MURRAY COMMUNITY SCHOOL DISTRICT
MURRAY, IOWA

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

JUNE 30, 2009

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MURRAY COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	Title	Term Expires
	Board of Education	
	(Before September 2008 Election)	
Dennis Jeter	President	2008
Shauna Shields	Vice President	2009
Melanie Halls	Board Member	2008
Mike Eckels	Board Member	2009
Terri Jones	Board Member	2011
	Board of Education	
	(After September 2008 Election)	
Dennis Jeter	President	2011
Shauna Shields	Vice President	2009
Mike Eckels	Board Member	2009
Melanie Halls	Board Member	2011
Terri Jones	Board Member	2011
	School Officials	
Dennis Bishop	Superintendent	2009
Elizabeth Justice	District Secretary	2009
Betty Jackson	District Treasurer	2009
Robert Reynoldson	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Murray 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 Murray Community School District, 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 the District's officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 Murray Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2009 on our consideration of Murray Community School District's internal control over financial reporting and on 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.

The Management's Discussion and Analysis and Budgetary Comparison Information on pages 6 through 15 and 48 through 49 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, 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 Murray 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 four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in 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.

Oskaloosa, Iowa
November 20, 2009

This section of the Murray Community School District's comprehensive annual financial report presents management's discussion and analysis of the District's financial performance for the year ending June 30, 2009. Please read it in conjunction with the district's financial statements.

Financial Highlights

- General Fund revenues increased from $2,770,849 in fiscal 2008 to $2,899,676 in fiscal 2009, and General Fund expenditures increased from $2,819,968 in fiscal 2008 to $3,002,321 in fiscal 2009. Expenditures exceeded revenues by $102,645, the sixth year expenditures have exceeded revenues.

- The district received $180,962 in School Infrastructure Local Option Sales Tax from Clarke, Decatur and Union counties and state supplemental funds. The district committed $50,000 in 2009 for debt reduction and the balance for facilities improvements. Major improvements this year included tuck-pointing of the elementary building, replacement of the telephone system, door replacements, computer purchases, upgrades to network servers and software, and upgrades to restroom facilities.

- The State of Iowa implemented a 1.5% across-the-board reduction in state aid for the 2008-09 school year, a cut of $21,591.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

Figure A-1

Murray Community School District Annual Financial Report

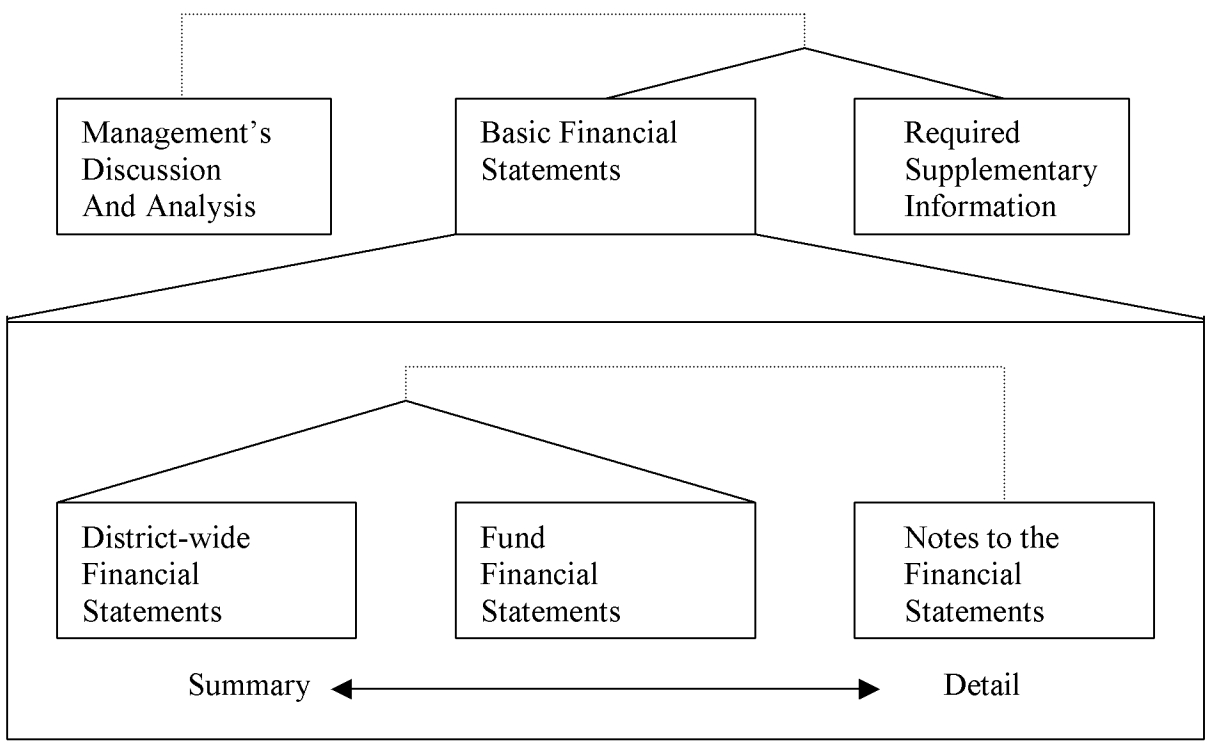

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents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

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

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

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-section 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 District-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether the financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District use 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 funds.

