

GRISWOLD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Griswold Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Clarion Campbell	President	2011*
Mary Perdue	Vice President	2011*
Steve Baier	Board Member	2009*
Terry Whiley	Board Member	2008
Cherie Miner	Board Member	2009*
Brenda Haas	Board Member	2009*
Scott Hansen	Board Member	2011*
Board of Education (After September 2008 Election)		
Clarion Campbell	President	2011*
Mary Perdue	Vice President	2011*
Steve Baier	Board Member	2009
Angie Amos	Board Member	2011*
Cherie Miner	Board Member	2009
Brenda Haas (resigned)	Board Member	2009*
Amy Carisle (appointed)	Board Member	2009*
Scott Hansen	Board Member	2011*
School Officials		
Dana Kunze	Superintendent	2009
Mary Beth Fast	District Secretary/Treasurer and Business Manager	2009
Rick Franck	Attorney	2009

*Board terms extended 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.

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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Griswold 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 Griswold Community School District, Griswold, 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 Griswold Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, 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 January 5, 2010, on our consideration of the Griswold Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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.

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Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 34 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Griswold Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

January 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,422,932 in fiscal 2008 to \$5,878,978 in fiscal 2009, while General Fund expenditures increased from \$5,971,763 in fiscal 2008 to \$5,801,248 in fiscal 2009. This resulted in a increase in the District's General Fund balance from \$228,587 in fiscal 2008 to a balance of \$306,317 in fiscal 2009, a 34.00% increase from the prior year.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Griswold Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Griswold Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Griswold Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Griswold Community School District Annual Financial Report

