

OLIN CONSOLIDATED SCHOOL DISTRICT

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

JUNE 30, 2009

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OLIN CONSOLIDATED SCHOOL DISTRICT
 Officials
 June 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	
Board of Education			
(Before September 2008 Election)			
Mike Hansen	Board President	2010	
Brian Bean	Board Member	2008	
Margo Ahrendsen	Board Member	2008	
Randy Cress	Board Member	2009	
Martin Francksen	Board Member	2010	
(After September 2008 Election)			
Mike Hansen	Board President	2011	*
Margo Ahrendsen	Board Member	2009	*
Randy Cress	Board Member	2009	
Martin Francksen	Board Member	2011	*
Rob Strawn	Board Member	2011	
School Officials			
Charles Liston	Superintendent	2009	
Carrie Fortin	District Secretary/Treasurer and Business Manager	2009	
Ahlers & Cooney, P.C.	Attorney	2009	

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

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
Olin Consolidated School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District, Olin, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

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

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

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

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 42 through 43 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Olin Consolidated School District's basic financial statements. Other supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. In my opinion, the information set forth in the supplementary information for each of the six years in the period ended June 30, 2009, appearing in Schedule 4, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 11, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Olin Consolidated 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 \$2,665,763 in fiscal 2008 to \$2,757,061 in fiscal 2009, and General Fund expenditures increased from \$2,638,402 in fiscal 2008 to \$2,881,705 in fiscal 2009. The District's General Fund balance decreased from \$279,189 in fiscal 2008 to \$154,545 in fiscal 2009, a 45% decrease.
- The increase in General Fund revenues was attributable to the following: the Teacher Salary Improvement Program increased; and the District increased the cash reserve levy by \$67,282. The increase in expenditures was attributed to the following: open enrollment out increased; the Teacher Salary Improvement Program increased; and salary negotiation increases.

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 Olin Consolidated 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 Olin Consolidated 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 Olin Consolidated School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Other Supplementary Information provides detailed information about the nonmajor Governmental Funds.

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

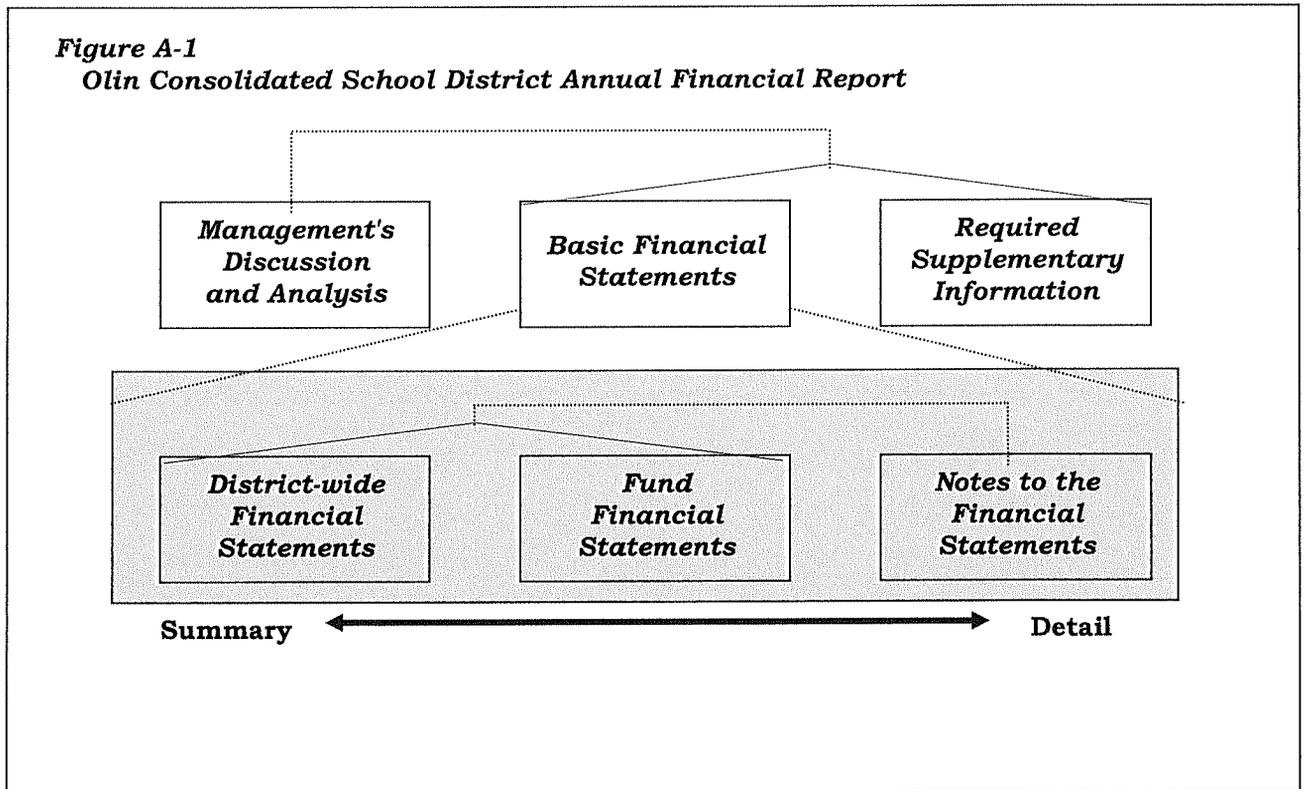


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
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 fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary fund:* 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 fund, one type of proprietary fund, is the same as its business type activity, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

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

3) *Fiduciary fund*: The District is the trustee, or fiduciary, for assets that belong to others. This fund consists of a Private-purpose Trust Fund.

- Private-purpose Trust Fund - The District accounts for outside donations for scholarships for individuals in this fund.

