

GLENWOOD COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

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Glenwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 election)		
Linda Young	President	2008
Theresa Romens	Vice President	2010
Nancy Krogstad	Board Member	2008
Frank Overhue	Board Member	2009
Bill Agan	Board Member	2009
Board of Education (After September 2008 election)		
Theresa Romens	President	2011*
Linda Young	Vice President	2011
David Warren	Board Member	2009*
Frank Overhue	Board Member	2009
Bill Agan	Board Member	2009
School Officials		
Dewitt Sibley	Superintendent	2009
Judy Picker	District Secretary/Treasurer and Business Manager (Resigned)	2009
Shirley Lundgren	District Secretary/Treasurer and Business Manager	2009
Rick Franck	Attorney	2009

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

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Glenwood 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 the Glenwood Community School District, Glenwood, Iowa as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as 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.

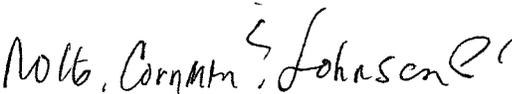
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District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

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2010 on our consideration of the Glenwood Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 14 and 40 through 42 are not required parts of

the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Glenwood 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 five years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 10, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

February 26, 2010

GLENWOOD COMMUNITY SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The discussion and analysis of Glenwood Community School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

- General Fund revenues increased from \$17,839,619 in fiscal 2008 to \$18,993,802 in fiscal 2009 and expenditures increased from \$17,713,149 in fiscal 2008 to \$18,032,688 in fiscal 2009.
- The District's unspent balance increased from \$486,783 to \$1,672,207. The increase is attributed to revenues exceeding expenditures by \$961,114 and SBRC approval of past years on time funding of \$416,638.
- There was a 1.5% across-the-board state cut in revenues. This cut cost the District \$135,552.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different view of the district:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long term financial information about the activities the District operates like businesses, such as Food Service and Day Care.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

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

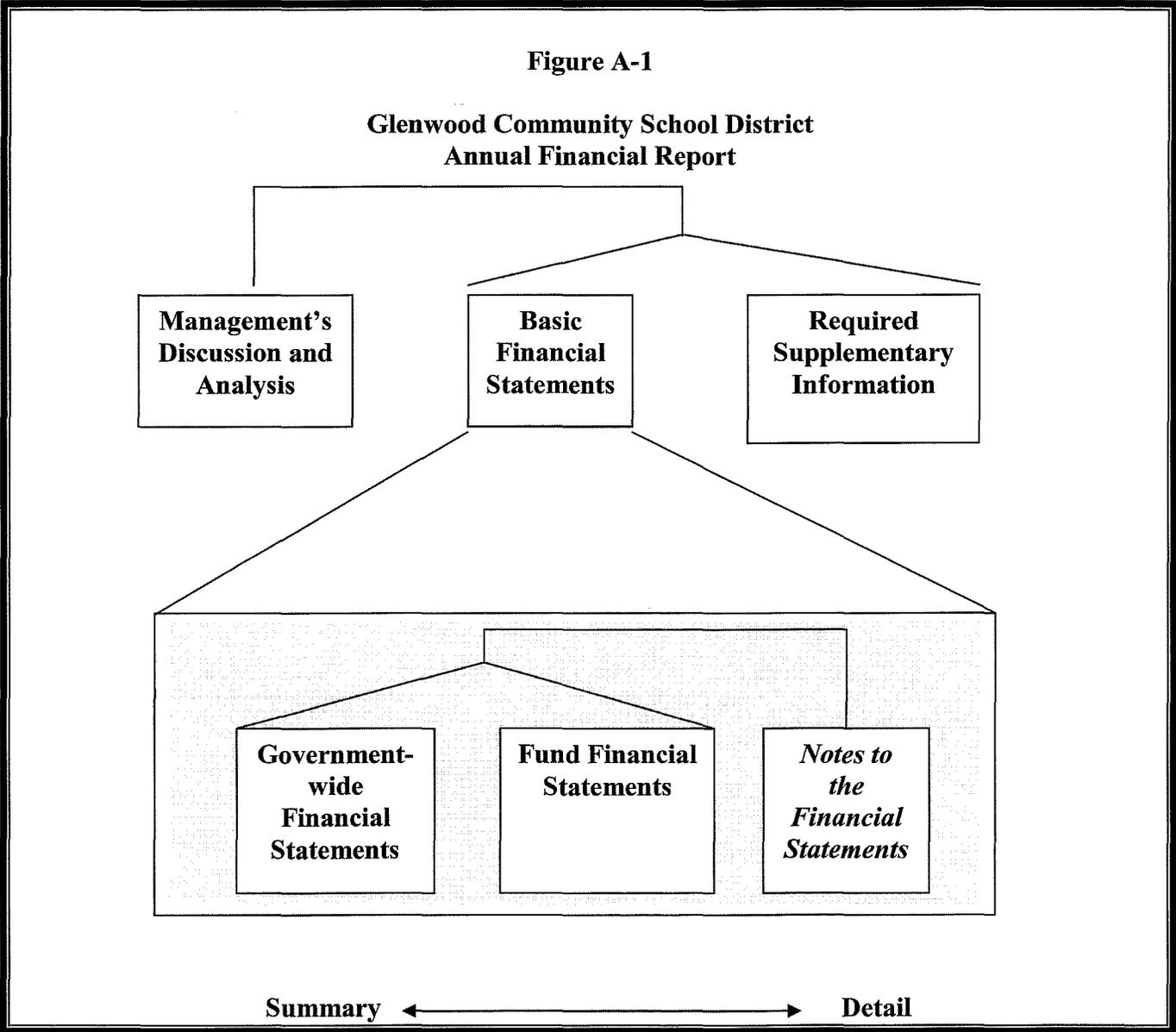


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Propriety 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 and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term’ funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	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

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 Government-wide 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.

- 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 areas.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service programs and day care would be 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three 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. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *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 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. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The School District as a Whole

Net assets. The District's combined net assets were as follows:

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 19,677,942	24,901,924	639,345	519,578	20,317,287	25,421,502	-20.08%
Capital assets	30,600,257	22,289,877	79,722	88,950	30,679,979	22,378,827	37.09%
Total assets	50,278,199	47,191,801	719,067	608,528	50,997,266	47,800,329	6.69%
Long-term obligations	21,207,777	20,378,923	5,285	0	21,213,062	20,378,923	4.09%
Other liabilities	9,617,734	9,463,768	51,316	46,129	9,669,050	9,509,897	1.67%
Total liabilities	30,825,511	29,842,691	56,601	46,129	30,882,112	29,888,820	3.32%
Net assets:							
Invested in capital assets, net of related debt	13,631,453	10,845,806	79,722	88,950	13,711,175	10,934,756	25.39%
Restricted	2,982,029	3,774,215	0	0	2,982,029	3,774,215	-20.99%
Unrestricted	2,839,206	2,729,089	582,744	473,449	3,421,950	3,202,538	6.85%
Total net assets	\$ 19,452,688	17,349,110	662,466	562,399	20,115,154	17,911,509	12.30%