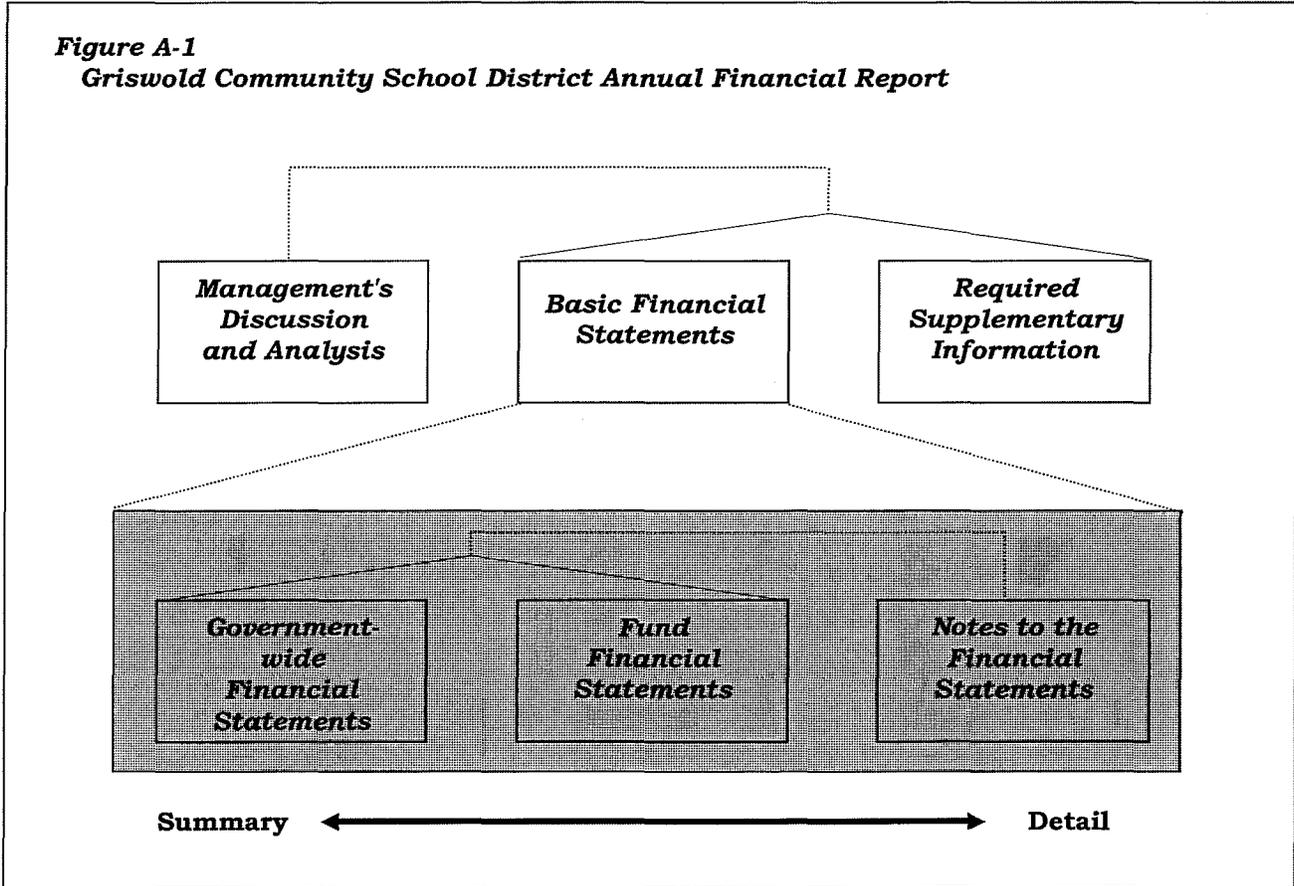


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 5,274,519	4,606,659	50,561	41,449	5,325,080	4,648,108	14.56%
Capital assets	3,205,015	2,894,603	16,988	20,515	3,222,003	2,915,118	10.53%
Total assets	8,479,534	7,501,262	67,549	61,964	8,547,083	7,563,226	13.01%
Long-term obligations	80,859	10,160	0	0	80,859	10,160	695.86%
Other liabilities	3,582,416	2,921,298	27,641	26,538	3,610,057	2,947,836	22.46%
Total liabilities	3,663,275	2,931,458	27,641	26,538	3,690,916	2,957,996	24.78%
Net assets:							
Invested in capital assets	3,205,015	2,894,603	16,988	20,515	3,222,003	2,915,118	10.53%
Restricted	1,100,345	1,237,159	0	0	1,100,345	1,237,159	-11.06%
Unrestricted	510,899	438,042	22,920	14,911	533,819	452,953	17.85%
Total net assets	\$ 4,816,259	4,569,804	39,908	35,426	4,856,167	4,605,230	5.45%

The District’s combined net assets increased by 5.45%, or \$250,937, over the prior year. The largest portion of the District’s net assets is the invested in 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 \$136,814 or 11.06% 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 \$80,866 or 17.85%.

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

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	\$ 386,634	288,602	207,970	198,491	594,604	487,093	22.07%
Operating grants and contributions and restricted interest	910,958	852,636	150,144	139,482	1,061,102	992,118	6.95%
General revenues:							
Local tax	2,449,426	2,216,329	0	0	2,449,426	2,216,329	10.52%
Statewide sales and service tax	443,662	388,492	0	0	443,662	388,492	14.20%
Unrestricted state grants	2,336,301	2,513,147	0	0	2,336,301	2,513,147	-7.04%
Unrestricted investment earnings	29,227	50,412	283	352	29,510	50,764	-41.87%
Other	178,848	68,801	0	0	178,848	68,801	159.95%
Total revenues	<u>6,735,056</u>	<u>6,378,419</u>	<u>358,397</u>	<u>338,325</u>	<u>7,093,453</u>	<u>6,716,744</u>	<u>5.61%</u>
Program expenses:							
Governmental activities:							
Instructional	4,030,083	3,811,120	0	0	4,030,083	3,811,120	5.75%
Support services	2,139,864	2,269,731	0	0	2,139,864	2,269,731	-5.72%
Non-instructional programs	804	541	353,915	323,705	354,719	324,246	9.40%
Other expenses	317,850	310,614	0	0	317,850	310,614	2.33%
Total expenses	<u>6,488,601</u>	<u>6,392,006</u>	<u>353,915</u>	<u>323,705</u>	<u>6,842,516</u>	<u>6,715,711</u>	<u>1.89%</u>
Excess(deficiency) of revenues over(under) expenditures	246,455	(13,587)	4,482	14,620	250,937	1,033	100.29%
Other financing uses, net	0	0	0	0	0	0	100.00%
Change in net assets	246,455	(13,587)	4,482	14,620	250,937	1,033	100.29%
Beginning net assets	4,569,804	4,583,391	35,426	20,806	4,605,230	4,604,197	0.02%
Ending net assets	<u>\$ 4,816,259</u>	<u>4,569,804</u>	<u>39,908</u>	<u>35,426</u>	<u>4,856,167</u>	<u>4,605,230</u>	<u>5.45%</u>

In fiscal 2009, local tax and unrestricted state grants account for 71.04% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.92% of the revenue from business type activities.

The District's total revenues were approximately \$7.09 million of which \$6.73 million was for governmental activities and \$.36 million was for business type activities.

