

LISBON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Lisbon Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 Election)		
Jeff Bohr	President	2008
Andrew Sullivan	Vice President	2010
Doren Montgomery	Board Member	2010
Eric Krob	Board Member	2008
David Prasil	Board Member	2009
Board of Education (After September 2008 Election)		
Eric Krob	President	2011
Andrew Sullivan	Vice President	2011 *
Connie Sproston	Board Member	2011
Doren Montgomery	Board Member	2009 *
David Prasil	Board Member	2009
School Officials		
Vincent Smith	Superintendent	2009
Laurie Maher	Business Manager/ Board Secretary	2009
Ahlers & Cooney, P.C.	Attorney	2009

* Board term altered 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
Lisbon 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 Lisbon Community School District, Lisbon Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lisbon 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.

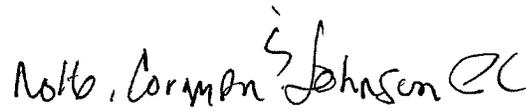
In accordance with Government Auditing Standards, we have also issued our report dated January 11, 2010 on our consideration of the Lisbon Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 36 through 37 are not required parts of the basic financial statements, but are supplementary

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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 opinions on the financial statements that collectively comprise Lisbon 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 two years ended June 30, 2008 and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (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 11, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lisbon 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 \$5,531,095 in fiscal 2008 to \$5,938,853 in fiscal 2009, while General Fund expenditures increased from \$5,436,559 in fiscal 2008 to \$5,780,207 in fiscal 2009. This resulted in an increase in the District's General Fund balance from \$320,032 in fiscal 2008 to a balance of \$478,678 in fiscal 2009.
- The increase in General Fund revenues was attributable to an increase in state and federal source revenues in fiscal 2009. The increase in expenditures can be attributed to salaries and benefits paid to district employees.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) increased as compared to fiscal 2008. At June 30, 2008 the District's solvency ratio was 4.13% as compared to 5.67% at June 30, 2009. The State School Budget Review Committee recommends a solvency ratio of 5% - 10%.

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 Lisbon 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 Lisbon 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 Lisbon Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

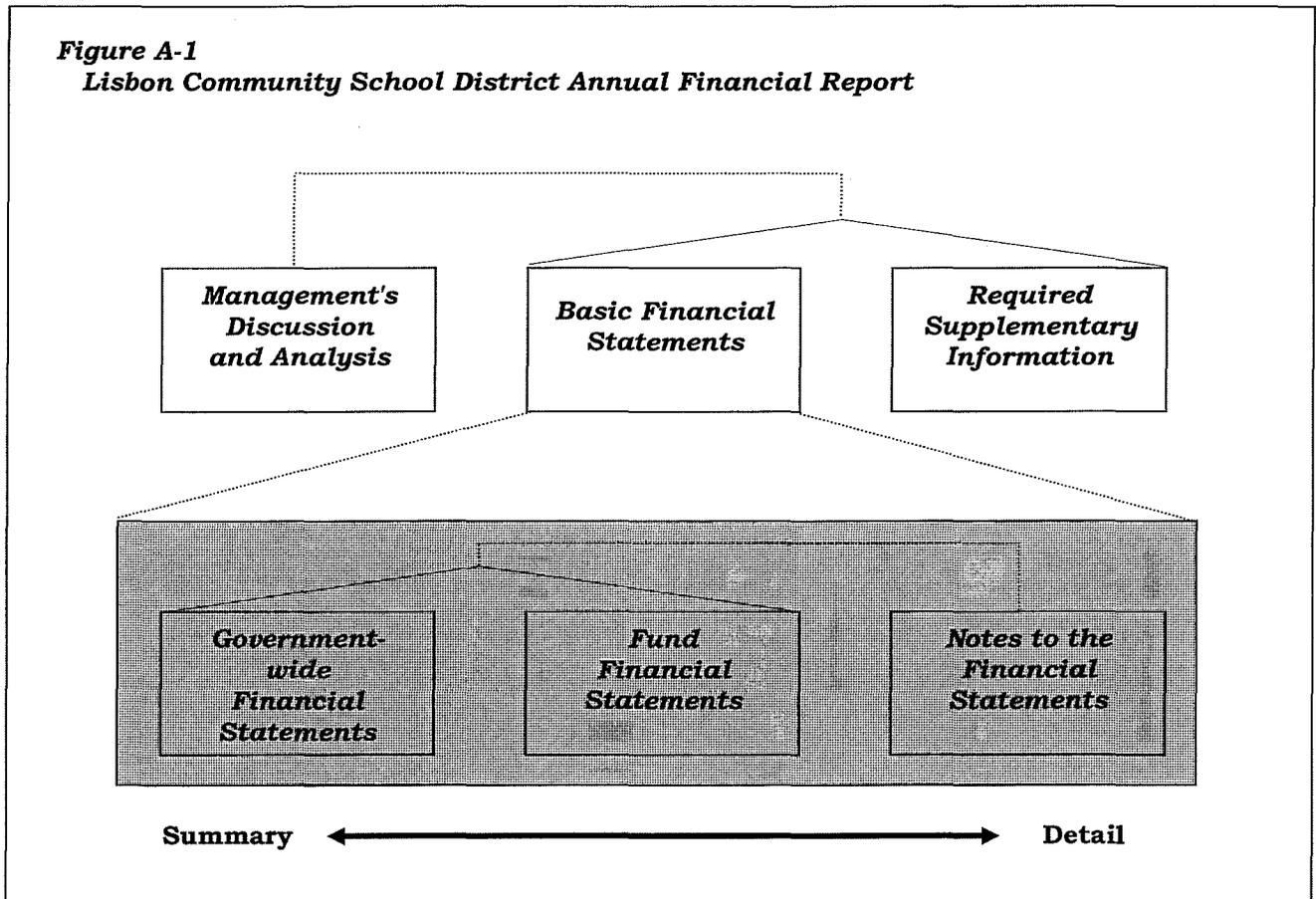


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	District-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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
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 revenues, expenses and changes in net assets • Statement of cash flows
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
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide 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 three 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 and LECCEC is included here.
- *Component unit:* This includes the activities of the Lisbon Community School District Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