The District's combined net assets increased by \$2,203,645, or 12.30% over the prior year. The largest portion of the District's net assets is 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 that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$792,186, or 20.99% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$219,412, or 6.85%.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues:							
Program revenues:							
Charges for services	\$ 1,924,228	2,026,050	1,110,214	910,120	3,034,442	2,936,170	3.35%
Operating grants and contributions and restricted interest	2,841,413	2,283,719	680,131	639,703	3,521,544	2,923,422	20.46%
Capital grants and contributions and restricted interest	534,266	637,843	0	0	534,266	637,843	-16.24%
General revenues:							
Property tax	6,930,673	6,938,372	0	0	6,930,673	6,938,372	-0.11%
Statewide sales and services tax	719,165	575,209	0	0	719,165	575,209	25.03%
Unrestricted state grants	9,133,159	8,668,526	0	0	9,133,159	8,668,526	5.36%
Unrestricted investment earnings	331,288	854,947	2,997	13,444	334,285	868,391	-61.51%
Other	206,184	61,968	0	0	206,184	61,968	232.73%
Transfers	0	(2,693)	0	0	0	(2,693)	100.00%
Total revenues and transfers	22,620,376	22,043,941	1,793,342	1,563,267	24,413,718	23,607,208	3.42%
Program expenses:							
Governmental activities:							
Instructional	12,793,021	12,283,861	0	0	12,793,021	12,283,861	4.14%
Support services	5,383,540	5,410,266	0	0	5,383,540	5,410,266	-0.49%
Non-instructional programs	15,783	0	1,693,275	1,591,713	1,709,058	1,591,713	7.37%
Other expenses	2,324,454	2,382,852	0	0	2,324,454	2,382,852	-2.45%
Total expenses	20,516,798	20,076,979	1,693,275	1,591,713	22,210,073	21,668,692	2.50%
Changes in net assets	2,103,578	1,966,962	100,067	(28,446)	2,203,645	1,938,516	13.68%
Beginning net assets	17,349,110	15,382,148	562,399	590,845	17,911,509	15,972,993	12.14%
Ending net assets	\$ 19,452,688	17,349,110	662,466	562,399	20,115,154	17,911,509	12.30%

In fiscal 2009, property tax and unrestricted state grants account for 71.01% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.83% of the revenue from business type activities.

The District's total revenues were approximately \$24.4 million of which \$22.6 million was for governmental activities and approximately \$1.8 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.42% increase in revenues and an 2.50% increase in expenses. The increase in expenses was a result of the increases in the negotiated salaries and benefits.

Figure A-5

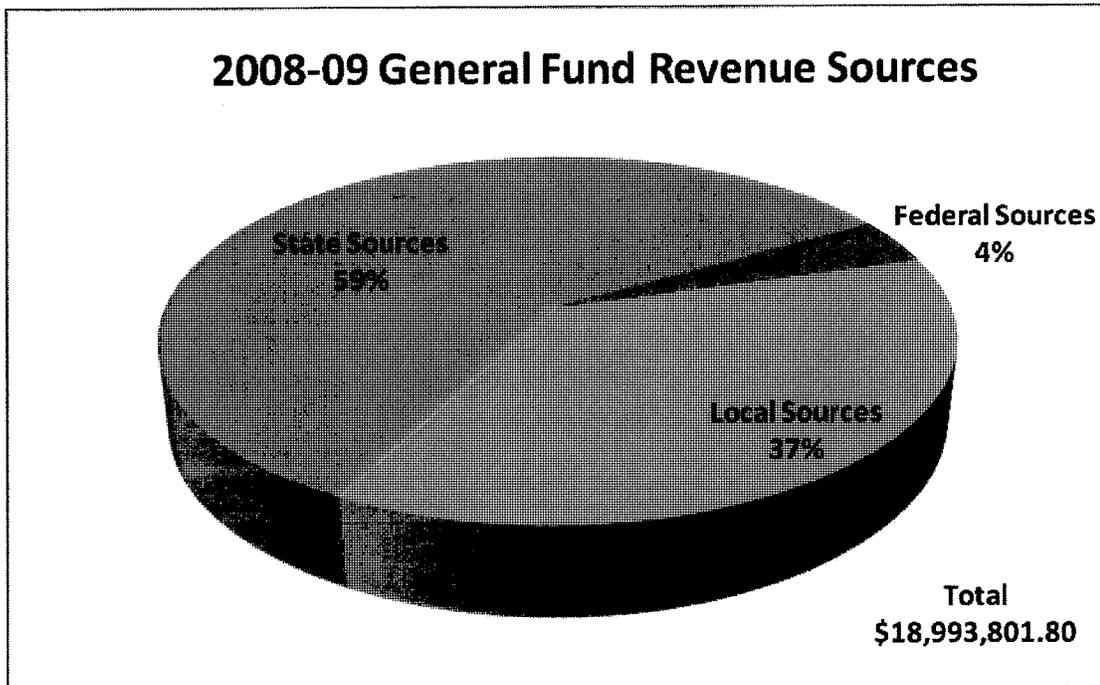
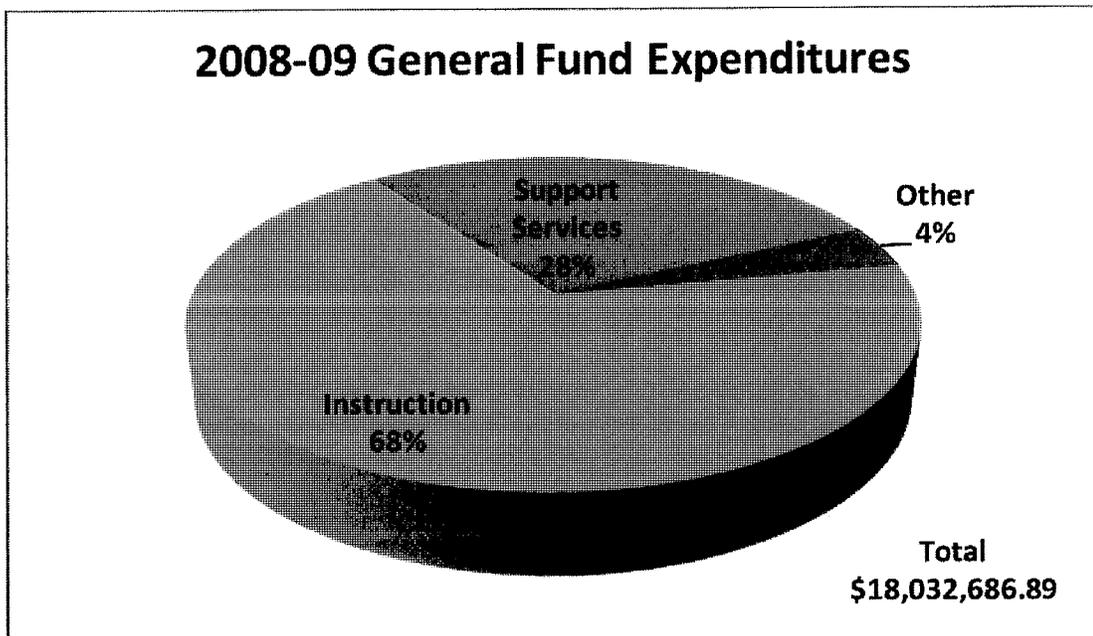


Figure A-6



Governmental Activities

Revenues for governmental activities were \$22,620,376 while expenses amounted to \$20,516,798.

