Gladbrook-Reinbeck Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2009

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Gladbrook-Reinbeck Community School District

Officials

Name	Title	Term Expires
	Board of Education	
	(Before September 2008 Election)	
Theodore Hamer	President	2008
Darin King	Vice President	2008
Kelly Dinsdale	Board Member	2009
Beth Miller	Board Member	2010
Valerie Ehlers	Board Member	2009
Matt Wyatt	Board Member	2010
Rick Lockhart	Board Member	2008
	(After September 2008 Election)	
Kelly Dinsdale	President	2009
Darin King	Vice President	2011
Beth Miller	Board Member	2010
Valerie Ehlers	Board Member	2009
Matt Wyatt	Board Member	2010
Rick Lockhart	Board Member	2011
	School Officials	
Tim Kuehl	Superintendent	2009
Debra Oleson	District Secretary/Treasurer	2009

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Independent Auditor's Report

To the Board of Education of
Gladbrook-Reinbeck Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gladbrook-Reinbeck Community School District, Reinbeck, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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 Gladbrook-Reinbeck Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated February 16, 2010, on my consideration of Gladbrook-Reinbeck Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

MEMBER: Iowa Society of Certified Public Accountants • Minnesota Society of Certified Public Accountants
• American Institute of Certified Accountants • Division for CPA Firms • Private Companies Practice Section

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 11 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gladbrook-Reinbeck Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 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 my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Keith Oltrogge CPA PC

Keith Oltrogge
Certified Public Accountant

February 16, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from $6,363,102 in fiscal 2008 to $6,359,634 in fiscal 2009, while General Fund expenditures increased from $6,247,522 in fiscal 2008 to $6,293,299 in fiscal 2009. The District's General Fund balance increased from $367,726 in fiscal year 2008 to $397,262 in fiscal year 2009, a $29,536 increase.

- The District's solvency ratio increasing from 5.7% in 2008 to 5.8% in fiscal 2009. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Gladbrook-Reinbeck 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 Gladbrook-Reinbeck 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 Gladbrook-Reinbeck Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

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

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

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

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

Figure A-1
Gladbrook-Reinbeck Community School District Annual Financial Report

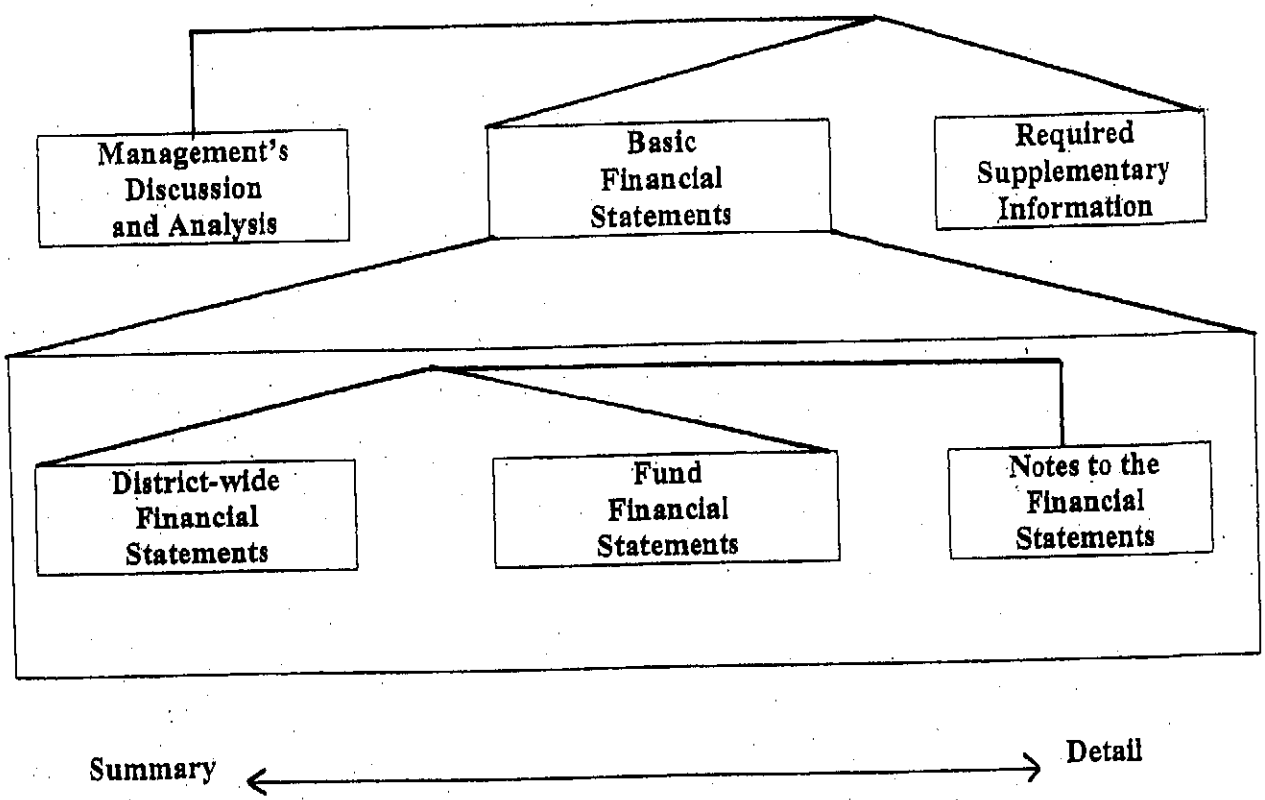

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

		Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of the District.