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 two 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, Capital Projects, and Debt Service 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 two enterprise funds, the School Nutrition Fund and LECCEC Fund. Currently, the District has one Internal Service Fund which contains revenues and expenditures related to employees' flex spending program.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total Change June 30, 2008-09
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 5,801,857	4,773,646	133,893	147,024	5,935,750	4,920,670	20.63%
Capital assets	6,282,109	6,050,150	25,171	28,015	6,307,280	6,078,165	3.77%
Total assets	12,083,966	10,244,578	159,064	175,039	12,243,030	10,419,617	17.50%
Long-term obligations	2,308,492	2,396,429	0	0	2,308,492	2,396,429	-3.67%
Other liabilities	4,217,646	3,325,418	73,176	55,487	4,290,822	3,380,905	26.91%
Total liabilities	6,526,138	5,721,847	73,176	55,487	6,599,314	5,777,334	14.23%
Net assets:							
Invested in capital assets, net of related debt	4,072,109	3,725,150	25,171	28,015	4,097,280	3,753,165	9.17%
Restricted	956,958	961,253	0	0	956,958	961,253	-0.45%
Unrestricted	528,761	415,546	60,717	91,537	589,478	507,083	16.25%
Total net assets	\$ 5,557,828	5,101,949	85,888	119,552	5,643,716	5,221,501	8.09%

The District's combined net assets increased by \$422,215, or 8.09% over the prior year. The largest portion of the District's net assets is 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 approximately \$4,295 or 0.45% 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 approximately \$82,395, or 16.25%.

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

Figure A-4
Changes 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
Revenues:							
Program revenues:							
Charges for services	\$ 484,846	562,588	586,083	576,983	1,070,929	1,139,571	-6.02%
Operating grants and contributions and restricted interest	932,919	742,981	90,248	82,735	1,023,167	825,716	23.91%
General revenues:							
Property tax	1,896,015	1,760,970	0	0	1,896,015	1,760,970	7.67%
Income surtax	247,239	207,697	0	0	247,239	207,697	19.04%
Statewide sales and service tax	581,967	558,579	0	0	581,967	558,579	4.19%
Unrestricted state grants	2,813,536	2,835,950	0	0	2,813,536	2,835,950	-0.79%
Other	129,390	152,830	567	635	129,957	153,465	-15.32%
Total revenues	7,085,912	6,821,595	676,898	660,353	7,762,810	7,481,948	3.75%
Program expenses:							
Governmental activities:							
Instructional	4,188,985	4,008,942	0	0	4,188,985	4,008,942	4.49%
Support services	1,743,578	1,523,013	1,770	3,967	1,745,348	1,526,980	14.30%
Non-instructional programs	0	0	708,792	632,075	708,792	632,075	12.14%
Other expenses	697,470	596,232	0	0	697,470	596,232	16.98%
Total expenses	6,630,033	6,128,187	710,562	636,042	7,340,595	6,764,229	8.52%
Change in net assets	455,879	693,408	(33,664)	24,311	422,215	717,719	-41.17%
Net assets beginning of year	5,101,949	4,408,541	119,552	95,241	5,221,501	4,503,782	15.94%
Net assets end of year	\$ 5,557,828	5,101,949	85,888	119,552	5,643,716	5,221,501	8.09%

In fiscal 2009, local tax (property tax, income surtax, and statewide sales and services tax) and unrestricted state grants account for 78.17% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.92% all of the revenue from business type activities.

The District's total revenues were approximately \$7.76 million of which approximately \$7.08 million was for governmental activities and approximately \$0.68 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.75% increase in revenues and an 8.52% increase in expenses. Operating grants and contributions and restricted interest increased \$189,938 to fund increases in expenditures. The increase in expenses was related to increases in the negotiated salary and benefits as well as increases in expenses funded by grants received by the District.

Governmental Activities

Revenues for governmental activities were \$7,085,912 and expenses were \$6,630,033.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 4,188,985	4,008,942	4.49%	2,997,781	2,916,718	2.78%
Support services	1,743,578	1,523,013	14.48%	1,743,578	1,523,013	14.48%
Other expenses	697,470	596,232	16.98%	470,909	382,887	22.99%
Totals	\$ 6,630,033	6,128,187	8.19%	5,212,268	4,822,618	8.08%

- The cost financed by users of the District's programs was \$484,846.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$932,919.
- The net cost of governmental activities was financed with \$1,896,015 in property tax, \$247,239 in income surtax, \$581,967 in statewide sales and service tax, \$2,813,536 in unrestricted state grants, and \$43,386 in interest income.

Business type Activities

Revenues of the District's business type activities were \$676,898 and expenses were \$710,562. The District's business type activities include the School Nutrition Fund and the LECCEC 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 Lisbon 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 \$1,383,896 above last year's ending fund balances of \$1,257,236.

Governmental Fund Highlights

- The District's improving General Fund financial position is the product of many factors. Increases in state grants and federal revenues caused increases in revenues. The increase in revenues was more than enough to offset the increase in expenditures resulting in a General Fund balance increase of \$158,646.
- The Physical Plant and Equipment Levy fund balance increased from \$17,343 to \$18,895 in fiscal 2009. Both revenues and expenditures decreased as compared to the previous year. Fiscal 2009 revenues were more than enough to offset fund expenditures during the year creating the increase in fund balance.
- The Capital Projects fund balance decreased from \$695,486 in fiscal 2008 to \$682,157 in fiscal 2009 due to completion of the parking lot paving project and the beginning of the gym renovation project.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$73,223 at June 30, 2008 to \$85,346 at June 30, 2009. This represents an increase of approximately 16.56%. The School Daycare Fund (LECCEC) net assets decreased from \$46,329 at June 30, 2008 to \$542 at June 30, 2009.