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

The required financial statements for fiduciary fund 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
	Activities		Activities		District		Change
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2008-2009</u>
Current and other assets	\$2,974,215	\$ 2,736,753	\$ 22,446	\$ 29,490	\$ 2,996,661	\$ 2,766,243	8.33%
Capital assets	<u>1,726,676</u>	<u>1,789,999</u>	<u>13,955</u>	<u>6,019</u>	<u>1,740,631</u>	<u>1,796,018</u>	-3.08%
Total assets	<u>4,700,891</u>	<u>4,526,752</u>	<u>36,401</u>	<u>35,509</u>	<u>4,737,292</u>	<u>4,562,261</u>	3.84%
Long-term liabilities	262,601	330,000	-	-	262,601	330,000	-20.42%
Other liabilities	<u>1,901,515</u>	<u>1,620,218</u>	<u>8,031</u>	<u>10,651</u>	<u>1,909,546</u>	<u>1,630,869</u>	17.09%
Total liabilities	<u>2,164,116</u>	<u>1,950,218</u>	<u>8,031</u>	<u>10,651</u>	<u>2,172,147</u>	<u>1,960,869</u>	10.77%
Net assets							
Invested in capital assets, net of related debt	1,476,676	1,459,999	13,955	6,019	1,490,631	1,466,018	1.68%
Restricted	834,348	753,635	-	-	834,348	753,635	10.71%
Unrestricted	<u>225,751</u>	<u>362,900</u>	<u>14,415</u>	<u>18,839</u>	<u>240,166</u>	<u>381,739</u>	-37.09%
Total net assets	<u>\$2,536,775</u>	<u>\$ 2,576,534</u>	<u>\$ 28,370</u>	<u>\$ 24,858</u>	<u>\$ 2,565,145</u>	<u>\$ 2,601,392</u>	-1.39%

The District's combined net assets decreased by approximately 1%, or \$36,247, from the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$80,713, or approximately 11% over the prior year. The increase was primarily a result of increased balance in the Capital Projects Fund since the District did not do any projects during FY09.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$141,573, or approximately 37%. This decrease in unrestricted net assets was a result of the District's expenditures growing at a faster pace than revenues and using reserve balances.

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
Change in Net Assets

	Governmental Activities		Business Type Activities		Total District		Change 2008-2009
	2009	2008	2009	2008	2009	2008	
Revenues							
Program revenues							
Charges for service	\$ 338,221	\$ 345,365	\$ 49,733	\$ 47,092	\$ 387,954	\$ 392,457	-1.15%
Operating grants, contributions & restricted interest	424,286	379,410	64,199	64,298	488,485	443,708	10.09%
General revenues							
Property tax	1,174,982	1,144,914	-	-	1,174,982	1,144,914	2.63%
Statewide sales and service tax	150,174	143,975	-	-	150,174	143,975	4.31%
Unrestricted state grants	1,026,174	1,030,118	-	-	1,026,174	1,030,118	-0.38%
Unrestricted investment earnings	22,407	44,744	175	870	22,582	45,614	-50.49%
Other	6,762	7,150	-	-	6,762	7,150	-5.43%
Special item - gain on sale of capital assets	242	-	-	-	242	-	100.00%
Total revenues	<u>3,143,248</u>	<u>3,095,676</u>	<u>114,107</u>	<u>112,260</u>	<u>3,257,355</u>	<u>3,207,936</u>	1.54%
Program expenses							
Governmental activities							
Instruction	2,210,938	2,026,989	-	-	2,210,938	2,026,989	9.07%
Support services	798,159	697,544	-	-	798,159	697,544	14.42%
Non-instructional programs	7,893	10,504	110,595	111,372	118,488	121,876	-2.78%
Other	166,017	170,645	-	-	166,017	170,645	-2.71%
Total expenses	<u>3,183,007</u>	<u>2,905,682</u>	<u>110,595</u>	<u>111,372</u>	<u>3,293,602</u>	<u>3,017,054</u>	9.17%
Change in net assets	<u>\$ (39,759)</u>	<u>\$ 189,994</u>	<u>\$ 3,512</u>	<u>\$ 888</u>	<u>\$ (36,247)</u>	<u>\$ 190,882</u>	-118.99%

In fiscal 2009, property tax and unrestricted state grants account for approximately 70% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99% of the revenue from business type activities.

The District's total revenues were \$3,257,355 of which \$3,143,248 was for governmental activities and \$114,107 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2% increase in revenues and a 9% increase in expenses. From FY08 to FY09 the District had an enrollment increase of 8.8 students and increased cash reserve, which reflects the increase in revenue. The increase in expenditures was attributed to the increase in open enrollment out tuition and increases in employee salaries.

Governmental Activities

Revenues for governmental activities were \$3,143,248 and expenses were \$3,183,007 for the year ended June 30, 2009. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

Figure A-5

Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 2,210,938	\$ 2,026,989	9.1%	\$ 1,548,455	\$ 1,432,099	8.1%
Support services	798,159	697,544	14.4%	795,340	690,951	15.1%
Non-instructional programs	7,893	10,504	-24.9%	7,893	(19,346)	140.8%
Other	<u>166,017</u>	<u>170,645</u>	-2.7%	<u>68,812</u>	<u>77,203</u>	-10.9%
Total	<u>\$ 3,183,007</u>	<u>\$ 2,905,682</u>	9.5%	<u>\$ 2,420,500</u>	<u>\$ 2,180,907</u>	11.0%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$338,221.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$424,286.
- The net cost of governmental activities was financed with \$1,325,156 in property and other taxes and \$1,026,174 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$114,107 representing a 2% increase over the prior year while expenses totaled \$110,595, a 1% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of this activity were comprised of charges for service, federal and state reimbursements and investment income.

During the year ending June 30, 2009, the District increased meal prices by 5 cents per meal. The District trimmed labor costs, which is reflected in the decrease of expenses.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$992,807, well below last year's ending fund balances of \$1,032,824. The primary reason for the decrease was the General Fund expenditures exceeding revenue and using reserves.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of declining enrollment and the elimination of the budget guarantee. Other factors are salary increases and other economic factors that affect expenditures such as fuel costs.
- The General Fund balance decreased from \$279,189 in 2008 to \$154,545 in 2009, due to declining revenue and increasing expenditures.
- The Capital Projects Fund balance increased from \$434,802 in 2008 to \$496,909 in 2009 due to revenue exceeding bond payments.

Proprietary Fund Highlights

Enterprise Fund net assets increased from \$24,858 at June 30, 2008 to \$28,370 at June 30, 2009, representing an increase of approximately 14%. For fiscal 2009, the District did increase meal prices slightly. The District continued its ala carte options to provide students with the option of salad bar at lunch.

BUDGETARY HIGHLIGHTS

During the year, Olin Consolidated School District did not amend its annual budget.

The District's revenues were \$141,268 less than budgeted revenues, a variance of approximately 4%. The most significant variance resulted from less local and state sources than projected.

Total expenditures were \$1,158,651 less than budgeted, due primarily to the District's budget for all funds. It is the District's practice to budget expenditures at the maximum authorized spending authority for all Funds. The District then manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$1,740,631, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of approximately 3% from last year. More

detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$79,128.