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provided a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.

- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District school for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The School District as a Whole

Net Assets. A comparison of the District's combined net assets for 2007, 2008 and 2009 follows:

Figure A-3
Statement of Net Assets

	Governmental Activities			Business-Type Activities			Total School District		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Assets:									
Current and other Assets	$2,336,230	$2,376,119	$2,310,327	$75,248	$81,731	120,727	$2,411,478	2,457,850	$2,431,054
Capital assets	1,612,225	1,550,192	1,517,889	37,916	35,975	34,486	1,650,141	1,586,167	1,552,375
Total assets	$3,948,455	3,926,311	3,828,216	113,164	117,706	155,213	4,061,619	4,044,017	$3,983,429
Long-term obligations	453,402	377,452	301,503	0	0	0	453,402	377,452	301,503
Other obligations	932,156	1,000,585	1,052,048	11,462	9,458	15,313	943,618	1,010,043	1,067,361
Total liabilities	1,385,558	1,378,037	1,353,551	11,462	9,458	15,313	1,397,020	1,387,495	1,368,864
Net assets									
Invested in capital assets net of related debt	1,162,225	1,175,192	1,217,889	37,916	35,975	34,486	1,200,141	1,211,167	1,252,375
Restricted	199,291	389,277	375,250	0	0	0	199,291	389,277	375,250
Unrestricted	1,201,381	983,805	881,526	63,786	72,273	105,414	1,265,167	1,056,078	986,940
Total net assets	$2,562,897	$2,548,274	$2,474,665	$101,702	$108,248	$139,900	$2,664,599	$2,656,522	$2,614,565

A large portion of the District's net assets reflects its investment in capital assets (land, buildings and building improvements, and equipment and machinery), less related debt (general obligation bonds payable and early retirements benefits payable. The District uses these capital assets to provide services to students and are available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in net assets – Figure A-4 shows a comparison of the changes in net assets for three years ending June 30, 2009.

Figure A-4

Changes in Net Assets

	Governmental Activities			Business-type Activities			Total School District		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Revenues:									
Program revenues:									
Charges for service & sales	$ 466,737	490,964	505,613	$ 75,345	73,069	82,792	$ 542,082	564,033	588,405
Operating grants, contributions, and restricted interest	469,203	512,908	710,523	97,915	95,351	116,002	567,118	608,259	826,525
Capital grants, contributions and restricted interest	0	0	0	0	0	0	0	0	0
General revenues:									
Property tax	601,185	609,542	618,316	0	0	0	601,185	609,542	618,316
Debt Service	41,624	30,444	37,800	0	0	0	41,624	30,444	37,800
PPEL	16,528	17,086	17,756	0	0	0	16,528	17,086	17,756
Local Option Sales and Services tax	172,272	163,049	180,962	0	0	0	172,272	163,049	180,962
Income Surtax	129,829	101,667	111,225	0	0	0	129,829	101,667	111,225
Unrestricted state grants	1,201,471	1,210,024	1,137,121	0	0	0	1,201,471	1,210,024	1,137,121
Unrestricted interest earnings	67,779	51,044	18,251	3,242	2,572	902	71,021	53,616	19,153
Other	12,280	21,668	12,187	0	0	0	12,280	21,668	12,187
Total revenues	$3,178,908	3,208,396	3,349,754	176,502	170,992	199,696	$3,355,410	3,379,388	3,549,450
Program expenses:									
Governmental activities:									
Instruction	$1,911,329	1,974,724	2,166,951	0	0	0	$1,911,329	1,974,724	2,166,951
Support Services	994,788	1,008,818	1,038,904	0	0	0	994,788	1,008,818	1,038,904
Non-instructional programs	0	0	0	174,489	164,446	168,044	174,489	164,446	168,044
Other expenses	267,001	239,477	217,508	0	0	0	264,769	239,477	217,508
	$3,173,118	3,223,019	3,423,363	174,489	164,446	168,044	$3,347,607	3,387,465	3,591,407
Change in net assets	$5,790	($ 14,623)	($73,609)	$ 2,013	$6,546	$31,652	$ 7,803	($ 8,077)	($41,957)

The major sources of 2009 revenues for the District were property tax and unrestricted state grants, accounting for 51% of the 2009 revenues. Other revenue sources were charges for sales and services, 17%; operating grants, contributions, and restricted interest 23%; sales and services tax, income surtax, interest and other sources, 9%.

The District's expenses primarily relate to instruction and support services, which have accounted for 89% of the total expenses this year.

Governmental Activities

Governmental activities revenues for 2009 were $3,349,754 and expenses were $3,423,363 resulting in a net asset decrease of $73,609.