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

The required financial statements for fiduciary funds includes a statement of fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	$5,521,005	$4,783,123	$26,872	$7,073	$5,547,877	$4,790,196	$757,681
Capital assets	2,591,567	2,062,477	56,375	63,698	2,647,942	2,126,175	521,767
Total assets	$8,112,572	$6,845,600	$83,247	$70,771	$8,195,819	$6,916,371	$1,279,448
Long-term liabilities	$805,507	$897,180	$-	$-	$805,507	$897,180	-$91,673
Other liabilities	4,032,100	3,157,478	4,886	12,335	4,036,986	3,169,813	867,173
Total liabilities	$4,837,607	$4,054,658	$4,886	$12,335	$4,842,493	$4,066,993	$775,500
Net assets:							
Invested in capital assets, net of related debt	$2,086,567	$1,467,477	$56,375	$63,698	$2,142,942	$1,531,175	$611,767
Restricted	389,441	11,872	-	-	389,441	11,872	377,569
Unrestricted	798,957	1,311,593	21,986	-5,262	820,943	1,306,331	-485,388
Total net assets	$3,274,965	$2,790,942	$78,361	$58,436	$3,353,326	$2,849,378	$503,948

The District's combined total net assets increased by nearly 28.6%, or $611,767, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased $337,569, over the prior year. The increase was primarily due to reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by $485,388 or 37.2%.

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

Figure A-4
Changes in Net Assets

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	$346,109	$185,238	$531,347
Operating grants, contributions and restricted interest	872,986	95,073	968,059
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	2,865,930	-	2,865,930
Local option sales & service tax	435,932	-	435,932
Unrestricted state grants	2,879,053	-	2,879,053
Unrestricted investment earnings	44,919	192	45,111
Other	47,366	4,562	51,928
Total revenues	$7,492,295	$285,065	$7,777,360
Program expenses:			
Governmental activities:			
Instruction	$4,678,832	$-	$4,678,832
Support services	2,004,703	3,494	2,008,197
Non-instructional programs	775	297,746	298,521
Other expenses	287,163	-	287,163
Total expenses	$6,971,473	$301,240	$7,272,713
Change in net assets	$520,822	-$16,175	$504,647

Property tax and unrestricted state grants account for 73.8% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 91.9% of the total expenses.

Governmental Activities

Revenues for governmental activities were $7,492,295 and expenses were $6,971,473. 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 governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	$4,678,832	$3,467,041
Support services	2,004,703	1,997,399
Non-instructional programs	775	775
Other expenses	287,163	289,163
Totals	$6,971,473	$5,752,378

- The cost financed by users of the District's programs was $531,347.
- Federal and state governments subsidized certain programs with grants and contributions totaling $968,059.
- The net cost of governmental activities was financed with $3,301,862 in property and other taxes and $2,879,053 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were $285,065, and expenses were $301,240. The District's business type activities include the School Nutrition Fund and Swimming Pool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Gladbrook-Reinbeck 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 $3,274,965, more than last year's ending fund balances of $2,790,942.

Governmental Fund Highlights

- The General Fund balance increased from $367,726 to $397,262.

BUDGETARY HIGHLIGHTS

Over the course of the year, Gladbrook-Reinbeck Community School District amended its annual budget one time.

The District's receipts were $96,021 less than budgeted receipts, a variance of 1.3%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested $2,647,942, 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 increase of 19.8% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was $255,387.

The original cost of the District's capital assets was $8,150,323. Governmental funds account for $8,015,853, with the remainder of $134,470 accounted for in the Proprietary, School Nutrition Fund and Swimming Pool Fund.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	$37,965	$37,965	$-	$-	$37,965	$37,965	$-
Construction in process	45,900	34,136	-	-	45,900	34,136	11,764
Buildings	2,010,969	1,581,636	-	-	2,010,969	1,581,636	429,333
Improvements other than buildings	132,517	99,924	-	-	132,517	99,924	32,593
Furniture and equipment	364,216	308,816	56,375	63,698	420,591	372,514	48,077
Totals	$2,591,567	$2,062,477	$56,375	$63,698	$2,647,942	$2,126,175	$521,767

Long-Term Debt

At June 30, 2009, the District had $805,507 in other long-term debt outstanding. This represents an decrease of 10.3% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-2009
Capital note	$505,000	$595,000	-$90,000
Early retirement	271,883	272,225	-342
Compensated absences	28,624	29,955	-1,331
Totals	$805,507	$897,180	-$91,673

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 Debra Oleson, District Secretary/Treasurer, Gladbrook-Reinbeck Community School District, 300 Cedar Street, Reinbeck IA 50669.