The original cost of the District's capital assets was \$3,497,003. Governmental funds account for \$3,446,235, with the remainder of \$50,768 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category. The District's furniture and equipment category totaled \$387,422 at June 30, 2008 compared to \$362,614 at June 30, 2009. This decrease was due to depreciation during the year ended June 30, 2009.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		District		
	2009	2008	2009	2008	2009	2008	2008-2009
Land and improvements	\$ 61,296	\$ 61,296	\$ -	\$ -	\$ 61,296	\$ 61,296	0.00%
Buildings and improvements	1,316,721	1,347,300	-	-	1,316,721	1,347,300	-2.27%
Furniture and equipment	<u>348,659</u>	<u>381,403</u>	<u>13,955</u>	<u>6,019</u>	<u>362,614</u>	<u>387,422</u>	-6.40%
Totals	<u>\$ 1,726,676</u>	<u>\$ 1,789,999</u>	<u>\$ 13,955</u>	<u>\$ 6,019</u>	<u>\$ 1,740,631</u>	<u>\$ 1,796,018</u>	-3.08%

Long-Term Debt

At June 30, 2009, the District had \$262,601 in total long-term debt outstanding. This represents a decrease of approximately 20% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$3 million.

Figure A-7

Outstanding Long-term Obligations

	Total		Total
	District		
	2009	2008	2008-2009
Revenue bonds	\$ 250,000	\$ 330,000	-24.24%
Termination benefits	<u>12,601</u>	<u>-</u>	100%
Totals	<u>\$ 262,601</u>	<u>\$ 330,000</u>	-20.42%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District experienced a large (36.3 students) decrease in enrollment in September 2009 which will affect its budget beginning with the 2009-10 school year. The District's enrollment has continued to decline. For 2009-10 the District will be on the 101% budget guarantee, which means that for 2010-11 the District will go back to the budget guarantee phase-out which will result in a large drop in revenue during that fiscal year of approximately \$133,000.
- Wage settlements with the Olin Education Association (OEA) average 4% to 5% increase annually. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- Starting with the 2010-11 school year the school district has entered into an instructional sharing arrangement with the Anamosa School District. This will allow the District to significantly trim salary expenditures.

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 Carrie Fortin, District Secretary/Treasurer and Business Manager, Olin Consolidated School District, 212 Trilby Street, Olin, IA 52320.

Basic Financial Statements

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

Exhibit A

Assets	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and cash equivalents			
ISCAP	\$ 428,221	\$ -	\$ 428,221
Other	1,184,606	19,340	1,203,946
Receivables			
Property tax			
Delinquent	24,743	-	24,743
Succeeding year	1,128,627	-	1,128,627
Accounts receivable	49,838	5	49,843
Accrued interest			
ISCAP	1,467	-	1,467
Other	1,570	-	1,570
Income surtax	80,519	-	80,519
Due from other governments	74,624	-	74,624
Inventories	-	3,101	3,101
Non-depreciable capital assets	61,296	-	61,296
Capital assets, net of accumulated depreciation	<u>1,665,380</u>	<u>13,955</u>	<u>1,679,335</u>
Total assets	<u>4,700,891</u>	<u>36,401</u>	<u>4,737,292</u>
 Liabilities			
Accounts payable	80,610	360	80,970
Salaries and benefits payable	260,671	6,741	267,412
Accrued interest payable	626	-	626
Deferred revenue			
Succeeding year property tax	1,128,627	-	1,128,627
Other	-	930	930
ISCAP warrants payable	422,000	-	422,000
ISCAP accrued interest payable	2,104	-	2,104
ISCAP unamortized premium	6,877	-	6,877
Long-term liabilities			
Portion due within one year			
Revenue bonds payable	80,000	-	80,000
Termination benefits payable	12,601	-	12,601
Portion due after one year			
Revenue bonds payable	<u>170,000</u>	<u>-</u>	<u>170,000</u>
Total liabilities	<u>2,164,116</u>	<u>8,031</u>	<u>2,172,147</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$1,476,676	\$ 13,955	\$1,490,631
Restricted for			
Categorical funding	8,687	-	8,687
Management levy	122,473	-	122,473
Physical plant and equipment levy	162,189	-	162,189
Public education and recreation levy	17,376	-	17,376
Other special revenue purposes	26,714	-	26,714
Capital projects	496,909	-	496,909
Unrestricted	<u>225,751</u>	<u>14,415</u>	<u>240,166</u>
Total net assets	<u><u>\$2,536,775</u></u>	<u><u>\$ 28,370</u></u>	<u><u>\$2,565,145</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs</u>							
Governmental activities							
Instruction							
Regular instruction	\$ 1,315,464	\$ 242,578	\$ 247,710	\$ -	\$ (825,176)	\$ -	\$ (825,176)
Special instruction	407,573	-	72,519	-	(335,054)	-	(335,054)
Other instruction	487,901	92,824	6,852	-	(388,225)	-	(388,225)
	<u>2,210,938</u>	<u>335,402</u>	<u>327,081</u>	<u>-</u>	<u>(1,548,455)</u>	<u>-</u>	<u>(1,548,455)</u>
Support services							
Student	42,560	-	-	-	(42,560)	-	(42,560)
Instructional staff	43,600	-	-	-	(43,600)	-	(43,600)
Administration	308,389	-	-	-	(308,389)	-	(308,389)
Operation and maintenance of plant	259,459	2,751	-	-	(256,708)	-	(256,708)
Transportation	144,151	68	-	-	(144,083)	-	(144,083)
	<u>798,159</u>	<u>2,819</u>	<u>-</u>	<u>-</u>	<u>(795,340)</u>	<u>-</u>	<u>(795,340)</u>
Non-instructional programs	<u>7,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,893)</u>	<u>-</u>	<u>(7,893)</u>
Other expenses							
Facilities acquisition	11,205	-	-	-	(11,205)	-	(11,205)
Long-term debt interest	8,780	-	-	-	(8,780)	-	(8,780)
AEA flowthrough	97,205	-	97,205	-	-	-	-
Depreciation (unallocated) *	48,827	-	-	-	(48,827)	-	(48,827)
	<u>166,017</u>	<u>-</u>	<u>97,205</u>	<u>-</u>	<u>(68,812)</u>	<u>-</u>	<u>(68,812)</u>
Total governmental activities	<u>3,183,007</u>	<u>338,221</u>	<u>424,286</u>	<u>-</u>	<u>(2,420,500)</u>	<u>-</u>	<u>(2,420,500)</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs (continued)						
Business type activities						
Non-instructional programs						
Food service operations	\$ 110,595	\$ 49,733	\$ 64,199	\$ -	\$ 3,337	\$ 3,337
Total	\$ 3,293,602	\$ 387,954	\$ 488,485	\$ -	\$ 3,337	\$ (2,417,163)
General Revenues						
Property tax levied for						
General purposes				1,097,129	-	1,097,129
Public education and recreation				9,253	-	9,253
Capital outlay				68,600	-	68,600
Statewide sales and services tax				150,174	-	150,174
Unrestricted state grants				1,026,174	-	1,026,174
Unrestricted investment earnings				22,407	175	22,582
Other				6,762	-	6,762
Special item - gain on sale of real property				242	-	242
Total general revenues and special item				2,380,741	175	2,380,916
Change in net assets				(39,759)	3,512	(36,247)
Net assets, beginning of year, as restated				2,576,534	24,858	2,601,392
Net assets, end of year				\$ 2,536,775	\$ 28,370	\$ 2,565,145

