GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT

OFFICIALS

Name	TITLE	TERM EXPIRES
Board of Education (Before September 2009 Election)		
Donell Nagel	President	2011
Amy Jurrens	Vice President	2009
Lyle Hollander	Board Member	2011
Terrence Clark	Board Member	2009
Doug Krull	Board Member	2011
Board of Education (After September 2009 Election)		
Donell Nagel	President	2011
Amy Jurrens	Vice President	2011
Ryan Klingenberg	Board Member	2013
Terrence Clark	Board Member	2013
Doug Krull	Board Member	2011
School Officials		
Dave Ackerman	Superintendent	Indefinite
Delinda Kruger	District Secretary/Treasurer and Business Manager	Indefinite
Thomas Whorley	Attorney	Indefinite

GEORGE - LITTLE ROCK COMMUNITY SCHOOL DISTRICT

Table of Contents

	Exhibit	Page
Independent Auditor's Report		4 - 5
Management's Discussion and Analysis		6 - 15
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A	17
Statement of Activities	B	18 - 19
Governmental Fund Financial Statements:		
Balance Sheet - Governmental Funds	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets - Proprietary Fund	G	24
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	H	25
Statement of Cash Flows - Proprietary Fund	I	26
Notes to Financial Statements		27 - 37
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		40 - 41
Notes to Required Supplementary Information - Budgetary Reporting		42
Schedule of Funding Progress for the Early Retiree Plan		43
Other Supplementary Information:	Schedule	
Nonmajor Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Governmental Funds	1	46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	2	47
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	48 - 49
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	50 - 51
Schedule of Expenditures of Federal Awards	5	53
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		54 - 55
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordane with OMB Circular A-133		56 - 57
Schedule of Findings and Questioned Costs		58 - 62

EAST, VANDER WOUDE, GRANT & CO., P.C.

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Independent Auditor's Report

To the Board of Education of the
George - Little Rock Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George – Little Rock Community School District, George and Little Rock, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George – Little Rock Community School District at June 30, 2010, and the respective changes in financial positions and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 12, 2011 on our consideration of the George – Little Rock Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6

through 15 and 40 through 43 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise George – Little Rock Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2009, 2008 and 2007 (which is not presented herein) and expressed unqualified opinions on that financial statement. The previous audits for June 30, 2006, 2005, and 2004 were done by another firm, but were in accordance with the standards referred to in the second paragraph of this report, the financial statements for the years ended June 30, 2006, 2005, and 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

East Vander Woude, Grant & Co P.C.

East, Vander Woude, Grant & Co., P.C.
Sioux Falls, SD
January 12, 2011

Management's Discussion and Analysis

George – Little Rock Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 Financial Highlights

- The General Fund revenues increased from $4,569,292 in fiscal year 2009 to $4,834,976 in fiscal year 2010, while General Fund expenditures decreased from $4,505,878 in fiscal year 2009 to $4,384,470 in fiscal 2010. The District's General Fund balance increased from $103,694 in fiscal 2009 to $554,200 in fiscal 2010, a 434% increase.
- General Fund revenues increased in total despite a 10% across the board cut in state foundation aid. The fiscal year 2010 increase in General Fund revenues were attributable to in increases in property tax and federal grant revenue. The decrease in expenditures was due primarily to a decrease in staffing which reduced salaries and benefits paid. The General Fund balance increase is due to the salaries and benefits were less due to the decreases in staffing along with an increase in funds received from the Federal Government for fiscal year 2010.
- The statewide sales and services tax became effective January 1, 2004. Revenues collected were $310,821 in 2009 and $258,657 in 2010 which were used for debt service and facilities acquisition.

Using this Annual Report

The annual report consists of a series 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 the George – Little Rock Community School District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report George – Little Rock Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which George – Little Rock Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison to the District's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards

provides details of various federal programs benefiting the District.