Basic Financial Statements

Gladbrook-Reinbeck Community School District

Statement of Net Assets

June 30, 2009

	Govern-mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
ISCAP	$ 367,732	$ -	$ 367,732
Other	1,785,060	20,014	1,805,074
Receivables:			
Property tax:			
Delinquent	36,310	-	36,310
Succeeding year	2,719,693	-	2,719,693
Accounts	44,432	-	44,432
Accrued interest - ISCAP	45	-	45
Due from other governments	567,733	-	567,733
Inventories	-	6,858	6,858
Capital assets, net of accumulated depreciation	2,591,567	56,375	2,647,942
Total Assets	$ 8,112,572	$ 83,247	$ 8,195,819
Liabilities			
Accounts payable	$ 105,445	$ 478	$ 105,923
Salaries and benefits payable	409,727	-	409,727
Accrued interest payable	1,557	-	1,557
ISCAP warrants payable	362,000	-	362,000
ISCAP accrued interest	124	-	124
Other liabilities	7,008	-	7,008
Deferred revenue-succeeding year property tax	2,719,693	-	2,719,693
Other			
Long-term liabilities:	426,546	4,408	430,954
Portion due within one year:			
Capital note	95,000	-	95,000
Early retirement	156,608	-	156,608
Compensated absences	28,624	-	28,624
Portion due after one year:			
Capital note	410,000	-	410,000
Early retirement	115,275	-	115,275
Total Liabilities	$ 4,837,607	$ 4,886	$ 4,842,493
Net Assets			
Invested in capital assets, net of related debt	$ 2,086,567	$ 56,375	$ 2,142,942
Restricted for:			
Categorical funding	28,490	-	28,490
Management levy	42,827	-	42,827
Physical plant and equipment levy	225,780	-	225,780
Other special revenue purposes	92,344	-	92,344
Unrestricted	798,957	21,986	820,943
Total Net Assets	$ 3,274,965	$ 78,361	$ 3,353,326

See notes to financial statements.

Gladbrook-Reinbeck Community School District

Statement of Activities

Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	$ 3,069,943	$ 80,032	$ 779,284	$ -
Special instruction	970,743	106,790	73,973	-
Other instruction	638,146	157,530	14,182	-
	$ 4,678,832	$ 344,352	$ 867,439	$ -
Support Services:				
Student services	$ 135,769	$ -	$ 4,472	$ -
Instructional staff services	157,531	-	-	-
Administration services	656,771	-	-	-
Operation and maintenance of plant services	652,137	1,505	-	-
Transportation services	401,672	252	1,075	-
Community services	823	-	-	-
	$ 2,004,703	$ 1,757	$ 5,547	$ -
Non-instructional programs	$ 775	$ -	$ -	$ -
Other Expenditures:				
Interest and fees	$ 23,791	$ -	$ -	$ -
AEA flow-through	263,372	-	-	-
	$ 287,163	$ -	$ -	$ -
Total Governmental Activities	$ 6,971,473	$ 346,109	$ 872,986	$ -
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	$ 297,746	$ 185,096	$ 95,073	$ -
Support Services:				
Community Services:				
Swimming pool	3,494	142	-	-
Total Business Type Activities	$ 301,240	$ 185,238	$ 95,073	$ -
Total	$ 7,272,713	$ 531,347	$ 968,059	$ -

Net (Expense) Revenue And Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
$ -2,210,627	$ -	$ -2,210,627
-789,980	-	-789,980
-466,434	-	-466,434
$ -3,467,041	$ -	$ -3,467,041
$ -131,297	$ -	$ -131,297
-157,531	-	-157,531
-656,771	-	-656,771
-650,632	-	-650,632
-400,345	-	-400,345
-823	-	-823
$ -1,997,399	$ -	$ -1,997,399
$ -775	$ -	$ -775
$ -23,791	$ -	$ -23,791
-263,372	-	-263,372
$ -287,163	$ -	$ -287,163
$ -5,752,378	$ -	$ -5,752,378
$ -	$ -17,577	$ -17,577
-	-3,352	-3,352
$ -	$ -20,929	$ -20,929
$ -5,752,378	$ -20,929	$ -5,773,307

Gladbrook-Reinbeck Community School District

Statement of Activities

Year Ended June 30, 2009

		Program Revenues	
Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
General Revenues:			
Property Tax Levied For:			
General purposes			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net assets			
Operating transfer			
Prior period adjustment			
Change in net assets transfers			
Net assets beginning of year			
Net Assets End of Year			

See notes to financial statements.

	Net (Expense) Revenue And Changes in Net Assets		
	Governmental Activities	Business Type Activities	Total
$	2,619,794	$ -	$ 2,619,794
	246,136	-	246,136
	435,932	-	435,932
	2,879,053	-	2,879,053
	44,919	192	45,111
	47,366	4,562	51,928
$	6,273,200	$ 4,754	$ 6,277,954
$	520,822	$ -16,175	$ 504,647
	-36,100	36,100	-
	-699	-	-699
$	484,023	$ 19,925	$ 503,948
	2,790,942	58,436	2,849,378
$	3,274,965	$ 78,361	$ 3,353,326