As shown in FigureA-4, the District as a whole experienced a 5.61% increase in revenues and a 1.89% increase in expenses. The increase in expenses was a result of the increases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$6,736,312 and expenses were \$6,488,601. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 4,030,083	3,811,120	5.75%	2,947,315	2,877,561	2.42%
Support services	2,139,864	2,269,731	-5.72%	2,138,379	2,268,800	-5.75%
Non-instructional	804	541	48.61%	804	541	48.61%
Other expenses	317,850	310,614	2.33%	104,511	103,866	0.62%
Totals	<u>\$ 6,488,601</u>	<u>6,392,006</u>	<u>1.51%</u>	<u>5,191,009</u>	<u>5,250,768</u>	<u>-1.14%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$386,634.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$901,958.
- The net cost of governmental activities was financed with \$2,449,426 in local tax, \$443,662 in statewide sales and services tax, \$2,336,301 in unrestricted state grants, \$29,227 in unrestricted investment earnings and \$178,848 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2009 were \$358,397 and expenses were \$353,915. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,468,533, below last year's ending fund balances of a \$1,469,257.

Governmental Fund Highlights

- The General Fund balance increased from \$228,587 to \$306,317. This was primarily due to the decrease in expenditures for the year.
- The Management fund balance decreased from \$316,721 to \$301,130. This was due primarily to fund expenditures surpassing fund revenues during the fiscal year.
- The Capital Projects Fund balance decreased from \$822,691 to \$757,487. This was primarily due to the increase in expenditures as compared to the previous year.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$35,426 at June 30, 2008 to \$39,908 at June 30, 2009, representing an increase of 12.65 %.

BUDGETARY HIGHLIGHTS

The District's revenues were \$111,684 less than budgeted amounts, a variance of 1.55%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$3,222,003, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 10.53% from last year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$225,613.

The original cost of the District's capital assets was \$6,571,842. Governmental funds account for \$6,477,260 with the remainder of \$94,582 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$49,457 at June 30, 2008, compared to \$450,003 reported at June 30, 2009. The change was due to construction projects during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 80,747	80,747	0	0	80,747	80,747	0.00%
Construction in progress	450,003	49,457	0	0	450,003	49,457	89.01%
Buildings	2,261,161	2,362,484	0	0	2,261,161	2,362,484	-4.29%
Land improvements	40,476	30,776	0	0	40,476	30,776	31.52%
Machinery and equipment	372,628	371,139	16,988	20,515	389,616	391,654	-0.52%
Total	\$ 3,205,015	2,894,603	16,988	20,515	3,222,003	2,915,118	10.53%

Long-Term Debt

At June 30, 2009, the District had \$80,859 in early retirement debt outstanding. This represents a decrease of 695.9% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2009	2008	2008-09
Early retirement	\$ 80,859	10,160	695.9%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- An Instructional Support Levy was passed in the spring of 2004. This revenue will help offset increased technology expenditures.
- The District has faced declining enrollment since FY 2002.
- The District can look forward to increased revenues for the Capital Projects Fund due to the passage of the Local Option Sales Tax in Cass County in the fall of 2004.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Beth Fast, District Secretary/Business Manager, Griswold Community School District, 20 Madison Street, P.O. Box 280, Griswold, Iowa, 51535.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,261,585	42,301	2,303,886
Receivables:			
Property tax:			
Delinquent	113,518	0	113,518
Succeeding year	2,519,941	0	2,519,941
Income surtax	223,570	0	223,570
Accounts	155,905	209	156,114
Inventories	0	8,051	8,051
Capital assets, net of accumulated depreciation	3,205,015	16,988	3,222,003
TOTAL ASSETS	8,479,534	67,549	8,547,083
LIABILITIES			
Accounts payable	417,498	0	417,498
Salaries and benefits payable	577,122	23,058	600,180
Deferred revenue:			
Succeeding year property tax	2,519,941	0	2,519,941
Other	67,855	0	67,855
Unearned revenue	0	4,583	4,583
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	29,187	0	29,187
Portion due after one year:			
Early retirement payable	51,672	0	51,672
TOTAL LIABILITIES	3,663,275	27,641	3,690,916
NET ASSETS			
Invested in capital assets	3,205,015	16,988	3,222,003
Restricted for:			
Categorical Funding	17,732	0	17,732
Management levy	220,271	0	220,271
Physical plant and equipment levy	78,273	0	78,273
Capital projects	757,487	0	757,487
Other special revenue purposes	26,582	0	26,582
Unrestricted	510,899	22,920	533,819
TOTAL NET ASSETS	\$ 4,816,259	39,908	4,856,167