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

Figure A-1
George - Little Rock Community School District Annual Financial Report

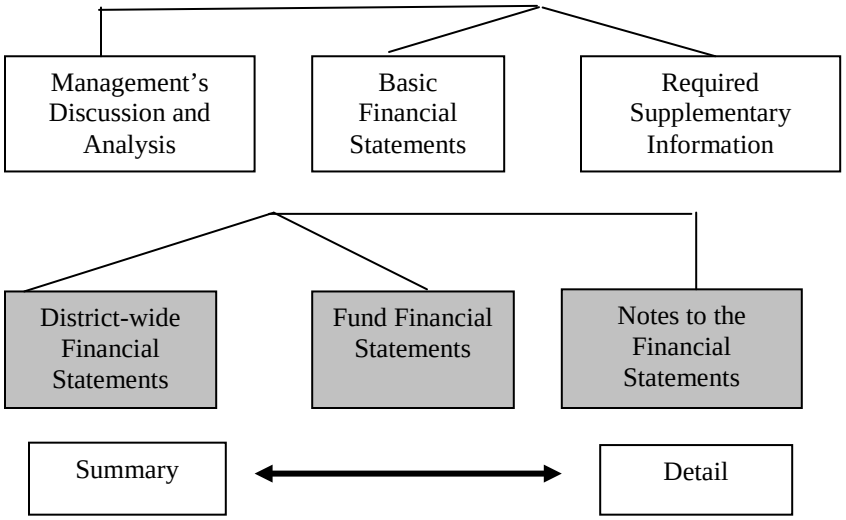

Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained.

Figure A-2: Major Features of the District Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenues, expenses, and changes in fund net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its 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 building 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 taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it 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 repay its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

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

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

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

- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities, but provides 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.

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, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total Activities		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2010	2009	2010	2009	2010	2009	2009 - 2010	
Current and other assets	$ 4,890	$ 5,501	$ 11	$ 23	$ 4,901	$ 5,524	$ (623)	(11.28%)
Capital assets	6,327	6,520	82	83	6,409	6,603	(194)	(2.94%)
Total assets	11,217	12,021	93	106	11,310	12,127	(817)	(6.74%)
Long-term Liabilities	3,773	4,050	-	-	3,773	4,050	(277)	100.0%
Other Liabilities	3,652	4,765	9	27	3,661	4,792	(1,131)	(23.60%)
Total Liabilities	7,425	8,815	9	27	7,434	8,842	(1,408)	(15.92%)
Net Assets								
Invested in capital assets, net of related debt	2,496	2,465	82	83	2,578	2,548	30	1.2%
Restricted	972	823	-	-	972	823	149	18.1%
Unrestricted	324	(82)	2	(4)	326	(86)	412	479.1%
Total net assets	$ 3,792	$ 3,206	$ 84	$ 79	$ 3,876	$ 3,285	$ 591	18.0%

The District's combined net assets increased by 18.0 percent or approximately $591,000 the prior year. The largest portion of the District's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources 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 approximately $149,000 from the prior year. The increase was primarily a result of the decreased expenditures in the General Fund, Special Revenue, Physical Plant and Equipment Levy Fund and an increase in net assets restricted for the required bond reserve.

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 the legal requirements – increased approximately $412,000 or 479 percent. This increase in unrestricted net assets was primarily a result of the decreases in the District's expenditures and increases in Federal funds received during the current year.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009