Figure A-5 presents a comparison of the total and net cost of the District's major governmental activities:

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2008	2009	2007	2008	2009
Instruction	$1,911,329	$1,974,724	$2,166,951	$1,068,497	$1,066,475	$1,050,204
Support Services	994,788	1,008,818	1,038,904	994,788	1,008,818	1,038,904
Non-instructional programs	0	0	0	0	0	0
Other expenses	267,001	239,477	217,508	267,001	143,854	118,119
Totals	$3,173,118	$3,223,019	$3,423,363	$2,100,357	$2,219,147	$2,207,227

- The cost financed by users of the District's programs was $505,613 compared to $490,964 in 2008 and $466,737 in 2007.
- Federal and state governments subsidized certain programs with grants and contributions totaling $710,523 in 2009, compared to $512,908 in 2008 and $469,203 in 2007.
- The net cost of governmental activities was financed with $966,059 property and other taxes, $1,137,121 in unrestricted state funds, $18,251 interest income and $12,187 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were $199,696 and expenses were $168,044. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Financial Analysis of the District's Funds

As previously noted, the Murray Community School District used 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 the District ended 2009, its governmental funds reported combined fund balances of $1,155,581 a decrease of $117,442 or 9% from 2008.

Governmental Fund Highlights

The General Fund balance decreased for the sixth straight year. General fund expenditures exceeded revenues by $102,420. Increases in special education expenditures are attributable to the majority of the increase in expenditures. Fund balances increased for management and the physical plant and equipment fund. Fund balances decreased in the capital projects fund, student activity and debt services funds.

Proprietary Fund Highlights

The School Nutrition fund unrestricted net assets increased to $105,414 for the year ending June 30, 2009. This compares to $72,273 in 2008.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust fund. Although the budget document presents functional area expenditures of expenses by fund, the legal level of control is at the aggregated functional level, at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total actual revenues were $184,104 more than the total projected certified budget receipts, a variance of 5%.

Total expenditures were less than budgeted. It is the practice of the District to budget expenditures at the maximum authorized spending authority for all funds. The district controls spending through the line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the District's governmental activities had invested $1,517,889 net of accumulated depreciation of $1,758,334, in a broad range of governmental capital assets, including land, buildings and building improvements, ground improvements, vehicles, and furniture. Business-type activities had invested $34,486, net of accumulated depreciation of $42,103 in capital assets. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was $113,168 for governmental activities, and $3,589 for business-type activities.

The District has set capitalization levels of $1500 for all governmental activities assets. Business-type activities utilize the $500 capitalization level as required by regulations of the Bureau of Food and Nutrition.

Significant capital assets activities included the tuckpointing the elementary addition, replacement of the telephone system, door replacements, upgrades to network servers and software and upgrades to restroom facilities.

Figure A-6

Capital Assets, net of Depreciation

	Governmental Activities	Business-type Activities	Total School District
Land	$ 38,000	$ 0	$ 38,000
Buildings	1,267,520	0	1,267,520
Improvements, other than buildings	75,171	0	75,171
Furniture and equipment	137,198	34,486	171,684
Total	$1,517,889	$34,486	$1,552,375

Long-Term Liabilities

At June 30, 2009, the District had long-term liabilities totaling $301,503 of which $1,503 was for early retirement benefits, and $300,000 was for general-obligation bonds. More detailed information is available in Note 5 to the financial statements.

Factors Bearing on the District's Future

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

- School Infrastructure Local Option Sales tax collected in Clarke, Decatur and Union counties totaled $180,962. The District committed $50,000 in 2008-09 to be allocated to payment of general-obligation bonds resulting in a reduction in the property tax levy for debt services. The balance will be used for capital improvements.

- This is first time in eight years the district has not experienced a decline in enrollment with an increase of 2 students from 2008-09.

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 Elizabeth Justice, District Secretary/Business Manager, Murray Community School District, PO Box 187, Murray, Iowa 50174.

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Basic Financial Statements

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	$ 1,179,358	$ 108,051	$ 1,287,409
Receivables:			
Property tax:			
Current year	12,025	-	12,025
Succeeding year	636,299	-	636,299
Income surtax	103,551	-	103,551
Accounts	7,347	-	7,347
Due from other governments	371,747	7,250	378,997
Inventories	-	5,426	5,426
Capital assets, net of accumulated depreciation (note 4)	1,517,889	34,486	1,552,375
Total assets	3,828,216	155,213	3,983,429
Liabilities			
Accounts payable	112,608	4,545	117,153
Salaries and benefits payable	287,451	8,786	296,237
Accrued interest payable	853	-	853
Deferred revenue:			
Succeeding year property tax	636,299	-	636,299
Other	14,837	1,982	16,819
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	950	-	950
Bonds payable	80,000	-	80,000
Portion due after one year:			
Early retirement	553	-	553
Bonds payable	220,000	-	220,000
Total liabilities	1,353,551	15,313	1,368,864

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	$ 1,217,889	$ 34,486	$ 1,252,375
Restricted for:			
Categorical funding	6,413	-	6,413
Management levy	73,444	-	73,444
Physical plant and equipment levy	37,803	-	37,803
Other special revenue purposes	109,358	-	109,358
Debt service	19,684	-	19,684
Capital projects	128,548	-	128,548
Unrestricted	881,526	105,414	986,940
Total net assets	$ 2,474,665	$ 139,900	$ 2,614,565

See notes to financial statements.