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

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2009

Assets	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total</u>
Cash and pooled investments				
ISCAP	\$ 428,221	\$ -	\$ -	\$ 428,221
Other	381,736	461,946	340,924	1,184,606
Receivables				
Property tax				
Delinquent	21,727	-	3,016	24,743
Succeeding year	1,063,978	-	64,649	1,128,627
Accounts receivable	49,623	124	91	49,838
Accrued interest				
ISCAP	1,467	-	-	1,467
Other	1,570	-	-	1,570
Income surtax	80,519	-	-	80,519
Due from other governments	39,785	34,839	-	74,624
Total assets and other debits	<u>\$2,068,626</u>	<u>\$496,909</u>	<u>\$408,680</u>	<u>\$2,974,215</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 79,750	\$ -	\$ 860	\$ 80,610
Salaries and benefits payable	258,853	-	1,818	260,671
ISCAP warrants payable	422,000	-	-	422,000
ISCAP accrued interest payable	2,104	-	-	2,104
ISCAP unamortized premium	6,877	-	-	6,877
Deferred revenue				
Succeeding year property tax	1,063,978	-	64,649	1,128,627
Income surtax	80,519	-	-	80,519
Total liabilities	<u>1,914,081</u>	<u>-</u>	<u>67,327</u>	<u>1,981,408</u>
 Fund balances				
Reserved for				
Categorical funding	8,687	-	-	8,687
Unreserved, governmental funds	145,858	496,909	-	642,767
Unreserved, special revenue funds	-	-	341,353	341,353
Total fund balances	<u>154,545</u>	<u>496,909</u>	<u>341,353</u>	<u>992,807</u>
Total liabilities and fund balances	<u>\$2,068,626</u>	<u>\$496,909</u>	<u>\$408,680</u>	<u>\$2,974,215</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2009

Exhibit D

Total fund balances of governmental funds	\$ 992,807
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.	1,726,676
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	80,519
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.	(626)
Long-term liabilities, including notes payable and termination benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(262,601)</u>
Net assets of governmental activities	<u><u>\$2,536,775</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$1,045,413	\$150,174	\$132,790	\$ 1,328,377
Tuition	188,429	-	-	188,429
Other	73,583	5,174	101,704	180,461
State sources	1,331,323	-	94	1,331,417
Federal sources	118,313	-	-	118,313
Total revenues	<u>2,757,061</u>	<u>155,348</u>	<u>234,588</u>	<u>3,146,997</u>
Expenditures				
Current				
Instruction				
Regular	1,300,204	-	4,337	1,304,541
Special	407,573	-	-	407,573
Other	381,472	-	104,599	486,071
	<u>2,089,249</u>	<u>-</u>	<u>108,936</u>	<u>2,198,185</u>
Support services				
Student	38,428	-	-	38,428
Instructional staff	43,600	-	-	43,600
Administration	299,697	-	4,504	304,201
Operation and maintenance of plant	188,433	-	63,375	251,808
Transportation	125,093	-	7,082	132,175
	<u>695,251</u>	<u>-</u>	<u>74,961</u>	<u>770,212</u>
Non-instructional programs	-	-	7,893	7,893
Other expenditures				
Facilities acquisition	-	4,288	20,278	24,566
Long-term debt				
Principal	-	-	80,000	80,000
Interest and fiscal charges	-	-	8,953	8,953
AEA flowthrough	97,205	-	-	97,205
	<u>97,205</u>	<u>4,288</u>	<u>109,231</u>	<u>210,724</u>
Total expenditures	<u>2,881,705</u>	<u>4,288</u>	<u>301,021</u>	<u>3,187,014</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (124,644)	\$151,060	\$ (66,433)	\$ (40,017)
Other financing sources (uses)				
Interfund operating transfers in	-	-	88,953	88,953
Interfund operating transfers (out)	-	(88,953)	-	(88,953)
Total other financing sources (uses)	-	(88,953)	88,953	-
Net change in fund balances	(124,644)	62,107	22,520	(40,017)
Fund balance, beginning of year	<u>279,189</u>	<u>434,802</u>	<u>318,833</u>	<u>1,032,824</u>
Fund balance, end of year	<u>\$ 154,545</u>	<u>\$496,909</u>	<u>\$341,353</u>	<u>\$ 992,807</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2009

Exhibit F

Net change in fund balances - total governmental funds \$ (40,017)

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

Expenditures for capital assets	\$13,361	
Gain on disposal of capital assets	242	
Depreciation expense	<u>(76,926)</u>	(63,323)

Certain revenues not collected for several months after year-end are not considered available revenue and are deferred in the governmental funds. (3,991)

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. 80,000

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 governmental funds, as follows:
 Termination benefits (12,601)

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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 173

Change in net assets of governmental activities \$ (39,759)

OLIN CONSOLIDATED SCHOOL DISTRICT
 Statement of Net Assets
 Proprietary Fund
 June 30, 2009

Exhibit G

	<u>Nonmajor Enterprise School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 19,340
Accounts receivable	5
Inventories	3,101
Capital assets, net of accumulated depreciation	<u>13,955</u>
Total assets	<u>36,401</u>
Liabilities	
Accounts payable	360
Salaries and benefits payable	6,741
Deferred revenue	<u>930</u>
Total liabilities	<u>8,031</u>
Net Assets	
Invested in capital assets	13,955
Unrestricted	<u>14,415</u>
Total net assets	<u>\$ 28,370</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

