debt	(178,160)	
Revenue debt	(97,340)	(288,000)
Ending Balance		<u>\$ 375,411</u>