Figure A-7 presents the total cost and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 12,793,021	12,283,861	4.14%	8,841,396	8,735,591	1.21%
Support services	5,383,540	5,410,266	-0.49%	5,309,436	5,333,754	-0.46%
Non-instructional	15,783	0	100.00%	15,783	0	100.00%
Other expenses	2,324,454	2,382,852	-2.45%	1,050,276	1,060,022	-0.92%
Totals	\$ 20,516,798	20,076,979	2.19%	15,216,891	15,129,367	0.58%

The cost financed by users of the District programs was \$1,924,228.

Federal and state governments subsidized certain programs with grants and contributions totaling \$3,375,679.

The net cost of governmental activities was financed with \$6,930,673 in property tax, \$719,165 in statewide sales and service tax, \$9,133,159 in unrestricted state grants and \$331,288 in interest income.

Business Type Activities

Revenues of the District's business-type activities increased from \$1,563,267 to \$1,793,342 while expenses increased also from \$1,591,713 to \$1,693,275. The District's business type activities include the School Nutrition Fund and Day Care. Revenues of these activities were comprised of charges for services, federal and state reimbursements, grants and investment income.

Financial Analysis of the District's Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$10,174,681 a decrease of \$5,367,909 below last year's ending fund balances of \$15,542,590. The

primary reason for the decrease in combined fund balances in fiscal 2009 was due to the expenditures of the building project and technology purchases from the Statewide Sales and Services Tax funds.

Governmental Fund Highlights

- The General Fund balance increased from \$2,919,817 to \$3,880,931 due more tuition in students, some personnel cuts and using the Statewide Sales and Services Tax funds to purchase technology.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from \$377,644 to \$128,749 due to a decrease in local tax revenue as a result of the Voted PPEL levy expiring.
- The Capital Projects Fund balance decreased from \$11,135,832 to \$5,254,846 because of the increased expenditures for the new high school project.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$526,925 in fiscal 2008 to \$649,991 in fiscal 2009, representing an increase of approximately 23.36% percent. The District belongs to the Iowa Consortium for purchasing food supplies which helped with the savings increase.

Kids Place Day Care program continues to be a challenge to operate as a self sufficient program.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its 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 accrual basis.

General Fund Budgetary Highlights

- The District's General Fund actual revenues and related instruction expenditures vary from the adopted budget because the District uses the procedure of adopting the maximum authorized budget and pertains to the General Fund of the district. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash." It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the District.
- The School District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.
- General Fund revenues and other financing sources were more than expenditures and other financing uses by approximately \$961,114. The solvency ratio position of the School District is 16.10% which is over the targeted solvency position recommended by the state of 5% to 10%.

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal 2009, the District had invested \$30,679,979, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, equipment and transportation equipment. This amount represents an increase from last year. Depreciation expense for the year was \$513,402.

The original cost of the District's capital assets was \$38.17 million. Governmental funds account for \$37.82 million with the remainder of \$0.35 million in the Proprietary, School Nutrition Fund and Day Care.

**Figure A-8
Capital Assets, Net of Depreciation**

	Governmental		Business type		Total		Total Change 2008-09
	Activities		Activities		School District		
	2009	2008	2009	2008	2009	2008	
Land	\$ 605,599	605,599	0	0	605,599	605,599	0.00%
Construction in progress	19,147,538	10,557,184	0	0	19,147,538	10,557,184	81.37%
Buildings	10,272,436	10,584,669	0	0	10,272,436	10,584,669	-2.95%
Land improvements	38,878	51,520	0	0	38,878	51,520	-24.54%
Machinery and equipment	535,806	490,905	79,722	88,950	615,528	579,855	6.15%
Total	\$ 30,600,257	22,289,877	79,722	88,950	30,679,979	22,378,827	37.09%

Long-Term Debt

At year-end, the District had \$21,213,062 in general obligation debt and other long-term debt outstanding. This represents an increase of approximately 4.09% percent from last year.

**Figure A-9
Outstanding Long-Term Obligations**

	Governmental		Business Type		Total School		Total Change 2008-09
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	
General obligation bonds	\$ 20,980,000	20,300,000	0	0	20,980,000	20,300,000	3.35%
Early retirement	106,856	39,476	0	0	106,856	39,476	170.69%
Compensated absences	39,675	39,447	4,531	0	44,206	39,447	12.06%
Net OPEB liability	81,246	0	754	0	82,000	0	100.00%
Totals	\$ 21,207,777	20,378,923	5,285	0	21,213,062	20,378,923	4.09%

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 1.5% State Across the Board cut for fiscal year 2009 with predictions of larger cuts for the next two years with lower allowable growth.
- Salary and benefit settlements that exceed the District's new money.
- Health insurance and IPERS costs continue to rise.
- More students are open enrolled out than are open enrolled in.
- The need to pass the Instructional Support Levy.
- Critical need for new curriculum materials and advanced technology.
- Unknown costs to operate the new high school.
- Continued challenge of providing services for a large special education student population.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Shirley Lundgren, District Secretary/Treasurer and Business Manager, Glenwood Community School District, 103 Central, Suite 300, Glenwood, Iowa 51534.