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	$ 1,173,623	$ 363,654	$ 452,765
Special instruction	420,818	-	158,369
Other instruction	572,510	141,959	-
	2,166,951	505,613	611,134
Support services:			
Student services	101,143	-	-
Instructional staff services	104,112	-	-
Administration services	353,801	-	-
Operation and maintenance of plant services	309,441	-	-
Transportation services	170,407	-	-
	1,038,904	-	-
Other expenditures:			
Facilities acquisition	46,828	-	-
Long-term debt interest and fiscal charges	12,693	-	-
AEA flowthrough	99,389	-	99,389
Depreciation (unallocated) *	58,598	-	-
	217,508	-	99,389
Total governmental activities	3,423,363	505,613	710,523
Business-Type Activities:			
Non-instructional programs:			
Food service operations	168,044	82,792	116,002
Total	$ 3,591,407	$ 588,405	$ 826,525

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (357,204)	$ -	$ (357,204)
(262,449)	-	(262,449)
(430,551)	-	(430,551)
(1,050,204)	-	(1,050,204)
(101,143)	-	(101,143)
(104,112)	-	(104,112)
(353,801)	-	(353,801)
(309,441)	-	(309,441)
(170,407)	-	(170,407)
(1,038,904)	-	(1,038,904)
(46,828)	-	(46,828)
(12,693)	-	(12,693)
-	-	-
(58,598)	-	(58,598)
(118,119)	-	(118,119)
(2,207,227)	-	(2,207,227)
-	30,750	30,750
(2,207,227)	30,750	(2,176,477)

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Functions/Programs	
General Revenues:	
Property tax levied for:	
General purposes	
Debt service	
Capital outlay	
Income surtax	
State-wide sales and services tax	
Unrestricted state grants	
Unrestricted investment earnings	
Other	
Total general revenues	
Change in net assets	
Net assets beginning of year	
Net assets end of year	

* = This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ 618,316	$ -	$ 618,316
37,800	-	37,800
17,756	-	17,756
111,225	-	111,225
180,962	-	180,962
1,137,121	-	1,137,121
18,251	902	19,153
12,187	-	12,187
2,133,618	902	2,134,520
(73,609)	31,652	(41,957)
2,548,274	108,248	2,656,522
$ 2,474,665	$ 139,900	$ 2,614,565

MURRAY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and pooled investments	$ 843,947	$ 335,411	$ 1,179,358
Receivables:			
Property tax:			
Current year	9,963	2,062	12,025
Succeeding year	532,880	103,419	636,299
Income surtax	103,551	-	103,551
Accounts	7,347	-	7,347
Due from other governments	333,865	37,882	371,747
Total assets	$ 1,831,553	$ 478,774	$ 2,310,327
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 111,429	$ 1,179	$ 112,608
Salaries and benefits payable	284,468	2,983	287,451
Deferred revenue:			
Succeeding year property tax	532,880	103,419	636,299
Other	118,388	-	118,388
Total liabilities	1,047,165	107,581	1,154,746
Fund balances:			
Reserved for:			
Categorical funding	6,413	-	6,413
Debt service	-	20,537	20,537
Unreserved, reported in:			
Nonmajor special revenue funds	-	222,108	222,108
Undesignated	777,975	128,548	906,523
Total fund balances	784,388	371,193	1,155,581
Total liabilities and fund balances	$ 1,831,553	$ 478,774	$ 2,310,327

See notes to financial statements.

MURRAY 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	$	1,155,581
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		1,517,889
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		103,551
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(853)
Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(301,503)
Net assets of governmental activities	$	2,474,665

See notes to financial statements.

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Nonmajor Governmental Funds	Total
Revenues:			
Local sources:			
Local tax	$ 669,148	$ 296,476	$ 965,624
Tuition	347,215	-	347,215
Other	65,415	153,303	218,718
Intermediate sources	3,518	-	3,518
State sources	1,606,963	74	1,607,037
Federal sources	207,417	-	207,417
Total revenues	2,899,676	449,853	3,349,529
Expenditures:			
Current:			
Instruction	1,992,149	174,233	2,166,382
Support services:			
Student services	101,142	-	101,142
Instructional staff services	64,182	39,930	104,112
Administration services	345,046	8,756	353,802
Operation and maintenance of plant services	259,951	32,767	292,718
Transportation services	140,462	69,953	210,415
	910,783	151,406	1,062,189
Other expenditures:			
Facilities acquisition	-	51,356	51,356
Long term debt:			
Principal	-	75,000	75,000
Interest and fiscal charges	-	12,880	12,880
AEA flowthrough	99,389	-	99,389
	99,389	139,236	238,625
Total expenditures	3,002,321	464,875	3,467,196
Excess (deficiency) of revenues over (under) expenditures	(102,645)	(15,022)	(117,667)

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General	Nonmajor Governmental Funds	Total
Other financing sources (uses):			
Sale of equipment	$ 225	$ -	$ 225
Interfund transfers in (note 3)	-	50,000	50,000
Interfund transfers out (note 3)	-	(50,000)	(50,000)
Total other financing sources (uses)	225	-	225
Net change in fund balances	(102,420)	(15,022)	(117,442)
Fund balances beginning of year	886,808	386,215	1,273,023
Fund balances end of year	$ 784,388	$ 371,193	$ 1,155,581

See notes to financial statements.