BUDGETARY HIGHLIGHTS

The District's revenues were \$58,525 less than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving a different amount in federal sources than originally anticipated.

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

During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the amount budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$6,307,280, 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 3.77% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$238,584.

The original cost of the District's capital assets was \$9,691,472. Governmental funds account for \$9,596,133 with the remainder of \$95,339 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the improvements other than buildings category. The District's improvements other than buildings totaled \$99,729 at June 30, 2008 compared to \$431,126 at June 30, 2009. The increase is attributable to the completion of the parking lot paving project that was completed during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	2008-09
Land	\$ 150,000	150,000	0	0	150,000	150,000	0.00%
Construction in progress	79,419	53,368	0	0	79,419	53,368	48.81%
Buildings	5,576,125	5,664,976	0	0	5,576,125	5,664,976	-1.57%
Improvements other than buildings	431,126	99,729	0	0	431,126	99,729	332.30%
Machinery and equipment	45,439	82,077	25,171	28,015	70,610	110,092	-35.86%
Total	\$ 6,282,109	6,050,150	25,171	28,015	6,307,280	6,078,165	3.77%

Long-Term Debt

At June 30, 2009, the District had long-term debt outstanding of \$2,313,982 in general obligation bonds, early retirement and compensated absences. This represents a decrease of approximately 3.44% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had outstanding General Obligation Bonds of \$2,210,000 at June 30, 2009.

The District had outstanding Early Retirement benefits of \$90,000 payable from the Special Revenue, Management Fund at June 30, 2009.

The District had \$13,982 in Compensated Absences payable. The General Fund is responsible for paying \$8,492 while the School Daycare Fund (LECCEC) is responsible for paying \$5,490.

Figure A-7
Outstanding Long-Term Obligations

	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
General obligation bonds	\$ 2,210,000	2,325,000	0	0	2,210,000	2,325,000	-4.95%
Early retirement	90,000	67,500	0	0	90,000	67,500	33.33%
Compensated absences	8,492	3,929	5,490	0	13,982	3,929	255.87%
Total	\$ 2,308,492	2,396,429	5,490	0	2,313,982	2,396,429	-3.44%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The LECCEC daycare facility as well as the state funded 4-year old preschool program are definite assets to drawing more students to the District and increasing revenues. With their continued growth, enrollment will increase which in turn will help to maintain the health of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Laurie Maher, Business Manager/Board Secretary, Lisbon Community School District, 235 West School Street, Lisbon, Iowa, 52253-0839.

BASIC FINANCIAL STATEMENTS

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

	Primary Government		Component Unit	
	Govern- mental Activities	Business type Activities	Total	Lisbon Community School District Foundation
ASSETS				
Cash and pooled investments:				
ISCAP	\$ 1,240,038	0	1,240,038	0
Other	1,906,391	121,201	2,027,592	179,800
Receivables:				
Property tax:				
Delinquent	27,192	0	27,192	0
Succeeding year	2,111,013	0	2,111,013	0
Income surtax	211,949	0	211,949	0
Accounts	75,631	6,784	82,415	0
Accrued ISCAP interest	4,174	0	4,174	0
Due from other governments	225,469	0	225,469	0
Inventories	0	5,908	5,908	0
Capital assets, net of accumulated depreciation	6,282,109	25,171	6,307,280	0
TOTAL ASSETS	12,083,966	159,064	12,243,030	179,800
LIABILITIES				
Accounts payable	312,422	26,078	338,500	0
Salaries and benefits payable	511,543	41,608	553,151	0
ISCAP warrants payable	1,222,000	0	1,222,000	0
ISCAP accrued interest payable	3,374	0	3,374	0
ISCAP unamortized premium	19,981	0	19,981	0
Interest payable	14,930	0	14,930	0
Deferred revenue:				
Succeeding year property tax	2,111,013	0	2,111,013	0
Other	22,383	0	22,383	0
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	120,000	0	120,000	0
Early retirement payable	37,500	0	37,500	0
Compensated absences	8,492	5,490	13,982	0
Portion due after one year:				
General obligation bonds payable	2,090,000	0	2,090,000	0
Early retirement payable	52,500	0	52,500	0
TOTAL LIABILITIES	6,526,138	73,176	6,599,314	0
NET ASSETS				
Invested in capital assets, net of related debt	4,072,109	25,171	4,097,280	0
Restricted for:				
Scholarships	0	0	0	50,239
Categorical funding	141,740	0	141,740	0
Management	18,161	0	18,161	0
Physical plant and equipment levy	18,895	0	18,895	0
Capital projects	682,157	0	682,157	0
Debt service	3,766	0	3,766	0
Other special revenue purposes	92,239	0	92,239	0
Unrestricted	528,761	60,717	589,478	129,561
TOTAL NET ASSETS	\$ 5,557,828	85,888	5,643,716	179,800

SEE NOTES TO FINANCIAL STATEMENTS.