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

GRISWOLD 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	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 2,690,553	155,295	677,532	(1,857,726)	0	(1,857,726)
Special instruction	648,302	0	8,470	(639,832)	0	(639,832)
Other instruction	691,228	229,854	11,617	(449,757)	0	(449,757)
	<u>4,030,083</u>	<u>385,149</u>	<u>697,619</u>	<u>(2,947,315)</u>	<u>0</u>	<u>(2,947,315)</u>
Support services:						
Student services	184,103	0	0	(184,103)	0	(184,103)
Instructional staff services	260,458	0	0	(260,458)	0	(260,458)
Administration services	648,948	0	0	(648,948)	0	(648,948)
Operation and maintenance of plant services	613,768	0	0	(613,768)	0	(613,768)
Transportation services	432,587	1,485	0	(431,102)	0	(431,102)
	<u>2,139,864</u>	<u>1,485</u>	<u>0</u>	<u>(2,138,379)</u>	<u>0</u>	<u>(2,138,379)</u>
Non-instructional programs	804	0	0	(804)		(804)
Other expenditures:						
Facilities acquisitions	0	0	0	0	0	0
AEA flowthrough	213,339	0	213,339	0	0	0
Depreciation(unallocated)*	104,511	0	0	(104,511)	0	(104,511)
	<u>317,850</u>	<u>0</u>	<u>213,339</u>	<u>(104,511)</u>	<u>0</u>	<u>(104,511)</u>
Total governmental activities	<u>6,488,601</u>	<u>386,634</u>	<u>910,958</u>	<u>(5,191,009)</u>	<u>0</u>	<u>(5,191,009)</u>
Business-Type activities:						
Non-instructional programs:						
Nutrition services	353,915	207,970	150,144	0	4,199	4,199
Total	<u>\$ 6,842,516</u>	<u>594,604</u>	<u>1,061,102</u>	<u>(5,191,009)</u>	<u>4,199</u>	<u>(5,186,810)</u>
General Revenues:						
Local tax for:						
General purposes				\$ 2,094,588	0	2,094,588
Income surtax				298,922	0	298,922
Capital outlay				55,916	0	55,916
Statewide sales and services				443,662	0	443,662
Unrestricted state grants				2,336,301	0	2,336,301
Unrestricted investment earnings				29,227	283	29,510
Other				178,848	0	178,848
Total general revenues				<u>5,437,464</u>	<u>283</u>	<u>5,437,747</u>
Changes in net assets				246,455	4,482	250,937
Net assets beginning of year				4,569,804	35,426	4,605,230
Net assets end of year				<u>\$ 4,816,259</u>	<u>39,908</u>	<u>4,856,167</u>

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	General	Capital Projects	Other Nonmajor Special Revenue Funds	Total
ASSETS				
Cash and pooled investments	\$ 928,045	949,045	384,495	2,261,585
Receivables:				
Property tax:				
Delinquent	33,740	78,011	1,767	113,518
Succeeding year	2,519,941	0	0	2,519,941
Income surtax	223,570	0	0	223,570
Accounts	129,710	0	26,195	155,905
TOTAL ASSETS	\$ 3,835,006	1,027,056	412,457	5,274,519
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 140,201	269,569	7,728	417,498
Salaries and benefits payable	577,122	0	0	577,122
Deferred revenue:				
Succeeding year property tax	2,519,941	0	0	2,519,941
Income surtax	223,570	0	0	223,570
Other	67,855	0	0	67,855
Total liabilities	3,528,689	269,569	7,728	3,805,986
Fund balances:				
Reserved for:				
Categorical Funding	17,732	0	0	17,732
Unreserved:				
Undesignated	288,585	757,487	404,729	1,450,801
Total fund balances	306,317	757,487	404,729	1,468,533
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,835,006	1,027,056	412,457	5,274,519