Exhibit H

	<u>Nonmajor Enterprise School Nutrition</u>
Operating revenue	
Local sources	
Charges for service	<u>\$49,733</u>
Operating expenses	
Non-instructional programs	
Food service operations	
Salaries and benefits	35,975
Benefits	5,092
Purchased services	38
Supplies	67,288
Depreciation	<u>2,202</u>
Total operating expenses	<u>110,595</u>
Operating loss	<u>(60,862)</u>
Non-operating revenues	
Interest income	175
State sources	1,401
Federal sources	<u>62,798</u>
Total non-operating revenues	<u>64,374</u>
Net income	3,512
Net assets, beginning of year	<u>24,858</u>
Net assets, end of year	<u>\$28,370</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

Exhibit I

	<u>Nonmajor Enterprise School Nutrition</u>
Cash flows from operating activities	
Cash received from sale of services	\$ 49,687
Cash payments to employees for services	(43,172)
Cash payments to suppliers for goods and services	<u>(62,258)</u>
Net cash used in operating activities	<u>(55,743)</u>
Cash flows from non-capital financing activities	
State grants received	1,401
Federal grants received	<u>56,244</u>
Net cash provided by non-capital financing activities	<u>57,645</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(10,136)</u>
Cash flows from investing activities	
Interest on investments	<u>175</u>
Net decrease in cash and cash equivalents	(8,059)
Cash and cash equivalents, beginning of year	<u>27,399</u>
Cash and cash equivalents, end of year	<u><u>\$ 19,340</u></u>

**Reconciliation of operating loss to net cash
used in operating activities**

Operating loss	\$(60,862)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	2,202
Commodities used	6,603
Decrease in accounts receivable	72
(Increase) in inventory	(1,138)
(Decrease) in accounts payable	(395)
(Decrease) in deferred revenue	(120)
(Decrease) in accrued salaries and benefits	<u>(2,105)</u>
Net cash used in operating activities	<u><u>\$(55,743)</u></u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2009, the District received \$6,603 of federal commodities.

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
 Statement of Fiduciary Net Assets
 Fiduciary Fund
 June 30, 2009

Exhibit J

	Private Purpose <u>Trust</u> <u>Scholarships</u>
Assets	
Cash and pooled investments	\$ 2,993
Accrued interest receivable	<u>1</u>
Total assets	2,994
Liabilities	
	<u>-</u>
Net assets	
Reserved for scholarships	<u><u>\$ 2,994</u></u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2009

Exhibit K

	<u>Private Purpose Trust</u> <u>Scholarships</u>
Additions	
Local sources	
Interest	\$ 37
Deductions	-
Change in net assets	37
Net assets, beginning of year	<u>2,957</u>
Net assets, end of year	<u>\$ 2,994</u>

See notes to financial statements.

OLIN CONSOLIDATED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

Note 1. Summary of Significant Accounting Policies

The Olin Consolidated School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. The geographic area served includes the City of Olin, Iowa, and the agricultural territory in Jones County. 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, Olin Consolidated School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Olin Consolidated 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 County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the 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 that are attributed to the acquisition, construction, or improvement of those assets.

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as 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 revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

The District reports no major proprietary funds. However, it reports one nonmajor enterprise fund, the School Nutrition Fund which is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund consists of the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

Proprietary funds distinguish operating revenues and expenses from 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 are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the 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 non-negotiable certificates of deposit which are stated at cost.

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

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

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

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

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

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

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

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

<u>Asset Class</u>	<u>Useful Life</u>
Buildings and improvements	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

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

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2009. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

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

governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax and income surtax receivables not collected within sixty days after year-end and payments from students for meals not yet served.

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 and payments from students for meals not yet served.

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 Balance - 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.

Net Assets - Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consist of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$284,662 of restricted net assets which is restricted by enabling legislation.

E. Budgeting and Budgetary Accounting

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

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.

At June 30, 2009, the District had investments in the IPAS education as follows:

	Amortized Cost
Institutional Money Market Fund	<u>\$1,170,070</u>

At June 30, 2009, the District had investments in the IPAS education Program (the Fund) which invests in liquid investments that are placed in an SEC-registered money market fund in accordance with 17 C.F.R Section 270. 2a-7. The investments are valued at fair market value, which approximates amortized cost.

Interest rate risk. Because the Fund invests in short-term securities, a decline in interest rates will affect the Fund's yields as these securities mature or are sold and the Fund purchases new short-term securities with lower yields. Generally, an increase in interest rates causes the value of a debt instrument to decrease. The change in value for shorter-term securities is usually smaller than for securities with longer maturities.

Credit risk. This is the risk that a security's credit rating will be downgraded or that the issuer of a security or a guarantor will default (fail to make scheduled interest and principal payments or fail to fulfill its promise to repurchase securities). The Fund invests in securities issued by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"). The entities, while chartered or sponsored by the U.S. Congress, are not funded by appropriations from the U.S. Congress and the debt or mortgage related securities issued by them are neither guaranteed nor insured by the United States Government. Nevertheless, the Fund will invest in only highly rated securities to minimize credit risk. This investment was not rated by Moody's Investor or Standard and Poor's Services.

Note 3. Interfund Transfers

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

Fund	Transfers	
	In	Out
Non-major governmental funds	\$ 88,953	\$ -
Capital Projects Fund	<u>-</u>	<u>88,953</u>
Total	<u>\$ 88,953</u>	<u>\$ 88,953</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from Capital Projects Fund to the Debt Service Fund were for payment of principal and interest on general long-term debt of the District.

Note 4. Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools 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 as of 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>Warrants Payable</u>	<u>Accrued Interest Payable</u>	<u>Unamortized Premium</u>
2008-09B	01/21/09	01/21/10	\$ 154,962	\$ 1,433	\$ 153,000	\$ 2,012	\$ 1,669
2009-10A	06/25/09	06/23/10	273,259	34	269,000	92	5,208
			<u>\$ 428,221</u>	<u>\$ 1,467</u>	<u>\$ 422,000</u>	<u>\$ 2,104</u>	<u>\$ 6,877</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. There was no ISCAP advance activity for the year ended June 30, 2009.