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Lisbon Community School District Foundation
	Expenses	Operating Grants, Charges for Services		Govern- mental Activities	Primary Government		
		Contributions and Restricted Interest	Business Type Activities		Total		
Governmental activities:							
Instruction:							
Regular	\$ 3,070,845	174,790	646,206	(2,249,849)	0	(2,249,849)	0
Special	699,861	98,221	60,152	(541,488)	0	(541,488)	0
Other	418,279	211,835	0	(206,444)	0	(206,444)	0
	<u>4,188,985</u>	<u>484,846</u>	<u>706,358</u>	<u>(2,997,781)</u>	<u>0</u>	<u>(2,997,781)</u>	<u>0</u>
Support services:							
Student	112,795	0	0	(112,795)	0	(112,795)	0
Instructional staff	226,579	0	0	(226,579)	0	(226,579)	0
Administration	622,614	0	0	(622,614)	0	(622,614)	0
Operation and maintenance of plant	561,413	0	0	(561,413)	0	(561,413)	0
Transportation	220,177	0	0	(220,177)	0	(220,177)	0
	<u>1,743,578</u>	<u>0</u>	<u>0</u>	<u>(1,743,578)</u>	<u>0</u>	<u>(1,743,578)</u>	<u>0</u>
Other expenditures:							
Facilities acquisitions	178,715	0	0	(178,715)	0	(178,715)	0
Long-term debt interest and fiscal charges	93,092	0	0	(93,092)	0	(93,092)	0
AEA flowthrough	226,561	0	226,561	0	0	0	0
Depreciation (unallocated)*	199,102	0	0	(199,102)	0	(199,102)	0
	<u>697,470</u>	<u>0</u>	<u>226,561</u>	<u>(470,909)</u>	<u>0</u>	<u>(470,909)</u>	<u>0</u>
Total governmental activities	<u>6,630,033</u>	<u>484,846</u>	<u>932,919</u>	<u>(5,212,268)</u>	<u>0</u>	<u>(5,212,268)</u>	<u>0</u>
Business-Type activities:							
Support services:							
Operation and maintenance of plant	1,770	0	0	0	(1,770)	(1,770)	0
Non-instructional programs:							
Nutrition services	302,568	241,933	74,250	0	13,615	13,615	0
Daycare	406,224	344,150	15,998	0	(46,076)	(46,076)	0
Total non-instructional programs:	<u>708,792</u>	<u>586,083</u>	<u>90,248</u>	<u>0</u>	<u>(32,461)</u>	<u>(32,461)</u>	<u>0</u>
Total business-type activities	<u>710,562</u>	<u>586,083</u>	<u>90,248</u>	<u>0</u>	<u>(34,231)</u>	<u>(34,231)</u>	<u>0</u>
Total primary government	<u>\$ 7,340,595</u>	<u>1,070,929</u>	<u>1,023,167</u>	<u>(5,212,268)</u>	<u>(34,231)</u>	<u>(5,246,499)</u>	<u>0</u>
Total component unit	<u>\$ 27,125</u>	<u>0</u>	<u>9,208</u>				<u>(17,917)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 1,642,056	0	1,642,056	0
Debt service				146,446	0	146,446	0
Capital outlay				107,513	0	107,513	0
Income surtax				247,239	0	247,239	0
Statewide sales and services tax				581,967	0	581,967	0
Unrestricted state grants				2,813,536	0	2,813,536	0
Unrestricted investment earnings				43,386	567	43,953	3,334
Unrealized gain on investments				0	0	0	(38,118)
Realized gain on investments				0	0	0	(7,113)
Other				86,004	0	86,004	8,318
Total general revenues				<u>5,668,147</u>	<u>567</u>	<u>5,668,714</u>	<u>(33,579)</u>
Changes in net assets				<u>455,879</u>	<u>(33,664)</u>	<u>422,215</u>	<u>(51,496)</u>
Net assets beginning of year				<u>5,101,949</u>	<u>119,552</u>	<u>5,221,501</u>	<u>231,296</u>
Net assets end of year				<u>\$ 5,557,828</u>	<u>85,888</u>	<u>5,643,716</u>	<u>179,800</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and pooled investments:				
ISCAP	\$ 1,240,038	0	0	1,240,038
Other	1,026,760	623,913	252,422	1,903,095
Receivables:				
Property tax				
Delinquent	22,289	0	4,903	27,192
Succeeding year	1,745,375	0	365,638	2,111,013
Income surtax	211,949	0	0	211,949
Interfund	1,357	0	3,685	5,042
Accounts	50,904	0	24,727	75,631
Accrued ISCAP interest	4,174	0	0	4,174
Due from other governments	101,726	123,743	0	225,469
TOTAL ASSETS	\$ 4,404,572	747,656	651,375	5,803,603
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 3,685	0	1,357	5,042
Accounts payable	185,604	65,499	61,319	312,422
Salaries and benefits payable	511,543	0	0	511,543
ISCAP warrants payable	1,222,000	0	0	1,222,000
ISCAP accrued interest payable	3,374	0	0	3,374
ISCAP unamortized premium	19,981	0	0	19,981
Deferred revenue:				
Succeeding year property tax	1,745,375	0	365,638	2,111,013
Income surtax	211,949	0	0	211,949
Other	22,383	0	0	22,383
Total liabilities	3,925,894	65,499	428,314	4,419,707
Fund balances:				
Reserved for:				
Categorical funding	141,740	0	0	141,740
Debt service	0	0	3,766	3,766
Unreserved	336,938	682,157	219,295	1,238,390
Total fund balances	478,678	682,157	223,061	1,383,896
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,404,572	747,656	651,375	5,803,603

SEE NOTES TO FINANCIAL STATEMENTS.