BASIC FINANCIAL STATEMENTS

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 9,902,737	399,880	10,302,617
Receivables:			
Property tax:			
Delinquent	146,582	0	146,582
Succeeding year	7,312,142	0	7,312,142
Accounts	23,819	8,734	32,553
Due from other governments	1,514,012	34,032	1,548,044
Prepays	37,043	180,470	217,513
Inventories	741,607	16,229	757,836
Capital assets, net of accumulated depreciation	30,600,257	79,722	30,679,979
TOTAL ASSETS	50,278,199	719,067	50,997,266
LIABILITIES			
Accounts payable	583,925	1,274	585,199
Salaries and benefits payable	1,585,713	24,085	1,609,798
Accrued interest payable	115,852	0	115,852
Deferred revenue:			
Succeeding year property tax	7,312,142	0	7,312,142
Other	20,102	0	20,102
Unearned revenue	0	25,957	25,957
Long-term liabilities:			
Portion due within one year:			
Bonds payable	830,000	0	830,000
Early retirement payable	106,856	0	106,856
Compensated absences payable	39,675	4,531	44,206
Portion due after one year:			
Bonds payable	20,150,000	0	20,150,000
Net OPEB liability	81,246	754	82,000
TOTAL LIABILITIES	30,825,511	56,601	30,882,112
NET ASSETS			
Invested in capital assets, net of related debt	13,631,453	79,722	13,711,175
Restricted for:			
Inventories	741,607	0	741,607
Professional development	20,716	0	20,716
Model core curriculum	26,941	0	26,941
Market factor	2,952	0	2,952
Market factor incentives	14,115	0	14,115
Management levy	316,180	0	316,180
Physical plant and equipment levy	128,749	0	128,749
Capital projects	1,243,650	0	1,243,650
Debt service	343,939	0	343,939
Other special revenue purposes	143,180	0	143,180
Unrestricted	2,839,206	582,744	3,421,950
TOTAL NET ASSETS	\$ 19,452,688	662,466	20,115,154

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 8,409,395	493,228	1,925,993	0	(5,990,174)	0	(5,990,174)
Special	2,336,725	1,007,229	170,454	0	(1,159,042)	0	(1,159,042)
Other	2,046,901	354,721	0	0	(1,692,180)	0	(1,692,180)
	<u>12,793,021</u>	<u>1,855,178</u>	<u>2,096,447</u>	<u>0</u>	<u>(8,841,396)</u>	<u>0</u>	<u>(8,841,396)</u>
Support services:							
Student	520,435	0	0	0	(520,435)	0	(520,435)
Instructional staff	397,478	0	0	0	(397,478)	0	(397,478)
Administration	2,140,598	0	0	0	(2,140,598)	0	(2,140,598)
Operation and maintenance of plant	1,415,768	0	0	0	(1,415,768)	0	(1,415,768)
Transportation	909,261	69,050	5,054	0	(835,157)	0	(835,157)
	<u>5,383,540</u>	<u>69,050</u>	<u>5,054</u>	<u>0</u>	<u>(5,309,436)</u>	<u>0</u>	<u>(5,309,436)</u>
Non-instructional programs:							
Food service operations	15,783	0	0	0	(15,783)	0	(15,783)
	<u>15,783</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,783)</u>	<u>0</u>	<u>(15,783)</u>
Other expenditures:							
Facilities acquisitions	457,636	0	0	534,266	76,630	0	76,630
Long-term debt interest	827,236	0	0	0	(827,236)	0	(827,236)
AEA flowthrough	739,912	0	739,912	0	0	0	0
Depreciation(unallocated)*	299,670	0	0	0	(299,670)	0	(299,670)
	<u>2,324,454</u>	<u>0</u>	<u>739,912</u>	<u>534,266</u>	<u>(1,050,276)</u>	<u>0</u>	<u>(1,050,276)</u>
Total governmental activities	20,516,798	1,924,228	2,841,413	534,266	(15,216,891)	0	(15,216,891)
Business Type activities:							
Non-instructional programs:							
Nutrition services	1,027,697	668,479	479,382	0	0	120,164	120,164
Daycare services	665,578	441,735	200,749	0	0	(23,094)	(23,094)
Total business type activities	<u>1,693,275</u>	<u>1,110,214</u>	<u>680,131</u>	<u>0</u>	<u>0</u>	<u>97,070</u>	<u>97,070</u>
Total	\$ 22,210,073	3,034,442	3,521,544	534,266	(15,216,891)	97,070	(15,119,821)
General Revenues:							
Property tax levied for:							
General purposes				\$ 5,412,147	0		5,412,147
Debt service				1,518,526	0		1,518,526
Statewide sales and service tax				719,165	0		719,165
Unrestricted state grants				9,133,159	0		9,133,159
Unrestricted investment earnings				331,288	2,997		334,285
Other				206,184	0		206,184
Total general revenues				<u>17,320,469</u>	<u>2,997</u>		<u>17,323,466</u>
Change in net assets				2,103,578	100,067		2,203,645
Net assets beginning of year				17,349,110	562,399		17,911,509
Net assets end of year				<u>\$ 19,452,688</u>	<u>662,466</u>		<u>20,115,154</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
Assets					
Cash and pooled investments	\$ 3,838,667	5,060,836	304,878	696,769	9,901,150
Receivables:					
Property tax:					
Delinquent	105,337	0	39,061	2,184	146,582
Succeeding year	5,181,037	0	1,593,917	537,188	7,312,142
Accounts	23,131	0	0	688	23,819
Due from other governments	904,616	609,396	0	0	1,514,012
Prepays	37,043	0	0	0	37,043
Inventories	741,607	0	0	0	741,607
Total assets	\$ 10,831,438	5,670,232	1,937,856	1,236,829	19,676,355
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 163,655	415,386	0	4,676	583,717
Salaries and benefits payable	1,585,713	0	0	0	1,585,713
Deferred revenue:					
Succeeding year property tax	5,181,037	0	1,593,917	537,188	7,312,142
Other	20,102	0	0	0	20,102
Total liabilities	6,950,507	415,386	1,593,917	541,864	9,501,674
Fund balances:					
Reserved for:					
Debt service	0	0	343,939	0	343,939
Construction	0	4,011,196	0	0	4,011,196
Inventories	741,607	0	0	0	741,607
Professional development	20,716	0	0	0	20,716
Model core curriculum	26,941	0	0	0	26,941
Market factor	2,952	0	0	0	2,952
Market factor incentives	14,115	0	0	0	14,115
Designated for special purposes by board	15,999	0	0	0	15,999
Unreserved	3,058,601	1,243,650	0	694,965	4,997,216
Total fund balances	3,880,931	5,254,846	343,939	694,965	10,174,681
Total liabilities and fund balances	\$ 10,831,438	5,670,232	1,937,856	1,236,829	19,676,355