Gladbrook-Reinbeck Community School District

Balance Sheet
Governmental Funds

June 30, 2009

		Special Revenue	
	General	Management	Physical Plant and Equipment Levy
Assets			
Cash and Pooled Investments:			
ISCAP	$ 367,732	$ -	$ -
Other	799,930	346,858	224,518
Receivables:			
Property Tax:			
Delinquent	31,367	3,681	1,262
Succeeding year	2,372,991	149,999	196,703
Accounts	44,037	-	-
Accrued interest:			
ISCAP	45	-	-
Due from other governments	269,237	-	140,030
Total Assets	$ 3,885,339	$ 500,538	$ 562,513
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 57,161	$ -	$ -
Salaries and benefits payable	402,277	7,205	-
ISCAP warrants payable	362,000	-	-
ISCAP accrued interest	124	-	-
Other liabilities	7,008	-	-
Deferred Revenue:			
Succeeding year property tax	2,372,991	149,999	196,703
Other	286,516	-	140,030
Total Liabilities	$ 3,488,077	$ 157,204	$ 336,733
Fund Balances:			
Reserved for:			
Categorical funding	$ 28,490	$ -	$ -
Unreserved	368,772	343,334	225,780
Total Fund Balance	$ 397,262	$ 343,334	$ 225,780
Total Liabilities and Fund Balances	$ 3,885,339	$ 500,538	$ 562,513

See notes to financial statements.

Capital Projects	Non-major Funds	Total
$ -	$ -	$ 367,732
319,285	94,469	1,785,060
-	-	36,310
-	-	2,719,693
-	395	44,432
-	-	45
158,466	-	567,733
$ 477,751	$ 94,864	$ 5,521,005
$ 46,009	$ 2,275	$ 105,445
-	245	409,727
-	-	362,000
-	-	124
-	-	7,008
-	-	2,719,693
-	-	426,546
$ 46,009	$ 2,520	$ 4,030,543
$ -	$ -	$ 28,490
431,742	92,344	1,461,972
$ 431,742	$ 92,344	$ 1,490,462
$ 477,751	$ 94,864	$ 5,521,005

Gladbrook-Reinbeck Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (page 15)	$	1,490,462
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		2,591,567
Long-term liabilities, including early retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds		-300,507
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		-1,557
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds		-505,000
Net assets of governmental activities (page 12)	$	3,274,965

See notes to financial statements.

Gladbrook-Reinbeck Community School District

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

Year Ended June 30, 2009

		Special Revenue	
	General	Management	Physical Plant and Equipment Levy
Revenues:			
Local Sources:			
Local tax	$ 2,369,648	$ 250,146	$ 246,136
Tuition	52,019	-	-
Other	186,071	21,926	6,000
Intermediate sources	-	-	-
State sources	3,589,193	107	36
Federal sources	162,703	-	-
Total Revenues	$ 6,359,634	$ 272,179	$ 252,172
Expenditures:			
Current:			
Instruction:			
Regular instruction	$ 2,692,325	$ 231,428	$ 10,548
Special instruction	970,743	-	-
Other instruction	495,311	-	-
	$ 4,158,379	$ 231,428	$ 10,548
Support Services:			
Student services	$ 132,977	$ 2,792	$ -
Instructional staff services	153,748	2,884	54,730
Administration services	632,170	24,081	-
Operation and maintenance of plant services	625,870	10,157	7,339
Transportation services	326,783	13,760	-
Community services	-	823	-
	$ 1,871,548	$ 54,497	$ 62,069
Non-instructional programs	$ -	$ 775	$ -
Other Expenditures:			
Facilities acquisition	$ -	$ -	$ 16,286
Long-term debt:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
AEA flow-through	263,372	-	-
	$ 263,372	$ -	$ 16,286
Total Expenditures	$ 6,293,299	$ 286,700	$ 88,903
Excess (deficiency) of revenues over (under) expenditures	$ 66,335	$ -14,521	$ 163,269
Other Financing Sources (Uses):			
Operating transfers in	$ -	$ -	$ -
Operating transfers out	-36,100	-	-113,920
Downward adjustment	-699	-	-
Total Other Financing Sources (Uses)	$ -36,799	$ -	$ -113,920
Net change in fund balances	$ 29,536	$ -14,521	$ 49,349
Fund balances beginning of year	367,726	357,855	176,431
Fund Balances End of Year	$ 397,262	$ 343,334	$ 225,780

See notes to financial statements.

Capital Projects	Non-major Revenue	Total
$ 435,932	$ -	$ 3,301,862
-	-	52,019
10,048	162,330	386,375
-	-	-
-	-	3,589,336
-	-	162,703
$ 445,980	$ 162,330	$ 7,492,295
$ 17,058	$ -	$ 2,951,359
-	-	970,743
-	149,529	644,840
$ 17,058	$ 149,529	$ 4,566,942
$ -	$ -	$ 135,769
-	-	211,362
-	-	656,251
9,077	-	652,443
82,502	-	423,045
-	-	823
$ 91,579	$ -	$ 2,079,693
$ -	$ -	$ 775
$ 551,377	$ -	$ 567,663
-	90,000	90,000
-	23,920	23,920
-	-	263,372
$ 551,377	$ 113,920	$ 944,955
$ 660,014	$ 263,449	$ 7,592,365
$ -214,034	$ -101,119	$ -100,070
$ -	$ 113,920	$ 113,920
-	-	-150,020
-	-	-699
$ -	$ 113,920	$ -36,799
$ -214,034	$ 12,801	$ -136,869
645,776	79,543	1,627,331
$ 431,742	$ 92,344	$ 1,490,462