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2008-09A	3.50%	3.469%
2008-09B	3.00%	2.110%
2009-10A	2.50%	0.902%

Note 5. Capital Assets

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

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land and improvements	\$ 61,296	\$ -	\$ -	\$ 61,296
Capital assets being depreciated:				
Buildings and improvements	2,044,240	-	(1,900)	2,042,340
Site improvements	65,000	-	-	65,000
Furniture and equipment	<u>1,321,938</u>	<u>13,361</u>	<u>(57,700)</u>	<u>1,277,599</u>
Total capital assets being depreciated	<u>3,431,178</u>	<u>13,361</u>	<u>(59,600)</u>	<u>3,384,939</u>
Less accumulated depreciation for:				
Buildings and improvements	696,940	30,821	(2,142)	725,619
Site improvements	65,000	-	-	65,000
Furniture and equipment	<u>940,535</u>	<u>46,105</u>	<u>(57,700)</u>	<u>928,940</u>
Total accumulated depreciation	<u>1,702,475</u>	<u>76,926</u>	<u>(59,842)</u>	<u>1,719,559</u>
Total capital assets being depreciated, net	<u>1,728,703</u>	<u>(63,565)</u>	<u>242</u>	<u>1,665,380</u>
Governmental activities capital assets, net	<u>\$ 1,789,999</u>	<u>\$(63,565)</u>	<u>\$ 242</u>	<u>\$ 1,726,676</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 44,811	\$ 10,138	\$(4,181)	\$ 50,768
Less accumulated depreciation	<u>38,792</u>	<u>2,202</u>	<u>(4,181)</u>	<u>36,813</u>
Business type activities capital assets, net	<u>\$ 6,019</u>	<u>\$ 7,936</u>	<u>\$ -</u>	<u>\$ 13,955</u>

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	
Regular	\$ 4,214
Other	1,830
Support services	
Student support	4,132
Adminstration	4,188
Operation and maintenance	1,759
Transportation	<u>11,976</u>
	28,099
Unallocated depreciation	<u>48,827</u>
Total governmental activities depreciation expense	<u>\$ 76,926</u>

Business type activities

Food services

\$ 2,202

During the year ended June 30, 2009 the District noticed several errors in their capital asset records; therefore, the beginning balances of capital assets being depreciation was increased by \$347,783 and the beginning accumulated depreciation was increased by \$82,805, resulting in a net increase to the capital assets of \$264,978. The beginning balance for net assets in the government-wide financial statements was increased by \$264,978 to reflect the effects of these corrections.

Note 6. Long-term Liabilities

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

	Balance, Beginning <u>of Year</u>	<u>Additions</u>	<u>Reductions</u>	Balance, End <u>of Year</u>	Due Within <u>One Year</u>
Revenue bonds	\$ 330,000	\$ -	\$ 80,000	\$ 250,000	\$ 80,000
Termination benefits	-	12,601	-	12,601	12,601
Totals	<u>\$ 330,000</u>	<u>\$ 12,601</u>	<u>\$ 80,000</u>	<u>\$ 262,601</u>	<u>\$ 92,601</u>

Interest costs incurred and charged to expense on all long-term debt was \$8,780 for the year ended June 30, 2009.

Termination Benefit

The District offered a voluntary early retirement plan to its certified employees. Eligible employees were required to be at least 55 years of age and have completed 20 years of consecutive service to the District. Employees working less than 20 years will be eligible for that proportion of the whole benefit that is equal to the ratio of years of service divided by 20. Employees must have completed an application, which was required to be approved by the Board of Education. The early retirement incentive for each eligible employee is 80 days of pay at the employee's annual base salary in effect during the year of the early requirement request. Payment of the benefit will be made in full within 90 days of the July 1st of the year of separation.

At June 30, 2009, one individual had taken early retirement and the District's outstanding obligation for this benefit was \$12,601. There were no expenditures for early retirement benefits during the year ended June 30, 2009. These benefits will be paid by the District's Management Fund during the year ending June 30, 2010.

Revenue Bonds

The District has pledged future statewide sales and services tax revenues to repay the \$610,000 bonds issued on April 1, 2003. The proceeds of the bonds were used to construct and furnish the Olin Attendance Center, specifically a new library and multi-purpose activity center. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2012. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 60 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$261,788. For the current year, \$85,552 of principal and interest was paid on the bonds and total statewide sales and services tax revenues were \$150,174.

The resolution providing the issuance of the statewide sales and services tax revenue bonds includes the following provisions:

- a. \$61,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited in the Project Account.
- b. The District is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the bond proceeds, (b) 125% of the average annual debt service on such bonds and (c) the maximum annual debt service on such bonds.

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

Year Ending June 30,	Bond Issue of April 1, 2003			
	Interest Rates	Principal	Interest	Total
2010	2.750	\$ 80,000	\$ 6,412	\$ 86,412
2011	3.020	85,000	4,016	89,016
2012	3.200	<u>85,000</u>	<u>1,360</u>	<u>86,360</u>
Totals		<u>\$ 250,000</u>	<u>\$ 11,788</u>	<u>\$ 261,788</u>

Note 7. Pension and Retirement Benefits

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

Plan members were required to contribute 4.10% of their annual covered salary and the District was required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Plan members were required to contribute 3.90% and 3.70% of their annual covered salary and the District was required to contribute 6.05% and 5.75% of annual covered payroll for the years ended June 30, 2008 and 2007, respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$104,789, \$89,820 and \$86,735, respectively, equal to the required contributions for each year.

Note 8. Risk Management

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

Note 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 \$97,205 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.

Note 10. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2009, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Restatement of Beginning Balances

The beginning net assets of the governmental activities in the Statement of Activities was increased by \$264,978 because net capital assets were incorrectly reported in the previous fiscal year.