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total fund balances of governmental funds (page 15)	\$	1,468,533
 <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 reported as assets in in the governmental funds.		3,205,015
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		223,570
Long-term liabilities, such as early retirement payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(80,859)
		<hr/>
Net assets of governmental activities (page 13)	\$	<u>4,816,259</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	General	Capital Projects	Other Nonmajor Special Revenue Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,336,133	443,662	105,827	2,885,622
Tuition	155,295	0	0	155,295
Other	161,990	5,885	293,171	461,046
State sources	3,104,852	0	67	3,104,919
Federal sources	119,731	0	0	119,731
Total revenues	<u>5,878,001</u>	<u>449,547</u>	<u>399,065</u>	<u>6,726,613</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	2,603,315	0	17,081	2,620,396
Special instruction	647,639	0	0	647,639
Other instruction	428,238	0	256,466	684,704
	<u>3,679,192</u>	<u>0</u>	<u>273,547</u>	<u>3,952,739</u>
Support services:				
Student services	184,846	0	0	184,846
Instructional staff services	255,602	0	2,456	258,058
Administration services	626,551	0	19,175	645,726
Operation and maintenance of plant services	518,719	36,668	76,673	632,060
Transportation services	322,999	82,381	36,060	441,440
	<u>1,908,717</u>	<u>119,049</u>	<u>134,364</u>	<u>2,162,130</u>
Non-instructional programs				
Food service operations	0	0	804	804
Other expenditures:				
Facilities acquisitions	0	395,702	3,600	399,302
AEA flowthrough	213,339	0	0	213,339
	<u>213,339</u>	<u>395,702</u>	<u>3,600</u>	<u>612,641</u>
Total expenditures	<u>5,801,248</u>	<u>514,751</u>	<u>412,315</u>	<u>6,728,314</u>
Excess (deficiency) of revenues over (under) expenditures	76,753	(65,204)	(13,250)	(1,701)
Other financing sources:				
Sale of equipment	977	0	0	977
Net change in fund balances	77,730	(65,204)	(13,250)	(724)
Fund balance beginning of year	228,587	822,691	417,979	1,469,257
Fund balance end of year	<u>\$ 306,317</u>	<u>757,487</u>	<u>404,729</u>	<u>1,468,533</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

GRISWOLD 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 17) \$ (724)

*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 Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in

Expenditures for capital outlays	\$ 532,498	
Depreciation expense	<u>(222,086)</u>	310,412

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 7,466

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

Early retirement	<u>(70,699)</u>
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Changes in net assets of governmental activities(page 14) \$ 246,455

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

	School Nutrition
ASSETS	
Cash and pooled investments	\$ 42,301
Accounts receivable	209
Inventories	8,051
Capital assets, net of accumulated depreciation	16,988
Total assets	67,549
 LIABILITIES	
Salaries and benefits payable	23,058
Unearned revenue	4,583
Total liabilities	27,641
 NET ASSETS	
Invested in capital assets	16,988
Unrestricted	22,920
Total net assets	\$ 39,908

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 207,970
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	125,070
Benefits	17,322
Services	1,386
Supplies	205,383
Depreciation	3,527
Other	1,227
TOTAL OPERATING EXPENSES	353,915
OPERATING LOSS	(145,945)
NON-OPERATING REVENUES:	
State sources	3,979
Federal sources	146,165
Interest on investments	283
TOTAL NON-OPERATING REVENUES	150,427
Change in net assets	4,482
Net assets beginning of year	35,426
Net assets end of year	\$ 39,908

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

Exhibit I

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 208,087
Cash received from miscellaneous	836
Cash payments to employees for services	(142,044)
Cash payments to suppliers for goods or services	(186,364)
Net cash used in operating activities	(119,485)
Cash flows from non-capital financing activities:	
State grants received	3,979
Federal grants received	127,583
Net cash provided by non-capital financing activities	131,562
Cash flows from investing activities:	
Interest on investments	283
Net increase in cash and cash equivalents	12,360
Cash and cash equivalents at beginning of year	29,941
Cash and cash equivalents at end of year	\$ 42,301
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (145,945)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	18,582
Depreciation	3,527
Decrease in inventories	3,050
Decrease in accounts receivable	199
Increase in salaries and benefits payable	348
Increase in unearned revenue	754
Net cash used in operating activities	\$ (119,485)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	\$ 42,301

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2009, the District received Federal commodities valued at \$18,582.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2009

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	\$ 225,421
Liabilities	<u>0</u>
Net assets	
Reserved for scholarships	<u>\$ 225,421</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Contributions	\$ 225,421
Deductions:	
Instruction:	
Scholarships awarded	0
Change in net assets	225,421
Net assets beginning of year	0
Net assets end of year	\$ 225,421

GRISWOLD COMMUNITY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2009

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

The Griswold 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 Griswold, Iowa, and the predominate agricultural territory in Montgomery, Adams, Cass, and Pottawattamie 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, Griswold Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Griswold 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 Montgomery, Adams, Cass, and Pottawattamie County 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 services.

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 consists of capital assets, net of accumulated depreciation.

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 assets 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 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 and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund is The Private Purpose Trust Fund.