Gladbrook-Reinbeck Community School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds To the Statement of Activities

Year Ended June 30, 2009

Net change in fund balances – total governmental funds (page 17)		$ -136,869
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, these 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	$ 777,154	
Depreciation expense	-248,064	529,090
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	$ 342	
Compensated absences	1,331	1,673
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, as follows:		
Repaid		90,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		129
Change in Net Assets of Governmental Activities (page 14)		$ 484,023

See notes to financial statements.

Gladbrook-Reinbeck Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2009

	Swimming Pool	School Nutrition	Total
Assets			
Cash and cash equivalents	$ 23	$ 19,991	$ 20,014
Inventories	-	6,858	6,858
Capital assets, net of accumulated depreciation	16,356	40,019	56,375
Total Assets	$ 16,379	$ 66,868	$ 83,247
Liabilities			
Accounts payable	-	478	478
Deferred revenue	-	4,408	4,408
Total Liabilities	$ -	$ 4,886	$ 4,886
Net Assets			
Invested in capital assets, net of related debt	$ 16,356	$ 40,019	$ 56,375
Unrestricted	23	21,963	21,986
Total Net Assets	$ 16,379	$ 61,982	$ 78,361

See notes to financial statements.

Gladbrook-Reinbeck Community School District

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

June 30, 2009

	Swimming Pool	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	$ 142	$ 185,096	$ 185,238
Operating expenses:			
Support services:			
Community services:			
Pool operations:			
Salaries	$ 1,342	$ -	$ 1,342
Benefits	107	-	107
Purchased services	270	-	270
Others	98	-	98
Depreciation	1,677	-	1,677
Total support services	$ 3,494	$ -	$ 3,494
Non-instructional programs:			
Food service operations:			
Salaries	$ -	$ 93,632	$ 93,632
Benefits	-	43,600	43,600
Purchased services	-	1,422	1,422
Supplies	-	153,446	153,446
Depreciation	-	5,646	5,646
Total non-instructional programs	$ -	$ 297,746	$ 297,746
Total operating expenses	$ 3,494	$ 297,746	$ 301,240
Operating loss	$ -3,352	$ -112,650	$ -116,002
Non-operating revenues:			
State sources	$ -	$ 3,350	$ 3,350
Federal sources	-	91,723	91,723
Interest income	-	192	192
Total non-operating revenues	$ -	$ 95,265	$ 95,265
Net income (loss)	$ -3,352	$ -17,385	$ -20,737
Other financing sources:			
Operating transfer in	$ 5,100	$ 31,000	$ 36,100
Capital contribution	4,562	-	4,562
Total other financing sources	$ 9,662	$ 31,000	$ 40,662
Change in net assets	$ 6,310	$ 13,615	$ 19,925
Net assets beginning of year	10,069	48,367	58,436
Net Assets End of Year	$ 16,379	$ 61,982	$ 78,361

See notes to financial statements.

Gladbrook-Reinbeck Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts and other revenue	$ 185,488
Cash paid to employees for services	-137,232
Cash paid to suppliers for goods or services	-138,258
Net cash used by operating activities	$ -90,002
Cash flows from non-capital financing activities:	
State grants received	$ 3,350
Federal grants received	73,222
Net cash provided by non-capital financing activities	$ 76,572
Cash flows from investing activities:	
Interest on investments	$ 192
Cash flows from capital and related financing activities:	
Transfer from General Fund	$ 31,000
Net increase in cash and cash equivalents	$ 17,762
Cash and cash equivalents beginning of year	2,229
Cash and Cash Equivalents End of Year	$ 19,991
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ -112,650
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	18,510
Depreciation	5,646
(Increase) in inventories	-2,048
Increase in accounts payable	148
Increase in deferred revenue	392
Net Cash Used by Operating Activities	$ -90,002

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received $18,510 of federal commodities.

See notes to financial statements.

Gladbrook-Reinbeck Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2009

		Swimming Pool
Cash flows from operating activities:		
Cash received from services and other revenue	$	142
Cash paid to employees for services		-8,599
Cash paid to suppliers for goods or services		-622
Net cash used by operating activities	$	-9,079
Cash flows from capital and related financing activities:		
Transfer from general fund	$	5,100
Donations		4,562
Net cash provided by capital and related financing activities	$	9,662
Net increase in cash and cash equivalents	$	583
Cash and cash equivalents beginning of year		-560
Cash and Cash Equivalents End of Year	$	23
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	-3,352
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		1,677
(Decrease) in salaries and benefits payable		-5,112
(Decrease) in accounts payable		-169
(Decrease) in Interfund payable		-2,123
Net Cash Used by Operating Activities	$	-9,079

See notes to financial statements.