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD 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 17)	\$	10,174,681
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.		30,600,257
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		1,379
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.		(115,852)
Long-term liabilities, including bonds payable, early retirement payable, compensated absenses, and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(21,207,777)</u>
Net assets of governmental activities (page 15)	\$	<u>19,452,688</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Total Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 5,302,197	719,165	1,518,526	109,950	7,649,838
Tuition	1,449,357	0	0	0	1,449,357
Other	294,752	409,442	6,404	403,142	1,113,740
Intermediate sources	800	0	0	0	800
State sources	11,271,405	490,925	1,013	75	11,763,418
Federal sources	643,223	0	0	0	643,223
Total revenues	18,961,734	1,619,532	1,525,943	513,167	22,620,376
EXPENDITURES:					
Current:					
Instruction:					
Regular	8,273,095	0	0	150,118	8,423,213
Special	2,336,725	0	0	0	2,336,725
Other	1,695,835	0	0	351,066	2,046,901
	12,305,655	0	0	501,184	12,806,839
Support services:					
Student	519,312	0	0	0	519,312
Instructional staff	395,714	0	0	0	395,714
Administration	1,992,490	0	1,550	88,349	2,082,389
Operation and maintenance of plant	1,292,106	0	0	93,439	1,385,545
Transportation	787,499	43,029	0	45,288	875,816
	4,987,121	43,029	1,550	227,076	5,258,776
Non-instructional programs:					
Food service operations	0	0	0	15,783	15,783
	0	0	0	15,783	15,783
Other expenditures:					
Facilities acquisitions	0	8,919,303	0	263,803	9,183,106
Long-term debt:					
Principal	0	0	745,000	0	745,000
Interest and fiscal charges	0	0	817,501	0	817,501
AEA flowthrough	739,912	0	0	0	739,912
	739,912	8,919,303	1,562,501	263,803	11,485,519
Total expenditures	18,032,688	8,962,332	1,564,051	1,007,846	29,566,917
Excess(deficiency) of revenues over(under) expenditures	929,046	(7,342,800)	(38,108)	(494,679)	(6,946,541)
Other financing sources(uses):					
Compensation for loss of capital assets	0	175,603	0	0	175,603
Transfers in	32,068	34,413	86,000	0	152,481
Transfers out	0	(151,231)	0	(1,250)	(152,481)
General obligation bonds issued	0	1,425,000	0	0	1,425,000
Cost of issuance	0	(21,971)	0	0	(21,971)
Total other financing sources(uses)	32,068	1,461,814	86,000	(1,250)	1,578,632
Net change in fund balances	961,114	(5,880,986)	47,892	(495,929)	(5,367,909)
Fund balances beginning of year	2,919,817	11,135,832	296,047	1,190,894	15,542,590
Fund balances end of year	\$ 3,880,931	5,254,846	343,939	694,965	10,174,681

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 19) \$ (5,367,909)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of assets in the year are as follows:

Capital outlays	\$ 8,844,715	
Depreciation expense	(497,294)	
Loss on disposal of assets	(37,041)	8,310,380

Net change in Internal Service Funds charged back against expenditures made for the flex benefit program at an entity-wide basis. (304)

Proceeds of long-term debt liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Issued	\$ (1,425,000)	
Repaid	745,000	(680,000)

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. (9,735)

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

Early retirement	\$ (67,380)	
Compensated absences	(228)	
Other postemployment benefits	(81,246)	(148,854)

Changes in net assets of governmental activities (page 16) \$ 2,103,578

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
Assets				
Current assets:				
Cash and pooled investments	\$ 381,426	18,454	399,880	1,587
Receivables:				
Accounts	0	8,734	8,734	0
Due from other governments	25,483	8,549	34,032	0
Prepays	177,317	3,153	180,470	0
Inventories	16,229	0	16,229	0
Non-current assets:				
Capital assets, net of accumulated depreciation	75,647	4,075	79,722	0
Total assets	676,102	42,965	719,067	1,587
Liabilities				
Current liabilities:				
Accounts payable	294	980	1,274	208
Salaries and benefits payable	5,117	18,968	24,085	0
Unearned revenue	18,127	7,830	25,957	0
Long-term liabilities:				
Compensated absences	1,819	2,712	4,531	0
Net OPEB liability	754	0	754	0
Total liabilities	26,111	30,490	56,601	208
Net assets				
Invested in capital assets	75,647	4,075	79,722	0
Unrestricted	574,344	8,400	582,744	1,379
Total net assets	\$ 649,991	12,475	662,466	1,379

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
	OPERATING REVENUE:			
Local sources:				
Charges for services	\$ 668,479	441,735	1,110,214	18,664
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	350,932	462,782	813,714	0
Benefits	71,706	95,251	166,957	18,968
Services	2,484	1,564	4,048	0
Supplies	586,471	105,452	691,923	0
Depreciation	15,579	529	16,108	0
TOTAL OPERATING EXPENSES	1,027,172	665,578	1,692,750	18,968
OPERATING LOSS	(358,693)	(223,843)	(582,536)	(304)
NON-OPERATING REVENUES (EXPENSES):				
State sources	11,024	0	11,024	0
Federal sources	468,358	200,749	669,107	0
Interest on investments	2,902	95	2,997	0
Loss on asset disposal	(525)	0	(525)	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	481,759	200,844	682,603	0
Net income(loss)	123,066	(22,999)	100,067	(304)
Net assets beginning of year	526,925	35,474	562,399	1,683
Net assets end of year	\$ 649,991	12,475	662,466	1,379

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Business type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 667,019	0	667,019	0
Cash received from miscellaneous operating activities	3,708	452,537	456,245	18,664
Cash payments to employees for services	(419,343)	(560,288)	(979,631)	(18,760)
Cash payments to suppliers for goods or services	(690,869)	(87,625)	(778,494)	0
Net cash used in operating activities	(439,485)	(195,376)	(634,861)	(96)
Cash flows from non-capital financing activities:				
State grants received	11,024	0	11,024	0
Federal grants received	382,296	200,749	583,045	0
Net cash provided by non-capital financing activities	393,320	200,749	594,069	0
Cash flows from capital and related financing activities:				
Purchase of capital assets	(6,023)	(1,382)	(7,405)	0
Cash flows from investing activities:				
Interest on investments	2,902	95	2,997	0
Net increase(decrease) in cash and cash equivalents	(49,286)	4,086	(45,200)	(96)
Cash and cash equivalents at beginning of year	430,712	14,368	445,080	1,683
Cash and cash equivalents at end of year	\$ 381,426	18,454	399,880	1,587
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (358,693)	(223,843)	(582,536)	(304)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	60,579	0	60,579	0
Depreciation	15,579	529	16,108	0
Decrease in inventories	14,648	18,772	33,420	0
Decrease in accounts receivable	1,441	6,125	7,566	0
Increase in prepaid expenses	(177,317)	(3,153)	(180,470)	0
Increase in accounts payable	176	619	795	208
(Decrease)Increase in salary and benefits payable	722	(4,967)	(4,245)	0
Increase in compensated absences	1,819	2,712	4,531	0
Increase in other postemployment benefits	754	0	754	0
Increase in unearned revenue	807	7,830	8,637	0
Net cash used in operating activities	\$ (439,485)	(195,376)	(634,861)	(96)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 381,426	18,454	399,880	1,587
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
During the year ended June 30, 2009, the District received Federal commodities valued at \$60,579.				
SEE NOTES TO FINANCIAL STATEMENTS.				

GLENWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2009

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarship</u>	
ASSETS		
Cash and pooled investments	\$ 6,948	24,241
LIABILITIES		
Accounts payable	0	244
Due to other groups	0	23,997
Total liabilities	0	24,241
NET ASSETS		
Reserved for scholarships	\$ 6,948	0

SEE NOTES TO FINANCIAL STATEMENTS.