LISBON 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)	\$	1,383,896
 <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.		6,282,109
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		3,296
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		211,949
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(14,930)
Long-term liabilities, including bonds payable, early retirement and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(2,308,492)</u>
Net assets of governmental activities (page 13)	\$	<u>5,557,828</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Other Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,799,617	581,967	339,385	2,720,969
Tuition	273,011	0	0	273,011
Other	141,792	7,919	213,536	363,247
State sources	3,576,893	0	0	3,576,893
Federal sources	147,540	0	0	147,540
Total revenues	<u>5,938,853</u>	<u>589,886</u>	<u>552,921</u>	<u>7,081,660</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,997,645	0	37,500	3,035,145
Special	699,861	0	0	699,861
Other	211,388	0	206,891	418,279
	<u>3,908,894</u>	<u>0</u>	<u>244,391</u>	<u>4,153,285</u>
Support services:				
Student	112,795	0	0	112,795
Instructional staff	226,579	0	0	226,579
Administration	593,914	0	34,068	627,982
Operation and maintenance of plant	524,499	0	30,850	555,349
Transportation	186,965	0	10,355	197,320
	<u>1,644,752</u>	<u>0</u>	<u>75,273</u>	<u>1,720,025</u>
Other expenditures:				
Facilities acquisitions	0	540,215	106,199	646,414
Long-term debt:				
Principal	0	0	115,000	115,000
Interest and fiscal charges	0	0	93,715	93,715
AEA flowthrough	226,561	0	0	226,561
	<u>226,561</u>	<u>540,215</u>	<u>314,914</u>	<u>1,081,690</u>
Total expenditures	<u>5,780,207</u>	<u>540,215</u>	<u>634,578</u>	<u>6,955,000</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>158,646</u>	<u>49,671</u>	<u>(81,657)</u>	<u>126,660</u>
Other financing sources (uses):				
Transfers in	0	0	63,000	63,000
Transfers out	0	(63,000)	0	(63,000)
Total other financing sources (uses)	<u>0</u>	<u>(63,000)</u>	<u>63,000</u>	<u>0</u>
Net change in fund balances	158,646	(13,329)	(18,657)	126,660
Fund balance beginning of year	<u>320,032</u>	<u>695,486</u>	<u>241,718</u>	<u>1,257,236</u>
Fund balance end of year	<u>\$ 478,678</u>	<u>682,157</u>	<u>223,061</u>	<u>1,383,896</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 17) \$ 126,660

***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. Depreciation expense exceeded capital expenditures in the current year, as follows:

Capital expenditures	\$ 467,699	
Depreciation expense	<u>(235,740)</u>	231,959

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 4,448

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 115,000

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 4,252

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. 623

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 fund.

Early retirement	\$ (22,500)	
Compensated absences	<u>(4,563)</u>	<u>(27,063)</u>

Changes in net assets of governmental activities (page 14) \$ 455,879

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities:			Governmental Activites: Internal Service Fund
	Enterprise Funds			
	School Nutrition	LECCEC (DayCare)	Total Enterprise	
ASSETS				
Cash and pooled investments	\$ 66,451	54,750	121,201	3,296
Interfund receivable	213	0	213	0
Accounts receivable	5,608	1,176	6,784	0
Inventories	3,956	1,952	5,908	0
Capital assets, net of accumulated depreciation	25,171	0	25,171	0
TOTAL ASSETS	101,399	57,878	159,277	3,296
LIABILITIES				
Interfund payable	0	213	213	0
Accounts payable	10,161	15,917	26,078	0
Salaries and benefits payable	5,892	35,716	41,608	0
Compensated absences payable	0	5,490	5,490	0
TOTAL LIABILITIES	16,053	57,336	73,389	0
NET ASSETS				
Invested in capital assets	25,171	0	25,171	0
Unrestricted	60,175	542	60,717	3,296
TOTAL NET ASSETS	\$ 85,346	542	85,888	3,296

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds			Governmental Activities:
	School Nutrition	LECCEC (DayCare)	Total Enterprise	Internal Service Fund
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 241,933	344,150	586,083	19,583
OPERATING EXPENSES:				
Support services:				
Operation and maintenance of plant:				
Services	1,770	0	1,770	0
Non-instructional programs:				
Food service operations:				
Salaries	76,884	0	76,884	0
Benefits	15,048	0	15,048	0
Supplies	207,792	47,251	255,043	0
Depreciation	2,844	0	2,844	0
	302,568	47,251	349,819	0
Community service operations:				
Salaries	0	253,889	253,889	0
Benefits	0	82,504	82,504	0
Supplies	0	22,580	22,580	0
	0	358,973	358,973	0
Other enterprise operations:				
Benefits	0	0	0	15,146
Total non-instructional programs:	302,568	406,224	708,792	15,146
TOTAL OPERATING EXPENSES	304,338	406,224	710,562	15,146
OPERATING INCOME (LOSS)	(62,405)	(62,074)	(124,479)	4,437
NON-OPERATING REVENUES:				
State sources	2,874	0	2,874	0
Federal sources	71,376	15,998	87,374	0
Interest on investments	278	289	567	11
TOTAL NON-OPERATING REVENUES	74,528	16,287	90,815	11
Net income (loss)	12,123	(45,787)	(33,664)	4,448
Net assets beginning of year	73,223	46,329	119,552	(1,152)
Net assets end of year	\$ 85,346	542	85,888	3,296

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities:			Governmental
	Enterprise Funds			Activities:
	School	LECCEC	Total	Internal
	Nutrition	(DayCare)	Enterprise	Service Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 240,132	0	240,132	0
Cash received from miscellaneous	0	344,089	344,089	19,584
Cash payments to employees for services	(91,797)	(324,033)	(415,830)	(16,480)
Cash payments to suppliers for goods or services	(197,030)	(62,767)	(259,797)	0
Net cash provided by(used in) operating activities	(48,695)	(42,711)	(91,406)	3,104
Cash flows from non-capital financing activities:				
State grants received	2,874	0	2,874	0
Federal grants received	60,017	15,998	76,015	0
Net cash provided by non-capital financing activities	62,891	15,998	78,889	0
Cash flows from investing activities:				
Interest on investments	278	289	567	11
Net increase(decrease) in cash and cash equivalents	14,474	(26,424)	(11,950)	3,115
Cash and cash equivalents at beginning of year	51,977	81,174	133,151	181
Cash and cash equivalents at end of year	\$ 66,451	54,750	121,201	3,296
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (62,405)	(62,074)	(124,479)	4,437
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	11,359	0	11,359	0
Depreciation	2,844	0	2,844	0
Decrease(Increase) in inventories	309	(746)	(437)	0
Decrease(Increase) in accounts receivable	1,679	(61)	1,618	1
Increase in accounts payable	864	7,810	8,674	0
Decrease(Increase) in salaries and benefits payable	135	6,870	7,005	(1,334)
Increase in compensated absences payable	0	5,490	5,490	0
Decrease in unearned revenue	(3,480)	0	(3,480)	0
Net cash provided by(used in) operating activities	\$ (48,695)	(42,711)	(91,406)	3,104
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 66,451	54,750	121,201	3,296
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
During the year ended June 30, 2009, the District received Federal commodities valued at \$11,359.				
SEE NOTES TO FINANCIAL STATEMENTS.				