Gladbrook-Reinbeck Community School District

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

	Agency
Assets	
Cash and pooled investments	$ 594
Total Assets	$ 594
Liabilities	
Accounts payable	$ 594
Total Liabilities	$ 594
Net assets	$ -
Reserved	$ -

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Gladbrook-Reinbeck Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 Gladbrook and Reinbeck, Iowa and portions of the predominately agricultural territories in Black Hawk, Marshall, Tama and Grundy 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, Gladbrook-Reinbeck 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. Gladbrook-Reinbeck Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 non-fiduciary 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 are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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 Management Fund is used to account for all resources derived from special sources which are required by law or regulation to be accounted for in a separate fund.

The Physical Plant and Equipment Levy is used to account for all resources used in the repair and maintenance of plant and equipment and equipment acquisitions.

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 funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Swimming Pool Fund. These funds are used to account for the food service operations of the District and the pool operations of the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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 the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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.

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

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

Asset Class	Amount
Land	$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund 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.

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

E. Budgets and Budgetary Accounting

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

(2) Cash and Pooled Investments

The District's deposits 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.

(3) Inter-fund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	$ 113,920
Enterprise - School nutrition	General Fund	31,000
Enterprise - Pool	General Fund	5,100
		$ 150,020

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

(4) Iowa School Cash Anticipation Program (ISCAP)

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

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Un-amortized Premium
2009-10A	6/25/09	6/23/10	$ 367732	$ 45	$ 362000	$ 134	$ 7008

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2009.

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

Series	Interest Rates on Warrants	Interest Rates on Investments
2009-10A	2.500%	0.902%

(5) Capital Assets

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

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 37,965	$ -	$ -	$ 37,965
Construction in process	34,136	45,900	34,136	45,900
Total capital assets not being depreciated	$ 72,101	$ 45,900	$ 34,136	$ 83,865
Capital assets being depreciated:				
Buildings	$ 3,925,975	$ 519,533	$ -	$ 4,445,508
Improvements other than buildings	489,155	43,026	-	532,181
Furniture and equipment	2,751,468	202,831	-	2,954,299
Total capital assets being depreciated	$ 7,166,598	$ 765,390	$ -	$ 7,931,988
Less accumulated depreciation for:				
Buildings	$ 2,344,339	$ 90,200	$ -	$ 2,434,539
Improvements other than buildings	389,231	10,433	-	399,664
Furniture and equipment	2,442,652	147,431	-	2,590,083
Total accumulated depreciation	$ 5,176,222	$ 248,064	$ -	$ 5,424,286
Total capital assets being depreciated, net	$ 1,990,376	$ 517,326	$ -	$ 2,507,702
Governmental Activities Capital Assets, Net	$ 2,062,477	$ 563,226	$ 34,136	$ 2,591,567

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Nutrition Fund:				
Furniture and equipment	$ 114,342	$ -	$ -	$ 114,342
Less accumulated depreciation	68,677	5,646	-	74,323
	$ 45,665	$ -5,646	$ -	$ 40,019
Swimming Pool:				
Furniture and equipment	$ 20,128	$ -	$ -	$ 20,128
Less accumulated depreciation	2,095	1,677	-	3,772
	$ 18,033	$ -1,677	$ -	$ 16,356
Business Type Activities Capital Assets, Net	$ 63,698	$ -7,323	$ -	$ 56,375

Depreciation expense was charged to the following functions:

Governmental Activities:	
Instruction:	
Regular	$ 151,281
Other	27,401
Support services:	
Administration services	520
Operation and maintenance of plant	7,756
Transportation	61,106
Total Depreciation Expense – Governmental Activities	$ 248,064
Business Type Activities:	
Food service operations	$ 5,646
Swimming pool operations	$ 1,677

(6) Long-term Liabilities

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

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Capital note	$ 595,000	$ -	$ 90,000	$ 505,000	$ 95,000
Early retirement	272,225	201,221	201,563	271,883	156,608
Compensated absences	29,955	3,079	4,410	28,624	28,624
Total	$ 897,180	$ 204,300	$ 295,973	$ 805,507	$ 280,232

Details of the District's June 30, 2009 capital note indebtedness is as follows:

Year Ending June 30,	Interest Rate	Principal	Interest
2010	3.7%	95,000	18,685
2011	3.9%	95,000	15,990
2012	4.1%	100,000	12,915
2013	4.2%	105,000	9,030
2014	4.3%	110,000	4,730
		$ 505,000	$ 61,350

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. The eligible employee will receive a cash benefit of $25,000 in one payment and insurance up to 4 years or age 65, less applicable payroll deductions on October 2009. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement expenditures for the year ended June 30, 2009 totaled $201,563.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the years ended June 30, 2009. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were $206,801, $201,501, and $187,225, respectively, equal to the required contributions for each year.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled $263,372 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Commitments

The District has committed $300,000 for each city's daycare center with the City of Reinbeck committing $300,000 and the City of Gladbrook still uncommitted at June 30, 2009. The District has been approved for a USDA Loan for $300,000 for the Gladbrook-Reinbeck Daycare project.

(11) Subsequent Events

The District has issued, in August 2009, $580,000 of Lost Revenue Bonds for the Concession Stand project.