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

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Local sources:		
Contributions	\$	<u>2,066</u>
Deductions:		
Instruction:		
Regular:		
Scholarships awarded		<u>1,000</u>
Change in net assets		1,066
Net assets beginning of year		<u>5,882</u>
Net assets end of year	\$	<u><u>6,948</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

The Glenwood Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Glenwood, Iowa, and the predominate agricultural territory in Pottawattamie and Mills 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, Glenwood Community School District has included all funds, organizations, account groups, 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 Glenwood Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pottawattamie and Mills Counties Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, the Enterprise, Day Care Fund and the Internal Service Fund.

The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the child care operations of the District. The Internal Service Fund is used to account for the District's flex benefit programs.

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of 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 terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are

incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute,

the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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
Land improvements	20 years
Machinery and equipment	5-12 years

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

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

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

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

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

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

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

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

E. Budgeting and Budgetary Control

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

(2) Cash and Pooled Investments

The District's deposits at June 30, 2009 were entirely covered by Federal depository insurance or 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>\$ 6,465,922</u>

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

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

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects - Statewide Sales and Services Tax	Debt Service	\$ 86,000
Capital Projects - Statewide Sales and Services Tax	Capital Projects - Building Projects	33,413
Capital Projects - Building Projects	General	31,818
Management Levy	Capital Projects - Building Projects	1,000
Management Levy	General	<u>250</u>
Total		<u>\$ 152,481</u>

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 \$739,912 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) Construction Commitments

The District has entered into construction contracts totaling approximately \$20,000,000 for the construction of a new high school. As of June 30, 2009, the District has paid \$19,147,538 towards these contracts. The remaining approximate \$852,462 will be paid as work on the project progresses.

(11) Prepaid items

As of June 30, 2009, the District had continuing costs associated with construction of the new high school building. A portion of the prepaid items on Exhibit G, page 21, represent equipment costs paid from the Nutrition Fund to furnish the food service areas of the new building. Since construction of the building is not complete, food service equipment costs of \$175,316 have been recognized as prepaid items on Exhibit G, page 21, in the Nutrition Fund capital assets listings and begin depreciating upon completion of the building. The prepaid items on Exhibit C, page 17, and a portion on Exhibit G, page 21, represent insurance for hourly people paid totaling \$37,043 from the General Fund, \$2,232 from the Nutrition Fund and \$3,153 from the Day Care Fund.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 10,212,935	1,113,211	11,326,146	12,027,887	12,027,887	(701,741)
Intermediate sources	800	0	800	1,000	1,000	(200)
State sources	11,763,418	11,024	11,774,442	12,037,732	12,037,732	(263,290)
Federal sources	643,223	669,107	1,312,330	2,756,400	2,756,400	(1,444,070)
Total revenues	<u>22,620,376</u>	<u>1,793,342</u>	<u>24,413,718</u>	<u>26,823,019</u>	<u>26,823,019</u>	<u>(2,409,301)</u>
Expenditures/Expenses:						
Instruction	12,806,839	0	12,806,839	14,139,902	14,139,902	1,333,063
Support services	5,258,776	0	5,258,776	8,757,973	8,757,973	3,499,197
Non-instructional programs	15,783	1,693,275	1,709,058	2,620,211	2,620,211	911,153
Other expenditures	11,485,519	0	11,485,519	20,995,178	20,995,178	9,509,659
Total expenditures/expenses	<u>29,566,917</u>	<u>1,693,275</u>	<u>31,260,192</u>	<u>46,513,264</u>	<u>46,513,264</u>	<u>15,253,072</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	(6,946,541)	100,067	(6,846,474)	(19,690,245)	(19,690,245)	12,843,771
Other financing sources(uses), net	1,578,632	0	1,578,632	0	0	1,578,632
Excess(deficiency) of revenues over(under) expenditures/expenses	(5,367,909)	100,067	(5,267,842)	(19,690,245)	(19,690,245)	14,422,403
Balance beginning of year	15,542,590	562,399	16,104,989	19,690,245	19,690,245	(3,585,256)
Balance end of year	<u>\$ 10,174,681</u>	<u>662,466</u>	<u>10,837,147</u>	<u>0</u>	<u>0</u>	<u>10,837,147</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ 0	\$ 1,297,000	\$ 1,297,000	0.00%	\$ 7,440,833	17.43%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2009

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds
Assets				
Cash and pooled investments	\$ 420,646	147,374	128,749	696,769
Receivables:				
Property tax:				
Current year delinquent	2,184	0	0	2,184
Succeeding year	400,000	0	137,188	537,188
Accounts	206	482	0	688
Total assets	\$ 823,036	147,856	265,937	1,236,829
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 0	4,676	0	4,676
Deferred revenue:				
Succeeding year property tax	400,000	0	137,188	537,188
Total liabilities	400,000	4,676	137,188	541,864
Fund balances:				
Unreserved:				
Special revenue purposes	423,036	143,180	128,749	694,965
Total fund balances	423,036	143,180	128,749	694,965
Total liabilities and fund balances	\$ 823,036	147,856	265,937	1,236,829

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2009

	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds
REVENUES:				
Local sources:				
Local tax	\$ 109,950	0	0	109,950
Other	31,948	356,286	14,908	403,142
State sources	75	0	0	75
TOTAL REVENUES	141,973	356,286	14,908	513,167
EXPENDITURES:				
Current:				
Instruction:				
Regular	150,118	0	0	150,118
Other	0	351,066	0	351,066
Support services:				
Administration	88,349	0	0	88,349
Operation and maintenance of plant	93,439	0	0	93,439
Student transportation	45,288	0	0	45,288
Non-instructional programs:				
Food service operations	15,783	0	0	15,783
Other expenditures:				
Facilities acquisitions	0	0	263,803	263,803
TOTAL EXPENDITURES	392,977	351,066	263,803	1,007,846
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(251,004)	5,220	(248,895)	(494,679)
OTHER FINANCING USES:				
Transfer out	(1,250)	0	0	(1,250)
EXCESS (DEFICIENCY) OF REVENUES AND OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(252,254)	5,220	(248,895)	(495,929)
FUND BALANCES BEGINNING OF YEAR	675,290	137,960	377,644	1,190,894
FUND BALANCES END OF YEAR	\$ 423,036	143,180	128,749	694,965