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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is 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 governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget 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	\$ 1,500
Buildings	1,500
Land improvements	1,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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

recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

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

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 in banks at June 30, 2009 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool 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 and the Treasurer of the State of Iowa; 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:

	Amortized Cost
Diversified Portfolio	\$ 317,769

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

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

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 80,747	0	0	80,747
Construction in progress	49,457	400,546	0	450,003
Total capital assets not being depreciated	130,204	400,546	0	530,750
Capital assets being depreciated:				
Buildings	4,601,881	0	0	4,601,881
Land improvements	50,858	12,888	0	63,746
Machinery and equipment	1,161,819	119,064	0	1,280,883
Total capital assets being depreciated	5,814,558	131,952	0	5,946,510
Less accumulated depreciation for:				
Buildings	2,239,397	101,323	0	2,340,720
Land improvements	20,082	3,188	0	23,270
Machinery and equipment	790,680	117,575	0	908,255
Total accumulated depreciation	3,050,159	222,086	0	3,272,245
Total capital assets being depreciated, net	2,764,399	(90,134)	0	2,674,265
Governmental activities capital assets, net	\$ 2,894,603	310,412	0	3,205,015
Business-type activities:				
Machinery and equipment	\$ 93,341	1,241	0	94,582
Less accumulated depreciation	72,826	4,768	0	77,594
Business-type activities capital assets, net	\$ 20,515	(3,527)	0	16,988

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$	3,668
Special		663
Other		6,524

Support services:

Student services		3,523
Instructional staff services		2,400
Administration		3,222
Operation and maintenance of plant		24,047
Transportation		73,528

117,575

Unallocated depreciation 104,511

Total governmental activities depreciation \$ 222,086

Business-type activities:

Food services \$ 3,527

(4) Long-Term Liabilities

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

	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of</u>	<u>Within</u>
	<u>of Year</u>			<u>Year</u>	<u>One Year</u>
Early Retirement	\$ 10,160	77,508	6,809	80,859	29,187

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to years of service multiplied by the amounts from the early retirement schedule found in the District's early retirement policy. These benefits are subject to a maximum of \$18,750 per individual. Early retirement benefits of \$6,809 were paid during the year ended June 30, 2009.

(5) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll for the years ended June 30, 2009, 2008, and 2007. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$237,286, \$217,694 and \$190,662, respectively, equal to the required contributions for each year.

(6) Risk Management

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

(7) 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 \$213,339 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.

(8) Construction Commitment

The District has entered into various contracts as part of a high school air conditioning project. As of June 30, 2009, costs of \$450,003 had been incurred against the contract. The balance remaining at June 30, 2009 will be paid as work on the project progresses.

(9) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2009 are broken out by the following projects:

Project	Amount
Statewide Voluntary Preschool	\$ 3,167
Teacher Quality- Core Curriculum	7,916
Professional Development	6,649
Total Reserved for Categorical Funding	<u>\$ 17,732</u>

(10) Other Post-employment Benefits (OPEB)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other post-employment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB No. 45.

REQUIRED SUPPLEMENTARY INFORMATION

GRISWOLD COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE 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
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,501,964	208,253	3,710,217	3,460,331	3,460,331	249,886
State sources	3,104,918	3,979	3,108,897	3,526,363	3,526,363	(417,466)
Federal sources	119,731	146,165	265,896	210,000	210,000	55,896
Total revenues	<u>6,726,613</u>	<u>358,397</u>	<u>7,085,010</u>	<u>7,196,694</u>	<u>7,196,694</u>	<u>(111,684)</u>
Expenditures/Expenses:						
Instruction	3,952,739	0	3,952,739	4,714,562	4,714,562	761,823
Support services	2,162,130	0	2,162,130	2,738,626	2,738,626	576,496
Non-instructional programs	804	353,915	354,719	359,726	359,726	5,007
Other expenditures	612,641	0	612,641	1,140,802	1,140,802	528,161
Total expenditures/expenses	<u>6,728,314</u>	<u>353,915</u>	<u>7,082,229</u>	<u>8,953,716</u>	<u>8,953,716</u>	<u>1,871,487</u>
Excess(deficiency) of revenues over(under) expenditures	(1,701)	4,482	2,781	(1,757,022)	(1,757,022)	1,759,803
Other financing sources, net	977	0	977	7,000	7,000	(6,023)
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	(724)	4,482	3,758	(1,750,022)	(1,750,022)	1,753,780
Balance beginning of year	1,469,257	35,426	1,504,683	2,338,764	2,338,764	(834,081)
Balance end of year	<u>\$ 1,468,533</u>	<u>39,908</u>	<u>1,508,441</u>	<u>588,742</u>	<u>588,742</u>	<u>919,699</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD 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 comparison for the General Fund and each major Special Revenue Fund.