Required Supplementary Information

Gladbrook-Reinbeck Community School District

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year Ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	$ 3,740,256	$ 185,430
Intermediate sources	-	-
State sources	3,589,336	3,350
Federal sources	162,703	91,723
Total Receipts	$ 7,492,295	$ 280,503
Disbursements:		
Instruction	$ 4,566,942	$ -
Support services	2,079,693	3,494
Non-instructional programs	775	297,746
Other expenditures	944,955	-
Total Disbursements	$ 7,592,365	$ 301,240
Excess (deficiency) of receipts over (under) disbursements	$ -100,070	$ -20,737
Other financing sources, net	-36,799	40,662
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	$ -136,869	$ 19,925
Balances beginning of year	1,627,331	58,436
Balances End of Year	$ 1,490,462	$ 78,361

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
$	3,925,686	$ 4,035,975	$ 4,035,975	$ -110,289
	-	-	-	-
	3,592,686	3,568,844	3,568,844	23,842
	254,426	264,000	264,000	-9,574
$	7,772,798	$ 7,868,819	$ 7,868,819	$ -96,021
$	4,566,942	$ 4,847,500	$ 4,847,500	$ 280,558
	2,083,187	2,279,450	2,249,450	166,263
	298,521	344,200	374,200	75,679
	944,955	981,151	1,266,151	321,196
$	7,893,605	$ 8,452,301	$ 8,737,301	$ 843,696
$	-120,807	$ -583,482	$ -868,482	$ 747,675
	3,863	-	-	3,863
$	-116,944	$ -583,482	$ -868,482	$ 751,538
	1,685,767	1,294,580	1,294,580	391,187
$	1,568,823	$ 711,098	$ 426,098	$ 1,142,725

Gladbrook-Reinbeck 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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by $285,000.

Other Supplementary Information

Gladbrook-Reinbeck Community School District

Combining Balance Sheet
Non-Major Special Revenue Funds

June 30, 2009

	Student Activity
Assets	
Cash and Pooled Investments:	
Other	$ 94,469
Accounts receivable	395
Total Assets	$ 94,864
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	$ 2,275
Salaries and benefits payable	245
Total Liabilities	$ 2,520
Fund Balances:	
Unreserved	$ 92,344
Total Liabilities and Fund Balances	$ 94,864

See accompanying independent auditor's report.

Gladbrook-Reinbeck Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Non-Major Revenue Funds

Year Ended June 30, 2009

	Special Revenue		
	Student Activity	Debt Service	Total
Revenues:			
Local Sources:			
Other	$ 162,330	$ -	$ 162,330
Expenditures:			
Current:			
Instruction:			
Other instruction	$ 149,529	$ -	$ 149,529
Other Expenditures:			
Long-term debt:			
Principal	-	90,000	90,000
Interest and fiscal charges	-	23,920	23,920
Total Expenditures	$ 149,529	$ 113,920	$ 263,449
Excess (deficiency) of revenues over (under) expenditures	$ 12,801	$ -113,920	$ -101,119
Other financing sources (uses):			
Operating transfers in	$ -	$ 113,920	$ 113,920
Net change in fund balances	$ 12,801	$ -	$ 12,801
Fund balances beginning of year	79,543	-	79,543
Fund Balances End of Year	$ 92,344	$ -	$ 92,344

See accompanying independent auditor's report.

Gladbrook-Reinbeck Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2009

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Balance End of Year
Drama	$ 4,741	$ 677	$ 1,497	$ 3,921
Vocal music	2,362	1,044	1,050	2,356
High School music fundraiser	5,242	5,720	3,282	7,680
Instrumental music	1,196	914	765	1,345
Band fundraisers	7,923	5,966	3,394	10,495
General athletics	2,849	3,540	6,389	-
Cross Country	-	1,318	1,318	-
Golf	-	778	778	-
Boys basketball	-	4,973	4,973	-
Boys basketball fundraiser	1,005	285	-	1,290
Football	6,017	13,465	12,081	7,401
Soccer	-	6,843	6,843	-
Baseball	-	4,800	4,800	-
Boys track	-	4,244	4,244	-
Wrestling	-	3,405	3,405	-
Girls basketball	-	3,369	3,369	-
Volleyball	-	4,970	4,970	-
Softball	-	3,410	3,410	-
Girls track	-	2,697	2,697	-
Activity tickets	5,413	-	-	5,413
Athletic resale	-	792	792	-
Cheerleaders	-	5,118	5,118	-
Class of 2007	118	-	118	-
Class of 2008	763	-	763	-
Class of 2009	5,133	2,245	7,363	15
Class of 2010	1,841	13,477	9,433	5,885
Class of 2011	937	1,262	-	2,199
Class of 2012	-	1,792	26	1,766
FFA	203	23,234	18,484	4,953
Foreign Friends	304	46	-	350
Peer Helper	267	210	61	416
Interest from investments	7,981	2,355	76	10,260
National Honor Society	455	204	205	454
Resale	15	209	209	15
Student Council-High School	1,393	15,532	11,056	5,869
SADD	477	100	127	450
Yearbook	-	6,705	6,705	-
Art Club	103	-	-	103
Baseball fundraiser	2	-	-	2
Speech	-	780	780	-
Athletic Booster Program	-	1,645	1,645	-

Gladbrook-Reinbeck Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2009

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Balance End of Year
Elementary Student Council:				
Reinbeck	$ 419	$ 1,115	$ 1,283	$ 251
Gladbrook	585	38	15	608
Middle School:				
Activities	11,456	6,694	8,221	9,929
Pictures	3,478	1,422	4,043	857
Student Council	6,704	3,633	2,441	7,896
SADD	161	1,304	1,300	165
Total	$ 79,543	$ 162,330	$ 149,529	$ 92,344

See accompanying independent auditor's report.