MURRAY 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		$ (117,442)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:		
Expenditures for capital assets	$ 80,865	
Depreciation expense	(113,168)	(32,303)
Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		75,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		187
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		949
Change in net assets of governmental activities		$ (73,609)

See notes to financial statements.

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2009

	School Nutrition
Assets	
Cash and cash equivalents	$ 108,051
Due from other governments	7,250
Inventories	5,426
Capital assets, net of accumulated depreciation (note 4)	34,486
Total assets	155,213
Liabilities	
Accounts payable	4,545
Salaries and benefits payable	8,786
Deferred revenue	1,982
Total liabilities	15,313
Net Assets	
Invested in capital assets	34,486
Unrestricted	105,414
Total net assets	$ 139,900

See notes to financial statements.

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2009

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	$ 82,793
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	61,266
Benefits	10,110
Purchased services	8,143
Supplies	84,936
Depreciation	3,589
	168,044
Operating loss	(85,251)
Non-operating revenues:	
Interest on investments	902
State sources	2,177
Federal sources	113,824
Total non-operating revenues	116,903
Change in net assets	31,652
Net assets beginning of year	108,248
Net assets end of year	$ 139,900

See notes to financial statements.

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 81,748
Cash received from miscellaneous operating activities	649
Cash payments to employees for services	(68,328)
Cash payments to suppliers for goods or services	(83,996)
Net cash used by operating activities	(69,927)
Cash flows from non-capital financing activities:	
State grants received	2,313
Federal grants received	102,339
Net cash provided by non-capital financing activities	104,652
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,100)
Cash flows from investing activities:	
Interest on investments	902
Net increase in cash and cash equivalents	33,527
Cash and cash equivalents beginning of year	74,524
Cash and cash equivalents end of year	$ 108,051

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2009

		School Nutrition
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	(85,251)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation		3,589
Commodities used		9,479
(Increase) in inventories		(3,599)
Increase in accounts payable		3,203
Increase in salaries and benefits payable		3,048
(Decrease) in deferred revenue		(396)
Net cash used by operating activities	$	(69,927)

Non-cash investing, capital and financing activities:
During the year ended June 30, 2009, the District received $9,479 of federal commodities.

See notes to financial statements.

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Cash and pooled investments	$ 111,975	$ 11,027
Liabilities:		
Black Consortium Payable	-	11,027
Net assets:		
Reserved for scholarships	111,908	-
Reserved for book club	67	-
Total fund balances	$ 111,975	$ -

See notes to financial statements.

MURRAY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2009

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	$ 11,981
Deductions:	
Support services:	
Scholarships awarded	8,554
Change in net assets	3,427
Net assets beginning of year	108,548
Net assets end of year	$ 111,975

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Murray Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Murray, Iowa, and agricultural territory in Clarke, Decatur, and Union 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, Murray 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. Murray Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

District-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 service.

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 attributable to the acquisition, construction, or improvement of those assets.

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

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

The District reports the following major proprietary fund:

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

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards and other non-District activities.

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

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

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.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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 District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% 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.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

Asset Class	Amount
Land	$ 1,500
Buildings	1,500
Improvements other than buildings	1,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

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

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

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, unearned federal grants, and unearned meal revenues.

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Long-term Liabilities – In the District-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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employees in the year it is earned. The District has no compensated absences liability at June 30, 2009.

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.

Invested in capital assets, net of related debt – In the District-wide Statement of Net Assets, the net asset balance invested in capital assets, net of related debt is equal to the capital assets balances, including restricted capital assets, less accumulated depreciation and the outstanding balances of any bonds, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – In the District-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. Net assets restricted through enabling legislation as of June 30, 2009 consists of $375,250.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

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

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

Note 2. Cash and Pooled Investments (continued)

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

	Amortized Cost
Diversified Portfolio	$ 690,389

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

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	$ 50,000

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

Note 4. 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	$ 38,000	$ -	$ -	$ 38,000
Capital assets being depreciated:				
Buildings	2,375,331	4,527	-	2,379,858
Improvements other than buildings	158,874	-	-	158,874
Furniture and equipment	683,621	76,338	60,468	699,491
Total capital assets being depreciated	3,217,826	80,865	60,468	3,238,223
Less accumulated depreciation for:				
Buildings	1,059,095	53,243		1,112,338
Improvements other than buildings	78,348	5,355	-	83,703
Furniture and equipment	568,191	54,570	60,468	562,293
Total accumulated depreciation	1,705,634	113,168	60,468	1,758,334
Total capital assets being depreciated, net	1,512,192	(32,303)	-	1,479,889
Governmental activities capital assets, net	$ 1,550,192	$ (32,303)	$ -	$ 1,517,889

Note 4. Capital Assets (continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	$ 74,489	$ 2,100	$ -	$ 76,589
Less accumulated depreciation	38,514	3,589	-	42,103
Business-type activities capital assets, net	$ 35,975	$ (1,489)	$ -	$ 34,486