LISBON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
COMPONENT UNIT
JUNE 30, 2009

	<u>Lisbon Community School District Foundation</u>
Assets	
Cash	\$ 28,965
Certificates of deposit	5,000
Investments	<u>145,835</u>
Total Assets	<u>\$ 179,800</u>
Total Liabilities	<u>\$ 0</u>
Net Assets	
Restricted net assets	50,239
Unrestricted net assets	<u>129,561</u>
Total Net Assets	<u>\$ 179,800</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

LISBON COMMUNITY SCHOOL DISTRICT
STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN NET ASSETS - CASH BASIS
COMPONENT UNIT
YEAR ENDED JUNE 30, 2009

	Lisbon Community School District Foundation		
	Unrestricted	Restricted	Total
	Funds	Funds	
Support and Revenue:			
Interest	\$ 319	1,296	1,615
Dividends	1,719	0	1,719
Donations	9,208	0	9,208
Unrealized gain or loss on investments	(27,154)	(10,964)	(38,118)
Realized gain or loss on investments	(1,885)	(5,228)	(7,113)
Other	8,318	0	8,318
Total support and revenue	(9,475)	(14,896)	(24,371)
Expenses:			
Administration	0	449	449
Investment management	518	133	651
Scholarships	24,900	0	24,900
Gifts given	423	0	423
Other	702	0	702
Total expenses	26,543	582	27,125
Change in net assets before other financing sources	(36,018)	(15,478)	(51,496)
Other financing sources and uses	548	(548)	0
Deficiency of support and revenue under expenses	(35,470)	(16,026)	(51,496)
Net assets beginning of year	165,031	66,265	231,296
Net assets end of year	\$ 129,561	50,239	179,800

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

(1) Summary of Significant Accounting Policies

The Lisbon Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Lisbon, Iowa, and the predominate agricultural territory in Linn, Cedar, Jones, and Johnson 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, Lisbon 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.

These financial statements present the Lisbon Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit

The Lisbon Community School District Foundation was created to raise money through contributions and fundraisers to benefit the District. The Foundation is a separate legal entity with its own accounting records and board of trustees. The trustees are elected for 3-year terms from nominations submitted by the Board of Education of the District. The Foundation does not produce separately prepared financial statements. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The Foundation is accounted for as a Governmental fund in these financial statements.

Jointly Governed Organizations

The District does not participate in any jointly governed organizations for which the District is financially accountable or that the nature and significance of the relationship with the District are such that exclusion would cause the District's financial statements to be misleading.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

The Enterprise, Daycare Fund is used to account for child care services provided by the District.

The District also reports two non-major proprietary funds:

The School Nutrition Fund is used to account for the food service operations of the District.

The Internal Service Fund is used to account for the employee flex spending plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the 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.

<u>Asset Class</u>	<u>Amount</u>
Buildings	5,000
Improvements other than buildings	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Years of Useful Life</u>
Buildings	10-50 years
Improvements other than buildings	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.

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. 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. During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the budgeted amount.

(2) **Cash and Pooled Investments**

The District's deposits in bank 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>\$ 351</u>

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

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

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Activity	\$ 1,357
Activity	General	3,685
Nutrition	Daycare (LECCEC)	213
Total		<u>\$ 5,255</u>

The interfund receivables and payables have been subsequently repaid in compliance with the declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2008.

(4) Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$ 63,000</u>

The Capital Projects Fund transferred to the Debt Service Fund to pay a portion of principal and interest owed on the District's general obligation bond indebtedness.

(5) Iowa School Cash Anticipation Program (ISCAP)

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

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Accrued Warrants Payable</u>	<u>Accrued Interest Payable</u>
2008-09B	6/26/08	6/25/09	\$ 440,577	4,075	435,000	3,276
2009-10A	1/23/08	1/23/09	799,461	99	787,000	98
Total			<u>\$ 1,240,038</u>	<u>4,174</u>	<u>1,222,000</u>	<u>3,374</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009.

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2008-09A	\$ 0	225,000	225,000	0

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

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09B	3.000%	2.110%
2009-10A	2.500%	0.902%

(6) 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	\$ 150,000	0	0	150,000
Construction in progress	53,368	113,802	87,751	79,419
Total capital assets not being depreciated	203,368	113,802	87,751	229,419
Capital assets being depreciated:				
Buildings	8,146,181	87,751	0	8,233,932
Improvements other than buildings	130,041	353,897	0	483,938
Machinery and equipment	648,844	0	0	648,844
Total capital assets being depreciated	8,925,066	441,648	0	9,366,714
Less accumulated depreciation for:				
Buildings	2,481,205	176,602	0	2,657,807
Improvements other than buildings	30,312	22,500	0	52,812
Machinery and equipment	566,767	36,638	0	603,405
Total accumulated depreciation	3,078,284	235,740	0	3,314,024
Total capital assets being depreciated, net	5,846,782	205,908	0	6,052,690
Governmental activities capital assets, net	\$ 6,050,150	319,710	87,751	6,282,109
Business type activities:				
Machinery and equipment	\$ 95,339	0	0	95,339
Less accumulated depreciation	67,324	2,844	0	70,168
Business-type activities capital assets, net	\$ 28,015	(2,844)	0	25,171

Governmental activities:

Instruction:

Regular	\$ 4,391
Administration	3,326
Operation and maintenance of plant	6,064
Transportation	22,857
	<u>36,638</u>

Unallocated depreciation	<u>199,102</u>
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Total governmental activities depreciation expense	<u>\$ 235,740</u>
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Business type activities:

Food services	<u>\$ 2,844</u>
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(7) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 2,325,000	0	115,000	2,210,000	120,000
Early Retirement	67,500	60,000	37,500	90,000	37,500
Compensated Absences	3,929	8,492	3,929	8,492	8,492
Total	<u>\$ 2,396,429</u>	<u>68,492</u>	<u>156,429</u>	<u>2,308,492</u>	<u>165,992</u>
Business Type Activities:					
Compensated Absences	\$ 0	5,490	0	5,490	5,490

General Obligation Bonds Payable

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

Year Ending June 30,	Bond issue dated May 1, 2003				
	Interest Rates	Principal	Interest	Total	
2010	3.50	% \$ 120,000	89,577	209,577	
2011	3.50	125,000	85,378	210,378	
2012	4.00	130,000	81,002	211,002	
2013	4.00	135,000	75,803	210,803	
2014	4.00	140,000	70,402	210,402	
2015-2019	4.00-4.10	790,000	263,413	1,053,413	
2020-2023	4.20-4.35	770,000	84,725	854,725	
Total		<u>\$ 2,210,000</u>	<u>750,300</u>	<u>2,960,300</u>	

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and have completed fifteen years of continuous service to the District. The maximum number of eligible employees that can participate in the District's early retirement plan in any year is two which are determined on a seniority basis. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits are equal to four equal payments of \$7,500 over four consecutive years. Eligible employees can participate in the District's health insurance policy but must pay the cost. The cost of early retirement benefits paid during the year ended June 30, 2009, totaled \$37,500.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$208,150, \$175,817 and \$161,765 respectively, equal to the required contributions for each year.

(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 \$226,561 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) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the amount budgeted.

(11) Construction Commitment

As of June 30, 2009, costs of \$79,419 had been incurred on construction contracts associated with improvements to the high school gym. When construction is completed, the final cost of the projects will be added to the District's capital asset listing.

(12) Categorical Funding

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

<u>Project</u>	<u>Amount</u>
Talented and gifted	\$ 15,239
Four-year-old preschool state aid	92,348
Beginning teacher mentoring	1,015
Salary improvement program	662
Market factor	2,215
Model core curriculum	7,533
Professional development	18,400
Market factor incentives	4,328
Total	<u>\$ 141,740</u>

(13) Other Postemployment Benefits (OPEB)

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

REQUIRED SUPPLEMENTARY INFORMATION

LISBON 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
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,357,227	586,650	3,943,877	3,955,540	3,955,540	(11,663)
State sources	3,576,893	2,874	3,579,767	3,665,743	3,665,743	(85,976)
Federal sources	147,540	87,374	234,914	195,800	195,800	39,114
Total revenues	<u>7,081,660</u>	<u>676,898</u>	<u>7,758,558</u>	<u>7,817,083</u>	<u>7,817,083</u>	<u>(58,525)</u>
Expenditures/Expenses:						
Instruction	4,153,285	0	4,153,285	4,725,080	4,725,080	571,795
Support services	1,720,025	1,770	1,721,795	2,344,102	2,344,102	622,307
Non-instructional programs	0	708,792	708,792	910,712	910,712	201,920
Other expenditures	1,081,690	0	1,081,690	856,852	856,852	(224,838)
Total expenditures/expenses	<u>6,955,000</u>	<u>710,562</u>	<u>7,665,562</u>	<u>8,836,746</u>	<u>8,836,746</u>	<u>1,171,184</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	126,660	(33,664)	92,996	(1,019,663)	(1,019,663)	1,112,659
Balance beginning of year	1,257,236	119,552	1,376,788	1,056,105	1,056,105	320,683
Balance end of year	<u>\$ 1,383,896</u>	<u>85,888</u>	<u>1,469,784</u>	<u>36,442</u>	<u>36,442</u>	<u>1,433,342</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LISBON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

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

During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

LISBON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 111,378	96,736	42,664	250,778	1,644	252,422
Receivables:						
Property tax:						
Current year delinquent	1,223	0	1,558	2,781	2,122	4,903
Succeeding year	107,000	0	113,660	220,660	144,978	365,638
Interfund	0	3,685	0	3,685	0	3,685
Accounts	0	24,727	0	24,727	0	24,727
TOTAL ASSETS	\$ 219,601	125,148	157,882	502,631	148,744	651,375
LIABILITIES AND FUND BALANCES						
Liabilities:						
Interfund payable	\$ 0	1,357	0	1,357	0	1,357
Accounts payable	4,440	31,552	25,327	61,319	0	61,319
Deferred revenue:						
Succeeding year property tax	107,000	0	113,660	220,660	144,978	365,638
Total liabilities	111,440	32,909	138,987	283,336	144,978	428,314
Fund balances:						
Reserved for debt service	0	0	0	0	3,766	3,766
Unreserved fund balances	108,161	92,239	18,895	219,295	0	219,295
Total fund balances	108,161	92,239	18,895	200,400	3,766	223,061
TOTAL LIABILITIES AND FUND BALANCES	\$ 219,601	125,148	157,882	502,631	148,744	651,375

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 85,426	0	107,513	192,939	146,446	339,385
Other	8,120	204,868	238	213,226	310	213,536
TOTAL REVENUES	93,546	204,868	107,751	406,165	146,756	552,921
EXPENDITURES:						
Current:						
Instruction:						
Regular	37,500	0	0	37,500	0	37,500
Other	0	206,891	0	206,891	0	206,891
Support services:						
Administration	34,068	0	0	34,068	0	34,068
Operation and maintenance of plant	30,850	0	0	30,850	0	30,850
Transportation	10,355	0	0	10,355	0	10,355
Other expenditures:						
Facilities acquisition	0	0	106,199	106,199	0	106,199
Long-term debt:						
Principal	0	0	0	0	115,000	115,000
Interest and fiscal charges	0	0	0	0	93,715	93,715
TOTAL EXPENDITURES	112,773	206,891	106,199	425,863	208,715	634,578
Excess(deficiency) of revenues over(under) expenditures	(19,227)	(2,023)	1,552	(19,698)	(61,959)	(81,657)
Other financing sources:						
Transfer in	0	0	0	0	63,000	63,000
Excess(deficiency) of revenues and other financing sources over(under) expenditures	(19,227)	(2,023)	1,552	(19,698)	1,041	(18,657)
Fund balance beginning of year	127,388	94,262	17,343	238,993	2,725	241,718
Fund balance end of year	\$ 108,161	92,239	18,895	219,295	3,766	223,061