Gladbrook-Reinbeck Community School District

Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund

Year Ended June 30, 2009

	Balance Beginning Of Year	Additions	Deductions	Balance End Of Year
Assets				
Cash	$ 201	$ 12,628	$ 12,235	$ 594
Accounts receivable	677	-	677	-
Total Assets	$ 878	$ 12,628	$ 12,912	$ 594
Liabilities				
Due to other fund	$ 878	$ 12,628	$ 12,912	$ 594
Total Liabilities	$ 878	$ 12,628	$ 12,912	$ 594

See accompanying independent auditor's report.

Gladbrook-Reinbeck 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
Revenues:			
Local Sources:			
Local tax	$ 3,301,862	$ 3,220,809	$ 2,705,618
Tuition	52,019	61,136	56,419
Other	386,375	399,272	976,275
Intermediate sources	-	-	-
State sources	3,589,336	3,563,399	3,539,946
Federal sources	162,703	162,732	172,674
Total	$ 7,492,295	$ 7,407,348	$ 7,450,932
Expenditures:			
Instruction:			
Regular instruction	$ 2,951,359	$ 2,856,012	$ 2,851,862
Special instruction	970,743	817,946	830,374
Other instruction	644,840	617,560	632,482
Support services:			
Student services	135,769	113,194	137,450
Instructional staff services	211,362	217,425	194,469
Administrative services	656,251	720,135	705,781
Operation and maintenance of plant services	652,443	631,931	541,213
Transportation services	423,045	365,011	333,388
Community services	823	895	806
Non-instructional programs	775	625	565
Other expenditures:			
Facilities acquisition	567,663	489,713	158,435
Long-term debt:			
Principal	90,000	85,000	85,000
Interest and fiscal charges	23,920	26,640	28,905
AEA flow-through	263,372	256,911	251,550
Total	$ 7,592,365	$ 7,198,998	$ 6,752,280

See accompanying independent auditor's report.

Modified Accrual Basis		
2006	2005	2004
$ 2,544,087	$ 2,443,168	$ 2,370,297
75,557	78,384	41,013
811,821	730,214	383,198
-	-	-
3,365,496	3,352,753	3,168,920
196,114	185,852	165,724
$ 6,993,075	$ 6,790,371	$ 6,129,152
$ 2,752,753	$ 2,706,963	$ 2,641,798
703,377	768,160	753,106
606,266	610,450	563,866
129,810	141,722	141,964
266,090	248,330	178,931
661,661	637,462	596,304
602,178	637,242	574,196
523,899	402,708	375,124
850	869	2,812
1,705	35,291	30,183
293,935	1,012,368	109,726
85,000	80,000	-
31,145	29,976	-
235,401	235,863	238,663
$ 6,894,070	$ 7,547,404	$ 6,206,673

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

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

To the Board of Education of
Gladbrook-Reinbeck Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Gladbrook-Reinbeck 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 my report thereon dated February 16, 2010. I conducted my 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 my audit, I considered Gladbrook-Reinbeck Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Gladbrook-Reinbeck Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Gladbrook-Reinbeck Community School District's internal control over financial reporting.

My 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, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I 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 Gladbrook-Reinbeck 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 Gladbrook-Reinbeck Community School District's financial statements that is more inconsequential will not be prevented or detected by Gladbrook-Reinbeck Community School District's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Gladbrook-Reinbeck Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Gladbrook-Reinbeck Community School District's responses and, accordingly, I 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 Gladbrook-Reinbeck Community School District and other parties to whom Gladbrook-Reinbeck 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Gladbrook-Reinbeck Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Keith Oltrogge CPA PC
Certified Public Accountant

February 16, 2010

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2009

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCY:

I-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2009

Part II - Other Findings Related to Statutory Reporting:

II-A-09 Certified Budget – Disbursements for the year ended June 30, 2009 did not exceed the amended amounts budgeted.

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Trunck's Country Foods Owned by Darren Trunck - Employee	Supplies	$3,802
Dinsdale Construction Owned by Kirk Dinsdale – Employee	Services	$360
S & S Woodworking Owned by spouse of employee	Construction & Cabinets	$23,297
Turfmaster Owned by Jeff Charley – Employee	Services	$55,783

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest. All transactions were board approved.

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

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

II-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

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

II-I-09 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2009

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

II-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather then supplement other funds.

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

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

Beginning balance		$ -
Statewide sales and services tax revenue		435,933
Expenditures/transfers out:		
School infrastructure:		
Equipment	$ 108,637	
Other improvements	551,377	660,014
Ending balance		$ -224,081