Depreciation expense was charged by the District to the following functions:

Governmental activities:	
Instruction	$ 7,902
Support services:	
Operation and maintenance of plant services	16,722
Transportation	29,946
	54,570
Unallocated depreciation	58,598
Total governmental activities depreciation expense	$ 113,168
Business-type activities:	
Food service operations	$ 3,589

Note 5. 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	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	$ 2,452	$ -	$ 949	$ 1,503	$ 950
General obligation bonds	375,000	-	75,000	300,000	80,000
Total	$ 377,452	$ -	$ 75,949	$ 301,503	$ 80,950

Early Retirement

The District, prior to the fiscal year ended June 30, 2006, offered a voluntary early retirement plan to all District employees. Eligible employees had to be at least age fifty-five and employees must have completed fifteen years of service to the District, with the last five years continuous in the District. Employees completed an application which was required to be approved by the Board of Education.

The early retirement incentive for each eligible employee was equal to a percentage of the employee's unused accumulated sick leave days times the employee's daily wage rate subject to a maximum based on the applicable salary schedule. The incentive was to be paid in monthly installments through the month preceding the employee's 65th birthday.

At June 30, 2009, the District had an obligation to one participant with a total liability of $1,503. Actual early retirement expenditures for the year ended June 30, 2009 totaled $949. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

Bonds Payable

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

Year Ending June 30,	Principal	Interest	Total
2010	$ 80,000	$ 10,230	$ 90,230
2011	80,000	7,670	87,670
2012	80,000	4,990	84,990
2013	60,000	2,190	62,190
	$ 300,000	$ 25,080	$ 325,080

Note 6. Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were $114,815, $101,401, and $95,404, respectively, equal to the required contributions for each year.

Note 7. Risk Management

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

Note 8. 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 $99,389 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.

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Required Supplementary Information

MURRAY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2009

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance
REVENUES:					
Local sources	$ 1,531,557	$ 83,695	$ 1,615,252	$ 1,597,310	$ 17,942
Intermediate sources	3,518	-	3,518	3,000	518
State sources	1,607,037	2,177	1,609,214	1,549,811	59,403
Federal sources	207,417	113,824	321,241	215,000	106,241
Total revenues	3,349,529	199,696	3,549,225	3,365,121	184,104
EXPENDITURES/EXPENSES:					
Instruction	2,166,382	-	2,166,382	2,448,144	281,762
Support services	1,062,189	-	1,062,189	1,467,009	404,820
Non-instructional programs	-	168,044	168,044	251,602	83,558
Other expenditures	238,625	-	238,625	321,623	82,998
Total expenditures/expenses	3,467,196	168,044	3,635,240	4,488,378	853,138
Excess (deficiency) of revenues over (under) expenditures/ expenses	(117,667)	31,652	(86,015)	(1,123,257)	1,037,242
Other financing sources, net	225	-	225		225
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(117,442)	31,652	(85,790)	(1,123,257)	1,037,467
Balance beginning of year	1,273,023	108,248	1,381,271	1,243,043	138,228
Balance end of year	$ 1,155,581	$ 139,900	$ 1,295,481	$ 119,786	$ 1,175,695

See accompanying independent auditor's report.

MURRAY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2009

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

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

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted.

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Other Supplementary Information

MURRAY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Assets				
Cash and pooled investments	$ 73,876	$ 113,520	$ 37,486	$ 19,863
Receivables:				
Property tax:				
Current year	1,071	-	317	674
Succeeding year	47,573	-	17,283	38,563
Due from other governments	-	-	-	-
Total assets	$ 122,520	$ 113,520	$ 55,086	$ 59,100
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ 1,179	$ -	$ -
Salaries and benefits payable	-	2,983	-	-
Deferred revenue:				
Succeeding year property tax	47,573	-	17,283	38,563
Total liabilities	47,573	4,162	17,283	38,563
Fund balances:				
Reserved for:				
Debt service	-	-	-	20,537
Unreserved:				
Undesignated	74,947	109,358	37,803	-
Total fund balances	74,947	109,358	37,803	20,537
Total liabilities and fund balances	$ 122,520	$ 113,520	$ 55,086	$ 59,100

See accompanying independent auditor's report.

	Capital Projects	Total
$	90,666	$ 335,411
	-	2,062
	-	103,419
	37,882	37,882
$	128,548	$ 478,774
$	-	$ 1,179
	-	2,983
	-	103,419
	-	107,581
	-	20,537
	128,548	350,656
	128,548	371,193
$	128,548	$ 478,774

MURRAY COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	Special Revenue			
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service
Revenues:				
Local sources:				
Local tax	$ 59,993	$ -	$ 17,745	$ 37,776
Other	7,183	144,759	240	-
State sources	39	-	11	24
Total revenues	67,215	144,759	17,996	37,800
Expenditures:				
Current:				
Instruction	1,201	173,032	-	-
Support services:				
Instructional staff services	-	-	-	-
Administration services	8,756	-	-	-
Operation and maintenance of plant services	32,767	-	-	-
Transportation services	-	-	-	-
Other expenditures:				
Facilities acquisition	-	-	11,898	-
Long term debt:				
Principal	-	-	-	75,000
Interest and fiscal charges	-	-	-	12,880
Total expenditures	42,724	173,032	11,898	87,880
Excess (deficiency) of revenues over (under) expenditures	24,491	(28,273)	6,098	(50,080)
Other financing sources (uses):				
Interfund transfers in	-	-	-	50,000
Interfund transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	50,000
Net change in fund balances	24,491	(28,273)	6,098	(80)
Fund balances beginning of year	50,456	137,631	31,705	20,617
Fund balances end of year	$ 74,947	$ 109,358	$ 37,803	$ 20,537

See accompanying independent auditor's report.