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LISBON 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
Miscellaneous Accounts				
Peer Counselors	\$ 898	5	903	0
Special Account	688	24,705	22,552	2,841
Recycling	62	0	41	21
Junior High Accounts				
Boy's Football	0	600	600	0
Girl's Basketball	0	268	268	0
Boy's Track	0	242	242	0
Student Council	0	14,472	14,472	0
High School Accounts				
Cheerleaders	2,150	4,003	3,725	2,428
Boy's Basketball	12,188	15,521	13,657	14,052
Boy's Football	15,548	13,248	14,142	14,654
Boy's Baseball	0	15,140	14,274	866
Boy's Track	0	100	100	0
Boy's Golf	0	425	425	0
Boy's Wrestling	0	10,100	8,052	2,048
Girl's Basketball	6,590	7,396	5,436	8,550
Girl's Volleyball	4,582	4,808	4,441	4,949
Girl's Softball	6,969	7,808	10,660	4,117
Athletics	9,519	21,041	20,165	10,395
Speech	0	1,206	1,206	0
Annual	0	7,331	7,331	0
Student Council	107	4,672	3,227	1,552
SADD	438	0	0	438
Prom	1,994	3,575	2,773	2,796
Concessions	14,058	23,913	29,579	8,392
Dance	75	1,870	1,945	0
Drama	0	3,810	3,810	0
Ski Trip	551	2,460	2,471	540
Band Trip	3,438	2,210	1,080	4,568
Spanish Club	1,252	364	218	1,398
Fine Arts	9,545	12,671	17,385	4,831
Band Uniform Replacement	3,610	904	1,711	2,803
Total	\$ 94,262	204,868	206,891	92,239

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

LISBON 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	\$ 2,720,969	2,527,246	2,013,324	2,027,871	1,727,809	1,667,356
Tuition	273,011	270,870	330,755	284,428	363,834	245,725
Other	363,247	445,410	239,370	141,164	177,524	204,924
State sources	3,576,893	3,477,880	2,935,605	2,912,899	2,671,854	2,486,211
Federal sources	147,540	100,189	88,893	104,597	314,394	931,592
Total	\$ 7,081,660	6,821,595	5,607,947	5,470,959	5,255,415	5,535,808
Expenditures:						
Instruction:						
Regular	\$ 3,035,145	2,972,303	2,550,944	2,420,522	2,426,716	2,289,496
Special	699,861	654,870	673,032	394,806	506,763	470,526
Other	418,279	393,591	267,208	319,316	233,475	203,778
Support services:						
Student	112,795	101,531	93,398	73,875	74,412	60,311
Instructional staff	226,579	191,723	186,819	140,236	157,538	149,933
Administration	627,982	590,211	599,422	581,296	606,773	653,110
Operation and maintenance of plant	555,349	445,782	578,955	536,650	531,125	452,985
Transportation	197,320	187,178	144,258	276,250	237,485	119,240
Other expenditures:						
Facilities acquisitions	646,414	212,958	140,142	94,285	363,399	3,479,845
Long Term Debt:						
Principal	115,000	134,970	128,900	105,000	156,567	150,681
Interest	93,715	98,382	102,896	104,114	110,410	116,405
AEA flow-through	226,561	213,345	191,995	186,036	171,760	168,244
Total	\$ 6,955,000	6,196,844	5,657,969	5,232,386	5,576,423	8,314,554

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

To the Board of Education of the
Lisbon 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 Lisbon 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 11, 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 Lisbon 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 Lisbon Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lisbon 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 Lisbon 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 Lisbon Community School District's financial statements that is more than inconsequential will not be prevented or detected by Lisbon Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Findings Related to the General Purpose Financial Statements.

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 Lisbon Community School District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lisbon 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.

Lisbon 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 Lisbon 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 Lisbon Community School District and other parties to whom Lisbon 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 Lisbon 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 11, 2010

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

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

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

Response - The District will review the policy and structure for possible adjustments in duties.

Conclusion - Response accepted.

LISBON 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 - During the year ended June 30, 2009, expenditures in the other expenditures functional area exceeded the amount budgeted.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - Accrued amounts will be closely monitored in order to accurately estimate final budget figures and necessary amendments.

Conclusion - Response accepted.

II-B-09 Questionable Disbursements - We noted during our audit that the District gave cash to students as incentive prizes for top sellers for District fundraisers. Giving cash as an incentive prizes does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - Procedures have been reviewed and cash will not be disbursed in the future as an incentive prize.

Conclusion - Response accepted.

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 - No business transactions between the District and District officials were noted.

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

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

II-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

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

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

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

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

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

Beginning Balance		\$	0
Statewide sales and services tax revenue			581,967
Expenditures/Transfers out:			
School infrastructure:			
Buildings	\$	165,070	
Other improvements		353,897	
Debt service for school infrastructure:			
General obligation debt		63,000	581,967
		<u> </u>	<u> </u>
Ending balance		\$	<u> </u> 0
Levies reduced as a result of statewide sales and services tax received:			
		<u>Per \$1,000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	\$	<u>0.55428</u>	<u>\$ 63,000</u>

II-L-09 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations of the General and Activity Funds which have been outstanding for over a year.

Recommendation - The District should determine if the outstanding checks should be reissued, voided or submitted to the State as unclaimed property. If the checks are submitted as unclaimed property, the District must do so annually before November 1st as required by Chapter 556.1(10) and 556.11 of the Code of Iowa.

Response - Outstanding checks over a year old have now been cleared.

Conclusion - Response accepted.