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

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

OTHER SUPPLEMENTARY INFORMATION

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

	Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 274,111	33,054	77,330	384,495
Receivables:				
Property tax:				
Current year delinquent	824	0	943	1,767
Accounts receivable	26,195	0	0	26,195
TOTAL ASSETS	\$ 301,130	33,054	78,273	412,457
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 0	7,728	0	7,728
Total Liabilities	0	7,728	0	7,728
Unreserved fund balances	301,130	25,326	78,273	404,729
TOTAL LIABILITIES AND FUND BALANCES	\$ 301,130	33,054	78,273	412,457

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue Funds			
	Manage- ment	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Local tax	\$ 49,911	0	55,916	105,827
Other	50,648	242,055	468	293,171
State sources	31	0	36	67
TOTAL REVENUES	100,590	242,055	56,420	399,065
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	17,081	0	0	17,081
Other instruction	0	256,466	0	256,466
Support services:				
Instructional staff	2,456	0	0	2,456
Administration services	19,175	0	0	19,175
Operation and maintenance of plant services	45,020	0	31,653	76,673
Student transportation	31,645	4,415	0	36,060
Non-instructional programs:				
Food service operations	804	0	0	804
Other expenditures:				
Facilities acquisitions	0	0	3,600	3,600
TOTAL EXPENDITURES	116,181	260,881	35,253	412,315
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,591)	(18,826)	21,167	(13,250)
FUND BALANCE BEGINNING OF YEAR	316,721	44,152	57,106	417,979
FUND BALANCE END OF YEAR	\$ 301,130	25,326	78,273	404,729

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD 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
Instrumental Music	(149)	1,786	1,248	389
Vocal Music	(2,440)	13,235	9,477	1,318
Athletics	6,372	71,977	76,335	2,014
Annuals	12,997	8,033	18,242	2,788
Class of 2011	150	9,239	4,678	4,711
Class of 2014	927	645	1,234	338
Class of 2013	165	0	165	0
Class of 2010	3,616	0	1,953	1,663
FFA	7,409	23,068	24,203	6,274
FHA	2,512	10,119	12,614	17
Health Services	725	210	20	915
HOSA	3,963	2,802	3,729	3,036
MS Activity	485	150	93	542
General Activity	695	190	701	184
N.H.S.	(136)	389	214	39
Now Interest	636	584	636	584
S.E.S.	287	0	285	2
Spanish Club	185	0	0	185
Student Council	1,651	10,028	12,429	(750)
Washington Trip	4,102	89,600	92,625	1,077
Total	\$ 44,152	242,055	260,881	25,326

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD 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	\$ 2,885,622	2,388,717	2,126,459	2,616,166	2,427,686	2,420,097
Tuition	155,295	147,184	190,352	170,893	170,793	191,255
Other	461,046	287,520	324,300	315,734	204,022	222,756
State sources	3,104,919	3,190,512	3,030,523	2,763,327	2,668,263	2,609,392
Federal sources	119,731	146,427	155,058	158,878	171,340	202,512
Total	\$ 6,726,613	6,160,360	5,826,692	6,024,998	5,642,104	5,646,012
Expenditures:						
Current:						
Instruction:						
Regular instruction	\$ 2,620,396	2,569,345	2,120,990	2,210,723	1,892,645	2,116,005
Special instruction	647,639	731,015	571,774	544,821	596,605	681,874
Other instruction	684,704	522,357	862,850	588,633	615,473	467,506
Support services:						
Student services	184,846	183,364	58,264	37,068	123,521	56,634
Instructional staff services	258,058	304,243	355,909	293,098	173,106	164,908
Administration services	645,726	625,883	635,085	591,533	519,779	501,286
Operation and maintenance of plant services	632,060	803,192	697,887	656,086	558,042	420,855
Transportation services	441,440	555,498	390,723	301,266	287,520	256,263
Other support services	0	0	0	0	0	4,875
Non-instructional programs	804	541	453	3,705	2,845	5,533
Other expenditures:						
Facilities acquisitions	399,302	24,967	77,691	227,282	15,669	112,141
Long-term debt:						
Principal	0	0	0	245,000	295,000	285,000
Interest and other charges	0	0	0	9,710	20,035	28,485
AEA flow-through	213,339	206,748	192,460	186,413	185,312	189,400
Total	\$ 6,728,314	6,527,153	5,964,086	5,895,338	5,285,552	5,290,765

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Griswold 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 Griswold Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 5, 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 Griswold 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 Griswold Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Griswold 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 Griswold 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 Griswold Community School District's financial statements that is more than inconsequential will not be prevented or detected by Griswold Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Members American Institute & Iowa Society of Certified Public Accountants

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

Compliance and Other Matters

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

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

Griswold 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 Griswold 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 Griswold Community School District and other parties to whom Griswold 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 Griswold 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.