Capital Projects	Total
$ 180,962	$ 296,476
1,121	153,303
-	74
182,083	449,853
-	174,233
39,930	39,930
-	8,756
-	32,767
69,953	69,953
39,458	51,356
-	75,000
-	12,880
149,341	464,875
32,742	(15,022)
-	50,000
(50,000)	(50,000)
(50,000)	-
(17,258)	(15,022)
145,806	386,215
$ 128,548	$ 371,193

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Student Mentor Groups	$ 315	$ 1,960	$ 1,070	$ 1,205
Elementary Student Council	798	904	229	1,473
Athletics	417	5,449	5,490	376
Band/Vocal Resale	34	3,450	3,450	34
Class of:				
2009	3,899	4,101	7,908	92
2010	818	14,486	12,420	2,884
2011	357	-	-	357
2012	325	-	-	325
2013	241	340	-	581
2014	-	330	-	330
Fruit Sales	(3)	10,671	10,660	8
Basketball Camp	367	1,730	1,890	207
Programs Fund	479	575	148	906
Concession Supplies	-	1,556	1,076	480
Physics Club	50	-	-	50
All School Fundraisers	20,598	9,278	10,916	18,960
FFA	4,411	4,267	5,125	3,553
FFA Soils Kit Fund	736	-	-	736
FHA	(1,582)	7,718	6,692	(556)
FNA	(1)	376	47	328
Book Fair	1,062	1,929	1,509	1,482
Miscellaneous Athletics	1,310	125	101	1,334
Student Council	1,230	1,761	1,727	1,264
Cheerleaders	1,055	760	469	1,346
Drama	557	872	1,429	-
Picture Fund	-	314	314	-
French Club	2,099	-	412	1,687
Student Council Pop	(498)	3,917	3,575	(156)
Supplies	162	1,333	499	996
Baseball/Softball	(7,554)	7,816	9,975	(9,713)
Basketball	10,515	8,277	6,477	12,315
Football	4,066	5,523	5,362	4,227
Track	-	2,237	1,732	505
Volleyball	544	1,839	1,487	896
Interest	7,803	2,799	6,000	4,602
Yearbook	2,178	7,908	8,499	1,587
National Honor Society	(1)	-	-	(1)
TAG Club	2,107	651	1,298	1,460

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
FBLA	$ 94	$ -	$ -	$ 94
Vocal Music - Trips	2,399	775	838	2,336
Weightlifting	-	5,260	2,042	3,218
Swim Fund	4,983	2,100	415	6,668
Character Counts	897	1,648	512	2,033
Map Program	42,122	14,435	38,656	17,901
Mustang Pride	1,764	3,114	2,537	2,341
Co-Curricular Activity Fund	-	4,475	4,201	274
Student Council Ice Cream	14,390	25	4,267	10,148
Student Flower Fund	2,268	-	30	2,238
Gate Change	(200)	-	-	(200)
Book Rent/Preschool Fees	(98)	98	-	-
Drill Team Fund	-	-	-	-
Preschool Fundraising	787	3,439	2,342	1,884
El Fundraiser	5,772	6,025	10,879	918
Elementary Field Trips	3,559	-	214	3,345
Intrafund Transfers	-	(11,887)	(11,887)	-
Total	$ 137,631	$ 144,759	$ 173,032	$ 109,358

See accompanying independent auditor's report.

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash	$ 11,027	$ -	$ -	$ 11,027
Liabilities				
Black consortium payable	$ 11,027	$ -	$ -	$ 11,027

See accompanying independent auditor's report.