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Speech MS	\$ 1,999	1,236	782	2,453
Speech HS	675	1,666	2,341	0
Music MS	1,426	0	120	1,306
Musical HS	1,607	555	1,563	599
Vocal Music HS	17,150	24,986	22,903	19,233
Show Choir	5,061	302	2,784	2,579
Band MS	13	0	0	13
Band HS	4,512	28,618	27,526	5,604
Band Trip	7,175	7,496	4,049	10,622
Athletics	0	121,761	121,579	182
Cross County - Boys	847	579	1,171	255
Cross County - Girls	901	0	891	10
Basketball - Boys	66	30	64	32
Football	458	2,160	1,882	736
Soccer - Boys	2,527	1,450	879	3,098
Baseball	1,931	253	2,184	0
Track - Boys	2,639	0	1,351	1,288
Tennis - Boys	255	0	0	255
Wrestling	2,359	1,017	1,280	2,096
Basketball - Girls	0	62	62	0
Volleyball	2,167	0	143	2,024
Soccer - Girls	376	0	115	261
Softball	1,034	1,169	911	1,292
Softball Complex	971	0	0	971
Track - Girls	0	50	0	50
Annual HS	8,160	8,996	9,221	7,935
Annual MS	6,726	6,022	9,373	3,375
National Art	755	411	223	943
HS Newspaper	0	4,320	2,747	1,573
Black and Gold	3,284	1,420	2,075	2,629
Building Bridges	230	0	0	230
Cheerleaders HS	2,350	11,538	8,976	4,912
Dance Team	670	825	1,408	87
Chess Club HS	324	0	0	324
Class of 2009	123	75	198	0
Class of 2010	0	13,879	12,670	1,209
Class of 2012	0	30	0	30
FBLA	65	0	0	65
FFA	3,069	11,032	9,453	4,648
FCA	89	0	0	89
Fragments	56	0	0	56

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Foreign Language	222	0	0	222
FCCLA	1,522	11,733	10,842	2,413
MS FCCLA	0	2,621	2,242	379
Book Fair	169	4,290	3,772	687
Peer Tutoring	2	0	0	2
REACH	273	228	333	168
Builders Club	362	114	385	91
SW Honor Band	1,946	16,449	18,351	44
Comm Prev Group	17	0	0	17
Student Council MS	1,792	1,736	1,802	1,726
Media Book Club	473	96	96	473
Key Club	86	1,749	518	1,317
Student Council HS	2,486	5,455	5,900	2,041
Special 21	16,982	4,920	0	21,902
NE Elementary	7,312	29,864	26,938	10,238
Ram Shack	1,570	0	650	920
Uniform Clean MS	59	266	0	325
Uniform Clean HS	2,541	946	687	2,800
Vending Trans	183	39	221	1
Vending MS	1,381	1,236	2,350	267
Vending HS	476	4,369	4,704	141
Weight Room	24	0	0	24
Vocal Robe Clean	5,755	1,040	0	6,795
Vending Bldg Brdg	1,477	411	455	1,433
West Elementary	8,800	16,786	19,896	5,690
Total	\$ 137,960	356,286	351,066	143,180

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET FOR CAPITAL PROJECT FUND
 JUNE 30, 2009

	Capital Projects Fund		
	Statewide		
	Building Projects	Sales & Services Tax	Total
Assets			
Cash and pooled investments	\$ 4,423,906	636,930	5,060,836
Due from other governments	0	609,396	609,396
Total assets	\$ 4,423,906	1,246,326	5,670,232
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 412,710	2,676	415,386
Total liabilities	412,710	2,676	415,386
Fund balances:			
Reserved for construction	4,011,196	0	4,011,196
Unreserved fund balance	0	1,243,650	1,243,650
Total fund balances	4,011,196	1,243,650	5,254,846
Total liabilities and fund balances	\$ 4,423,906	1,246,326	5,670,232

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECT FUND
 YEAR ENDED JUNE 30, 2009

	Capital Project Fund		
	Statewide		
	Building Projects	Sales & Services Tax	Total
REVENUES:			
Local sources:			
Local tax	\$ 0	719,165	719,165
Other	405,339	4,103	409,442
State sources	0	490,925	490,925
TOTAL REVENUES	405,339	1,214,193	1,619,532
EXPENDITURES:			
Current:			
Support services:			
Student transportation	0	43,029	43,029
Other expenditures:			
Facilities acquisitions	6,831,299	2,088,004	8,919,303
TOTAL EXPENDITURES	6,831,299	2,131,033	8,962,332
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(6,425,960)	(916,840)	(7,342,800)
OTHER FINANCING SOURCES(USES):			
Compensation for loss of capital assets	175,603	0	175,603
Transfers in	34,413	0	34,413
Transfers out	(31,818)	(119,413)	(151,231)
General obligation bonds issued	1,425,000	0	1,425,000
Cost of issuances	(21,971)	0	(21,971)
TOTAL OTHER FINANCING SOURCES(USES)	1,581,227	(119,413)	1,461,814
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES(USES)	(4,844,733)	(1,036,253)	(5,880,986)
FUND BALANCES BEGINNING OF YEAR	8,855,929	2,279,903	11,135,832
FUND BALANCES END OF YEAR	\$ 4,011,196	1,243,650	5,254,846

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD 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 and pooled investments	\$ 16,064	192,920	184,743	24,241
LIABILITIES				
Accounts payable	\$ 34	244	34	244
Due to other groups	16,030	192,676	184,709	23,997
TOTAL LIABILITIES	\$ 16,064	192,920	184,743	24,241

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Private Purpose Trust - Scholarship Fund						Total
	Edmundson Scholarship	Buffington Scholarship	Pepsi Scholarship	Freedom Scholarship	Martha Winum Memorial	Superintendent Scholarship	
ASSETS							
Cash and pooled investments	\$ 886	200	159	525	4,055	1,123	6,948
LIABILITIES							
Reserved for scholarships	0	0	0	0	0	0	0
NET ASSETS							
Reserved for scholarships	\$ 886	200	159	525	4,055	1,123	6,948

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

	Private Purpose Trust - Scholarship Fund						Total
	Edmundson Scholarship	Buffington Scholarship	Pepsi Scholarship	Freedom Scholarship	Martha Winum Memorial	Superintendent Scholarship	
ADDITIONS:							
Local sources:							
Contributions	\$ 0	866	0	0	1,200	0	2,066
DEDUCTIONS:							
Instruction:							
Regular:							
Scholarships awarded	0	1,000	0	0	0	0	1,000
⁵ Changes in net assets	0	(134)	0	0	1,200	0	1,066
Net assets beginning of year	886	334	159	525	2,855	1,123	5,882
Net assets end of year	\$ 886	200	159	525	4,055	1,123	6,948