January 5, 2010

GRISWOLD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

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

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

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

Conclusion - Response accepted.

I-B-09 Deposit Slips- We noted during our audit of the Student Activity Fund that deposit slips did not contain a listing of checks that made up the deposit.

Recommendation - Better internal control is achieved when the District lists checks that make up the composition of every deposit on all deposit slips taken to the bank. Tracing where money comes from is made easier in the event of an error.

Response - We will itemize deposit slips.

Conclusion - Response accepted.

I-C-09 Student Activity Fund- We noted during our audit that interest in the Activity Fund is not being allocated out at least once a year.

Recommendation - Interest needs to be allocated to the various accounts within the Activity Fund at least once per year.

Response - Interest will be transferred before the end of the fiscal year.

Conclusion - Response accepted.

I-D-09 Accounts Payable Procedures - We noted during our audit that several activity invoices are not paid in a timely manner. It was noted that sponsors are given invoices to verify purchases before the invoice is paid. We noted two invoices that were not returned to be paid for 6 and 4 months later.

Recommendation- The district should review current procedures and implement new procedures if needed to insure that invoices are paid in a timely manner.

Response- Invoices will be reviewed and paid in a timely manner.

Conclusion- Response accepted.

I-E-09 Supporting Documents for Payments - We noted during our audit an instance of a meal reimbursement for \$990. The supporting documentation totaled \$795.18 with no support for the additional monies reimbursed.

Recommendation - The District must maintain supporting documentation for reimbursement or no reimbursement should be made to individuals. The District should review procedures in place to insure the proper detailed documentation will be available with reimbursements to individuals.

Response – Athletic meals for state competitions are now being paid via credit card. The sponsor of the activity is responsible for the credit card.

Conclusion - Response accepted.

I-F-09 Restricted Endorsement- We noted during our audit that the District cashed a check without a restricted endorsement.

Recommendation- The district should review procedures for endorsing checks to insure that all checks are endorsed with a restricted endorsement.

Response- We have ordered stamps with the restrictive endorsement.

Conclusion- Response accepted.

GRISWOLD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.
- II-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Brenda Haas, Board Member Owns The Flower Basket	Supplies	\$639
Diane Keiser, Assistant Technology Coordinator Owns Hano's Printing	Printing services	\$1,280
Diane Keiser, Assistant Technology Coordinator Daughter owns Dusty's Place	Catering services	\$2,445
Karen Laverty, Secretary Son owns Laverty Sanitation	Trash service	\$9,115

In accordance with the Chapter 279.7A of the code of Iowa, the above transactions with the Board Member do not appear to represent a conflict of interest.

In accordance with the Attorney's General's opinion dated July 2, 1990, the above transactions with the Assistant Technology Coordinator, for printing services do not appear to represent a conflict of interest.

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the family member of the Secretary and family member of the Assistant Technology Coordinator do not appear to cause a conflict of interest.

- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-09 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were open enrolled out was overstated by 2.7 students.

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

Response - This correction will be made by the Iowa Department of Education and the Department of Management.

Conclusion - Response accepted.

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

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

II-J-09 Financial Condition - We noted during our audit that the Special Revenue, Student Activity Fund has one deficit account totaling \$750.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit. The District should review the controls in place for the Student Activity Fund. Additional controls for approving purchases may be needed.

Response - Student activity accounts with a deficit will be corrected by not spending money without having revenue to cover the expenditures.

Conclusion - Response accepted.

II-K-09 Payroll Authorization - We noted during our audit, the District does not have written authorization to mail employee's payroll checks. Chapter 91A.3 of the Code of Iowa requires that an employer have a written request from an employee before wages can be sent to an employee by mail.

Recommendation - The District should obtain written authorization from each employee who desires to receive a payroll check by mail.

Response - Written authorization will be obtained from employees wishing to have a physical check for payroll.

Conclusion - Response accepted.

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

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

Beginning Balance		\$	0
Statewide sales and servicing tax revenue			443,662
Expenditures/transfers out:			
School Infrastructure			
Equipment	\$	106,931	
Other improvements		138,321	245,252
			<u>245,252</u>
Ending Balance		\$	<u>198,410</u>

II-N-09 Officials Contracts - We noted during our audit that the Board President was not signing athletic officials contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa.

Response - Officials contracts will be signed by the board president.

Conclusion – Response accepted.