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST FIVE YEARS

	Modified Accrual Basis Years Ended June 30,				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	$ 965,624	$ 923,796	$ 938,438	$ 916,999	$ 896,380
Tuition	347,215	273,297	266,003	283,044	203,009
Other	218,718	305,064	329,219	310,845	271,853
Intermediate sources	3,518	2,958	1,486	-	9,566
State sources	1,607,037	1,580,222	1,502,405	1,458,141	1,356,063
Federal sources	207,417	125,508	117,215	144,928	122,673
Total revenues	$ 3,349,529	$ 3,210,845	$ 3,154,766	$ 3,113,957	$ 2,859,544
Expenditures:					
Instruction	$ 2,166,382	$ 1,973,850	$ 1,900,248	$ 1,852,077	$ 1,720,732
Support services:					
Student services	101,142	96,139	89,890	99,938	89,952
Instructional staff services	104,112	130,641	125,446	74,707	75,756
Administration services	353,802	342,572	363,899	348,030	332,528
Operation and maintenance of plant services	292,718	267,602	236,628	293,685	328,761
Transportation services	210,415	161,878	148,553	188,321	109,958
Non-instructional programs	-	-	-	-	3,903
Other expenditures:					
Facilities acquisition	51,356	78,895	111,666	133,197	-
Long-term debt:					
Principal	75,000	75,000	75,000	70,000	70,000
Interest and fiscal charges	12,880	14,905	16,705	22,175	19,365
AEA flowthrough	99,389	95,623	93,108	90,268	89,512
Total expenditures	$ 3,467,196	$ 3,237,105	$ 3,161,143	$ 3,172,398	$ 2,840,467

See accompanying independent auditor's report.

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
Murray 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 Murray 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 November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Murray 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 an opinion on the effectiveness of Murray Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Murray 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 the 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, including 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 Murray Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of Murray Community School District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Murray 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-E-09 is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about Murray Community School 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.

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

Oskaloosa, Iowa
November 20, 2009

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

I-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The posting of the cash receipts to the cash receipts journal and the bank reconciliation were done by the same person for all funds. The bank reconciliations were reviewed by the Superintendent.

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. One possible procedure would be to have an individual not involved in the listing of incoming receipts trace these receipts to the monthly bank statements and document this procedure.

Response – We will consider this.

Conclusion – Response acknowledged. The District could segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transctions and reports.

I-B-09 Student Activity Gate Admissions – Student activity gate admissions and the associated change box were not reconciled with prenumbered tickets. The District currently does not issue tickets at activity events.

Recommendation – The District should establish reconciliation procedures for athletic event gate admissions. The reconciliation should include the issuance of prenumbered tickets and the reconciling of the change box and admissions to the number of tickets issued.

Response – We will review our present procedures and consider the recommended reconciliation procedures.

Conclusion – Response acknowledged. The District should establish procedures to permit the reconciliation of gate receipts to gate admission reports of tickets sold.

I-C-09 Fundraiser Support – We noted in our testing of Special Revenue, Student Activity Fund fundraisers that no fundraiser reconciliation was prepared for the specific fundraiser selected for testing.

Recommendation – The District should require all sponsors or supervisors to complete a reconciliation of any fundraising activity. The reconciliation should match total sales to receipts and deposits, compare items purchased to items sold, and calculate the profit ratio for the activity.

Response – This was an oversight for this fundraiser. We currently require reconciliations for fundraising activities and we will ensure that all clubs and sponsors are aware of this requirement.

Conclusion – Response accepted.

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part I: Findings Related to the Basic Financial Statements (continued):

Significant Deficiencies (continued):

I-D-09 Drug Free After Prom Account – The District has a separate bank account for the Drug Free After Prom account but the transactions are not included in the District financial records.

Recommendation – The District should record these transactions in the Student Activity Fund.

Response – We will investigate alternatives as to the proper handling of the Drug Free After Prom account. The Board Secretary does review the disbursements for proprietary.

Conclusion – Response accepted.

I-E-09 Financial Reporting – During the audit, we identified material amounts of receivables not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables transactions.

Conclusion – Response accepted.

I-F-09 Accommodating Purchases – We noted that the District purchased pans to be resold at cost to District employees and food for the local fire department personnel.

Recommendation – District purchases made solely for resale to employees violates State of Iowa sales tax laws in that the District makes these purchases as a tax-exempt entity, but then resells the items back to non-exempt employees. This practice of purchasing pans and food overstates the District's revenues and expenditures because the transactions are not the District's. The practice of these accommodating purchases for District employees and the fire department personnel should be discontinued.

Response – We were unaware that this practice was not allowed. The practice will be eliminated in the future.

Conclusion – Response accepted.

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

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

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

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

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

Name, Title and Business Connection	Transaction Description	Amount
Steve Potter, Bus Driver Owner of Potter Plumbing	Plumbing repairs	$15,430

In accordance with Chapter 279.7A of the Code of Iowa, the transaction does not appear to represent a conflict of interest because of the limited availability of these services within the District's immediate vicinity.

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 – No transactions requiring Board approval which had not been approved by the Board were noted.

II-G-09 Certified Enrollment – The number of basic resident students reported to the Iowa Department of Education on line 1 of the Certified Enrollment Certification Form for October 2008 was understated by three students.

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

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

Conclusion – Response accepted.

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

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

MURRAY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2009

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

II-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather 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	$ -
Statewide sales and services tax revenue	180,962
Expenditures/transfers out:	
School infrastructure:	
Equipment	(2,414)
Debt service for school infrastructure:	
General obligation debt	(50,000)
Ending balance	$ 128,548

II-L-09 Financial Condition – The Special Revenue, Student Activity Fund had some individual account deficit balances at June 30, 2009.

Recommendation – The District needs to monitor the accounts and investigate alternatives to eliminate the deficit balances.

Response – The Board is aware of the conditions and is making strides to eliminate deficit account balances.

Conclusion – Response accepted.