Required Supplementary Information

OLIN CONSOLIDATED 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
 For the Year Ended June 30, 2009

	Governmental Funds		Proprietary Fund		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
Revenues								
Local sources	\$1,697,267	\$49,908	\$1,747,175	\$1,810,251	\$1,810,251	\$1,810,251	\$ (63,076)	
Intermediate sources	-	-	-	2,500	2,500	2,500	(2,500)	
State sources	1,331,417	1,401	1,332,818	1,386,621	1,386,621	1,386,621	(53,803)	
Federal sources	118,313	62,798	181,111	203,000	203,000	203,000	(21,889)	
Total revenues	<u>3,146,997</u>	<u>114,107</u>	<u>3,261,104</u>	<u>3,402,372</u>	<u>3,402,372</u>	<u>3,402,372</u>	<u>(141,268)</u>	
Expenditures/Expenses								
Instruction	2,198,185	-	2,198,185	2,477,249	2,477,249	2,477,249	279,064	
Support services	770,212	-	770,212	952,420	952,420	952,420	182,208	
Non-instructional programs	7,893	110,595	118,488	212,865	212,865	212,865	94,377	
Other expenditures	210,724	-	210,724	813,726	813,726	813,726	603,002	
Total expenditures/expenses	<u>3,187,014</u>	<u>110,595</u>	<u>3,297,609</u>	<u>4,456,260</u>	<u>4,456,260</u>	<u>4,456,260</u>	<u>1,158,651</u>	
Net change in fund balance	(40,017)	3,512	(36,505)	(1,053,888)	(1,053,888)	(1,053,888)	1,017,383	
Balance, beginning of year	1,032,824	24,858	1,057,682	1,088,870	1,088,870	1,088,870	(31,188)	
Balance, end of year	<u>\$ 992,807</u>	<u>\$28,370</u>	<u>\$1,021,177</u>	<u>\$ 34,982</u>	<u>\$ 34,982</u>	<u>\$ 34,982</u>	<u>\$ 986,195</u>	

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2009

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses 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 function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not adopt any budget amendments.

Other Supplementary Information

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

Schedule 1

	Management <u>Levy</u>	Student <u>Activity</u>	Physical Plant and Equipment <u>Levy</u>	Public Education & Recreation <u>Levy</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$134,007	\$26,707	\$161,231	\$18,979	\$340,924
Receivables					
Property tax					
Delinquent	1,249	-	1,557	210	3,016
Succeeding year	55,000	-	-	9,649	64,649
Accounts receivable	36	7	43	5	91
Total assets	<u>\$190,292</u>	<u>\$26,714</u>	<u>\$162,831</u>	<u>\$28,843</u>	<u>\$408,680</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 218	\$ -	\$ 642	\$ -	\$ 860
Salaries and benefits payable	-	-	-	1,818	1,818
Deferred revenue					
Succeeding year property tax	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>9,649</u>	<u>64,649</u>
Total liabilities	55,218	-	642	11,467	67,327
Fund balances					
Unreserved fund balances	<u>135,074</u>	<u>26,714</u>	<u>162,189</u>	<u>17,376</u>	<u>341,353</u>
Total liabilities and fund balances	<u>\$190,292</u>	<u>\$26,714</u>	<u>\$162,831</u>	<u>\$28,843</u>	<u>\$408,680</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

Schedule 2

	Special Revenue					Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education & Recreation Levy	Debt Service	
Revenues						
Local sources						
Local taxes	\$ 54,992	\$ -	\$ 68,545	\$ 9,253	\$ -	\$132,790
Other	7,966	90,437	3,096	205	-	101,704
State sources	39	-	48	7	-	94
Total revenues	<u>62,997</u>	<u>90,437</u>	<u>71,689</u>	<u>9,465</u>	<u>-</u>	<u>234,588</u>
Expenditures						
Current						
Instruction						
Regular	4,337	-	-	-	-	4,337
Other	-	104,599	-	-	-	104,599
Total instruction	<u>4,337</u>	<u>104,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,936</u>
Support services						
Administration	4,504	-	-	-	-	4,504
Operation and maintenance of plant	41,244	-	22,131	-	-	63,375
Transportation	7,082	-	-	-	-	7,082
Total support services	<u>52,830</u>	<u>-</u>	<u>22,131</u>	<u>-</u>	<u>-</u>	<u>74,961</u>
Non-instructional programs	-	-	-	7,893	-	7,893
Other expenditures						
Facilities acquisition	-	-	20,278	-	-	20,278
Long-term debt						
Principal	-	-	-	-	80,000	80,000
Interest and fiscal charges	-	-	-	-	8,953	8,953
Total other expenditures	<u>-</u>	<u>-</u>	<u>20,278</u>	<u>-</u>	<u>88,953</u>	<u>109,231</u>
Total expenditures	<u>57,167</u>	<u>104,599</u>	<u>42,409</u>	<u>7,893</u>	<u>88,953</u>	<u>301,021</u>
Excess (deficiency) of revenues over (under) expenditures	5,830	(14,162)	29,280	1,572	(88,953)	(66,433)
Other financing sources						
Interfund operating transfers in	-	-	-	-	88,953	88,953
Net change in fund balances	5,830	(14,162)	29,280	1,572	-	22,520
Fund balances, beginning of year	129,244	40,876	132,909	15,804	-	318,833
Fund balances, end of year	<u>\$135,074</u>	<u>\$26,714</u>	<u>\$162,189</u>	<u>\$17,376</u>	<u>\$ -</u>	<u>\$341,353</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund
Student Activity Accounts
For the Year Ended June 30, 2009

Schedule 3

Account	Balance, Beginning of Year	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of Year
General athletics	\$ -	\$ 1,425	\$ 1,425	\$ -
Boys basketball	950	3,696	3,389	1,257
Boys football	5,226	7,739	11,822	1,143
Boys baseball	-	1,721	1,721	-
Boys track	840	1,055	1,055	840
Boys golf	-	-	-	-
Girls basketball	1,050	3,401	3,629	822
Girls volleyball	-	1,993	1,537	456
Girls softball	-	2,516	2,482	34
Girls track	-	617	617	-
Drama	1,480	1,519	1,087	1,912
Thespians	-	-	-	-
Bank/vocal	2,271	143	932	1,482
PE super sport	106	408	380	134
ELP fundraising	178	-	-	178
Title I fundraising	144	-	-	144
HS SCI club	1,049	452	471	1,030
Elementary SCI club	-	-	-	-
Interest	2,825	2,788	3,992	1,621
Concession stand	200	6,904	7,104	-
Annual 2004-2005	-	-	-	-
Annual 2007-2008	3,474	660	4,134	-
Yearbook 2008-09	-	3,929	2,365	1,564
Cheerleading	-	2,029	1,815	214
FFA	5,579	13,464	16,837	2,206
Pom-pon	2,515	2,944	4,019	1,440
HS student council	2,770	6,396	6,740	2,426
Math club	-	40	-	40
School store	-	-	-	-
Spanish club	1,453	7,072	8,525	-
Athletic resale	569	682	680	571
Music resale	24	224	248	-
Activity resale	1,185	1,271	1,521	935
I.A. resale	75	207	75	207
School cents	-	1,050	-	1,050