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 7,649,838	7,513,581	7,006,981	6,362,743	6,689,807	5,942,689
Tuition	1,449,357	1,562,124	1,390,963	1,241,834	1,220,022	1,279,884
Other	1,113,740	1,511,760	1,219,101	738,487	599,906	495,963
Intermediate sources	800	3,730	907	0	3,340	0
State sources	11,763,418	11,060,116	10,662,945	9,365,348	8,794,897	8,398,795
Federal sources	643,223	395,323	402,579	508,779	886,886	834,825
Total	\$ 22,620,376	22,046,634	20,683,476	18,217,191	18,194,858	16,952,156
Expenditures:						
Instruction:						
Regular	\$ 8,423,213	7,249,940	6,547,023	6,331,639	6,149,662	5,808,253
Special	2,336,725	3,362,616	3,018,858	2,753,613	2,677,056	2,974,237
Other	2,046,901	1,725,849	1,662,938	1,763,825	1,767,899	987,870
Support services:						
Student	519,312	471,484	456,478	427,469	253,499	590,896
Instructional staff	395,714	408,062	442,057	377,647	470,012	423,069
Administration	2,082,389	2,161,814	2,124,577	1,814,010	1,502,756	1,399,672
Operation and maintenance of plant	1,385,545	1,472,334	1,542,272	1,347,271	1,296,220	1,593,281
Transportation	875,816	868,971	995,306	932,399	821,126	836,311
Central support	0	0	0	0	0	18,293
Non-instructional programs	15,783	0	0	0	193	2,100
Other expenditures:						
Facilities acquisitions	9,183,106	8,798,874	2,102,068	825,452	758,985	476,431
Long-term debt:						
Principal	745,000	1,091,140	848,978	806,900	730,000	695,000
Interest and other charges	817,501	860,050	532,392	327,949	221,687	248,611
AEA flow-through	739,912	684,987	621,697	580,112	551,814	547,349
Total	\$ 29,566,917	29,156,121	20,894,644	18,288,286	17,200,909	16,601,373

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SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 09	\$ 50,703
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 09	350,482
SUMMER FOOD PROGRAM FOR CHILDREN	10.559	FY 09	67,173
			<u>468,358</u>
 CHILD AND ADULT CARE FOOD PROGRAM	 10.558	 FY 09	 <u>29,289</u>
 DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES			
	84.010	2511-G	196,250
TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	84.013	FY 09	3,603
			<u>199,853</u>
 SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	 84.186	 FY 09	 <u>6,512</u>
 SPECIAL EDUCATION - STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES	 84.323	 FY 09	 <u>1,353</u>
 IMPROVING TEACHER QUALITY STATE GRANTS	 84.367	 FY 09	 <u>61,537</u>
 GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	 84.369	 FY 09	 <u>13,605</u>
 ARRA - STATE FISCAL STABILIZATION FUND (SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	 84.394	 FY 09	 <u>169,806</u>
 IOWA WESTERN COMMUNITY COLLEGE:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 09	<u>13,710</u>

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT (CONTINUED):			
DEPARTMENT OF EDUCATION (CONTINUED):			
LOESS HILLS AEA 13:			
SPECIAL EDUCATION CLUSTER:			
SPECIAL EDUCATION - GRANTS TO			
STATE (PART B)	84.027	FY 09	109,554
ARRA - SPECIAL EDUCATION - GRANTS TO			
STATE (PART B) - RECOVERY ACT	84.391	FY 09	60,900
			<u>170,454</u>
ENHANCING EDUCATION THROUGH TECHNOLOGY (E2T2)	84.318	FY 09	<u>644</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CHILD CARE AND DEVELOPMENT BLOCK			
GRANT - WRAP AROUND GRANT	93.575	FY 09	<u>171,460</u>
TOTAL			<u>\$ 1,306,581</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Glenwood Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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

To the Board of Education of the
Glenwood 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 Glenwood 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 February 26, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Glenwood Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Glenwood Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Glenwood 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 Glenwood 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 Glenwood Community School District's financial statements that is more than inconsequential will not be prevented or detected by Glenwood Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs 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 Glenwood Community School District's internal control.

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

Compliance and Other Matters

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

February 26, 2010

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Glenwood Community School District

Compliance

We have audited the compliance of Glenwood Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Glenwood Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Glenwood Community School District's management. Our responsibility is to express an opinion on Glenwood Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Glenwood Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Glenwood Community School District's compliance with those requirements.

In our opinion, Glenwood Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Glenwood Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Glenwood Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Glenwood Community School District's internal control over compliance.

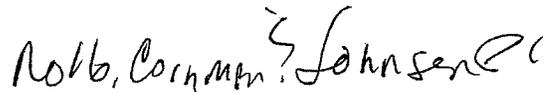
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a material weakness.

Glenwood Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Glenwood 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 Glenwood Community School District and other parties to whom Glenwood 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.


NOLTE, CORNMAN & JOHNSON, P.C.

February 26, 2010

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs:
 - School Nutrition Cluster
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Program for Children
 - Individual Programs:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Funds (SFSF) -
Education State Grants, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Glenwood Community School District did not qualify as a low-risk auditee.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

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

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

CONTROL DEFICIENCIES:

II-B-09 Board Policies - We noted during our audit, that the District does not have a cell phone policy. The policy should address the issues and requirements for employees who utilize District owned cell phones.

Recommendation - The District should review their procedures in place and update or implement the necessary policies.

Response - The District's procedures are clearly understood by the Board and staff and policy language is being developed.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Program for Children
Federal Award Year: 2009
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Federal Award Year: 2009
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.394 - ARRA - State Fiscal Stabilization Funds (SFSF) - Education State Grants,
Recovery Act
Federal Award Year: 2009
U.S. Department of Education
Passed through the Iowa Department of Education

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

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

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.

IV-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-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.

IV-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
Aaron Aistrope, Bus Driver Son of owner of Aistrope Agency Inc.	Property Insurance	\$304,144
Steve Houser, Maintenance Owner of Houser Air Conditioning	Repairs & Supplies	\$7,107
Nancy Lincoln, Coach Owner of Lincoln Farm & Home Service	Fuel	\$97,157

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the family member of the employee do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with employees do not appear to represent a conflict of interest.

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

IV-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-09 Certified Enrollment - We noted that the number of basic resident student reported to the Iowa Department of Education on line 7 of the Certified Enrollment Certification Form for October 2008 was overstated. The District's certified enrollment count on line 3 was overstated by 1 student.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - We will contact the Iowa Department of Education and the Department of Management.

Conclusion - Response accepted.

IV-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

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

Pursuant to Chapter 423F.3 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		\$	0
Statewide sales and services tax revenue			1,210,090
Expenditures/transfers out:			
School infrastructure:			
Land	\$	1,500	
Buildings		1,001,349	
Equipment		121,241	
Debt service for school infrastructure:			
General obligation debt		<u>86,000</u>	<u>1,210,090</u>
Ending balance		<u>\$</u>	<u>0</u>

Levies reduced as result of statewide sales and services tax received:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	\$ 0.21820	\$ 86,000

IV-L-09 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District.

Response - We will stamp the Board President's signature on officiating contracts.

Conclusion - Response accepted.

IV-M-09 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8).

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

Noted PSAT supplies and AP exam expenses being paid from the Student Activity Fund. These expenses are more appropriately handled in the General Fund.

The District should review the properness of receipts and expenditures that are recorded in the Student Activity Fund. The District should also review procedures that are in place in regards to the Activity Fund and follow the suggested recommendations to gain compliance and better internal controls.

Response - PSAT & AP exam expenditures are now being paid out of the General Fund.

Conclusion - Response accepted.