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 For the Year Ended June 30, 2009

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Class of 2008	\$ 77	\$ -	\$ -	\$ 77
Class of 2009	1,773	3,146	4,919	-
Class of 2010	717	4,917	5,086	548
Class of 2011	468	2,023	1,174	1,317
Class of 2012	-	65	-	65
Candy resale/industrial arts	64	-	-	64
Employee candy resale	-	-	-	-
Field trips	1,740	1,157	1,361	1,536
Wapsi League	1,485	506	623	1,368
Pools PTO donation	571	-	550	21
Library books fund	<u>18</u>	<u>2,278</u>	<u>2,284</u>	<u>12</u>
Totals	<u>\$ 40,876</u>	<u>\$ 90,437</u>	<u>\$ 104,599</u>	<u>\$ 26,714</u>

See accompanying Independent Auditor's Report.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Six Years

Schedule 4

	Modified Accrual Basis					
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues						
Local sources						
Local tax	\$1,328,377	\$1,289,067	\$1,221,115	\$1,261,054	\$1,103,347	\$ 985,865
Tuition	188,429	196,107	195,140	135,211	141,631	138,923
Other	180,461	202,653	181,100	157,115	127,149	176,713
State sources	1,331,417	1,295,023	1,238,393	1,149,570	1,404,505	1,252,588
Federal sources	118,313	115,255	110,762	108,852	134,412	675,155
Total revenues	<u>\$3,146,997</u>	<u>\$3,098,105</u>	<u>\$2,946,510</u>	<u>\$2,811,802</u>	<u>\$2,911,044</u>	<u>\$3,229,244</u>
Expenditures						
Current						
Instruction						
Regular	\$1,304,541	\$1,208,849	\$1,085,453	\$1,006,400	\$1,055,238	\$1,125,376
Special	407,573	373,021	445,043	334,170	272,467	370,646
Other	486,071	439,526	428,289	358,926	357,999	297,112
Support services						
Student	38,428	26,210	27,735	73,773	90,110	67,945
Instructional staff	43,600	32,795	39,805	51,793	70,641	50,089
Administration	304,201	269,966	254,561	268,665	331,405	318,802
Operation and maintenance of plant	251,808	235,720	230,471	221,176	238,578	179,969
Transportation	132,175	140,715	108,131	181,567	84,847	90,244
Non-instructional programs	7,893	10,504	7,132	6,872	1,383	44,829
Other expenditures						
Facilities acquisition	24,566	34,216	19,136	71,692	77,892	1,187,281
Long-term debt						
Principal	80,000	75,000	70,000	70,000	65,000	-
Interest and other charges	8,953	10,893	12,580	14,015	15,231	18,267
AEA flowthrough	97,205	93,442	91,381	89,392	92,552	88,481
Total expenditures	<u>\$3,187,014</u>	<u>\$2,950,857</u>	<u>\$2,819,717</u>	<u>\$2,748,441</u>	<u>\$2,753,343</u>	<u>\$3,839,041</u>

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

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
Olin Consolidated School District

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Olin Consolidated School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 11, 2010. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Olin Consolidated School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Olin Consolidated School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Olin Consolidated School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies, including deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Olin Consolidated 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 Olin Consolidated School District's financial statements that is more than inconsequential will not be prevented or detected by Olin Consolidated School District's internal control. I consider the deficiencies in internal control described in Part I of

the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Olin Consolidated School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Olin Consolidated School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Olin Consolidated School District and other parties to whom Olin Consolidated School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 11, 2010

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2009

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were reported.

SIGNIFICANT DEFICIENCIES

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

- B. Financial Statement Preparation - Financial statement preparation is the responsibility of the District. At the present time, District personnel do not have the skills necessary to prepare the District's financial statements and related note disclosures in compliance with generally accepted accounting principles (GAAP). This is not an unusual situation for small governmental entities.

Recommendation - The business manager should consider obtaining additional GAAP training through reading relevant accounting literature and/or attending professional education courses. Since GAAP reporting and disclosures change constantly, the business manager should consider taking training annually to stay up-to-date on GAAP reporting and disclosure requirements. The District should also obtain current governmental accounting, reporting and disclosure reference materials and update them as new pronouncements become effective.

OLIN CONSOLIDATED SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2009

Response - We believe that the business manager has sufficient knowledge to perform her daily duties and take responsibility for the annual financial statements and footnote disclosure in compliance with GAAP, as prepared by the auditor. We certainly understand the need for continuing education classes for all of our staff, including the business manager. However, we have a limited budget and must continually prioritize needs. We will investigate alternatives, but believe that it would not be an efficient use of District funds to get and maintain the necessary training for the business manager to comply with this recommendation. Nor do we consider hiring additional staff possessing these skills to be a feasible option.

Conclusion - Response accepted.

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2009 did not exceed the amounts budgeted.
2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. 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.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. 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.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
9. Certified Annual Reports - The Certified Annual Report was certified with the Department of Education timely and I noted no material errors in the amounts reported.

OLIN CONSOLIDATED SCHOOL DISTRICT
 Schedule of Findings
 For the Year Ended June 30, 2009

10. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
11. 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	\$ 434,802
Statewide sales and services tax revenue	150,174
Interest earned	5,174
Expenditures/transfers out	
School infrastructure	
Other improvements	(4,288)
Debt service for school infrastructure	
Revenue debt	<u>(88,953)</u>
Ending balance	<u>\$ 496,909</u>

12. Student Fees Charged - It was noted that the District was charging fees for student fieldtrips.

Recommendation - The Code of Iowa only allows school district to charge fees for specific items listed in the various chapters. The cost of student fieldtrips is not one of those specific fees that are allowed by the Code of Iowa. The District should review its policies regarding fees charged to students to ensure that it is in compliance with the Code of Iowa.

Response - We changed our policy regarding charging students for fieldtrip fees after a declaratory ruling was issued in April 2009. Prior to the ruling, we were unaware that these fees were not allowable. The declaratory ruling specifically stated that districts are not allowed to charge students for the cost of fieldtrips; therefore, we changed our policy and discontinued charging these fees. We have reviewed all of the fees charged to students and believe that we are in compliance with the Code of Iowa.

Conclusion - Response accepted.

OLIN CONSOLIDATED SCHOOL DISTRICT
Audit Staff
June 30, 2009

This audit was performed by

Kay Chapman, CPA
Tammy Calvert, staff accountant