Figure A-4
Changes in Net Assets
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total School District		Total Change
Revenue	2010	2009	2010	2009	2010	2009	2009-2010
Program revenue:							
Charges for service	$ 418	$ 368	$ 119	$ 121	$ 537	$ 489	9.82%
Operating grants, contributions and restricted interest	1,140	866	119	106	1,259	972	29.53%
Capital grants, contributions and restricted interest	19	25	-	-	19	25	(24.00%)
General revenues:							
Property tax	2,437	2,207	-	-	2,437	2,207	10.42%
Local option sales and service tax	259	311	-	-	259	311	(16.72%)
Unrestricted state grants	1,543	1,866	-	-	1,543	1,866	(17.31%)
Other	26	42	-	-	26	42	(38.10%)
Total revenues	5,842	5,685	238	227	6,080	5,912	2.84%
Program expenses:							
Governmental activities:							
Instruction	3,318	3,338	-	-	3,318	3,338	(0.60%)
Support service	1,540	1,519	-	-	1,540	1,519	1.38%
Non-instructional programs	-	-	234	231	234	231	1.30%
Other expenses	398	506	-	-	398	506	(21.34%)
Total expenses	5,256	5,363	234	231	5,490	5,594	(1.86%)
Change in net assets	$ 586	$ 322	$ 4	$ (4)	$ 590	$ 318	85.53%

In fiscal year 2010, property tax, statewide sales and service tax, and unrestricted state grants account for 69.7 percent of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for 100% of the business type activities revenue. The District's expenses primarily relate to instruction and support services, which account for 88.5 percent of the total expenses.

The District's total revenues were approximately $6.080 million, of which $5.842 million was for governmental activities and approximately $238,000 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.84% increase in revenues and a 1.86% decrease in expenses. Increases in property tax, federal grants and charges for services off set the decreases in state grants, local option sales and service tax and capital grants. Decrease in expenses related to decreases in staffing reducing the salaries and benefits paid, as well as no major expenses due to the construction projects.

Governmental Activities

Revenues for governmental activities were $5,841,723 and expenses were $5,256,032 for the year ended June 30, 2010. 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, 2010 compared to the year ended June 30, 2009.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-2010	2010	2009	Change 2009-2010
Instruction	$ 3,318	$ 3,338	(0.60%)	$ 1,994	$ 2,309	(13.64%)
Support services	1,540	1,519	1.38%	1,506	1,492	0.94%
Non-instructional programs	-	-	0.00%	-	-	0.00%
Other expenses	398	506	(21.34%)	179	302	(40.73%)
Totals	$ 5,256	$ 5,363	(2.00%)	$ 3,679	$ 4,103	(10.33%)

For the year ended June 30, 2010:

- The cost financed by users of the District's programs was $418,127.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,159,229.
- The net cost of governmental activities was financed with $2,695,208 in property and other taxes and $1,543,162 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were $238,394, representing a 4.95% increase over the prior year, while expenses totaled $233,924, a 1.387% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and contributions for capital project improvements. The increase in revenues is a result of more federal sources in the current year.

INDIVIDUAL FUND ANALYSIS

As previously noted, George – Little Rock Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of $1,532,636, an increase of $504,187. The primary reason for the increase in combined fund balances in fiscal 2010 is due an increase in revenues and a decrease in expenditures.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and federal grants resulted in an increase in revenues. Additionally, the decreases in expenditures allowed District to increase the fund balance during the year.
- The General Fund balance increased from $103,694 to $554,200, due in part to the increases in local taxes, federal sources and decreases in expenditures for the District.

- The Debt Service Fund balance decreased from $194,875 in fiscal 2009 to $167,129 in fiscal 2010. The decreased was due to a reduction in the amount of local taxes received.
- The Capital Projects Fund balance decreased due to the decrease in Local Option Sales and Service revenue received during the year. The District ended fiscal 2009 with a $477,799 balance and ended fiscal 2010 ended with a balance of $405,660.

Proprietary Fund Highlights

School Nutrition Fund cash balance decreased from $16,995 at June 30, 2009 to $5,673 at June 30, 2010, representing a decrease of $11,322. This is due primarily from the repayment of the loan from the General Fund which was made in a prior year.

BUDGETARY HIGHLIGHTS

The District's receipts were $513,818 less than budgeted receipts, with a variance of (7.79%). The most significant variance resulted from the decreases in state revenues and increases in local taxes and federal sources.

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

The District did not exceed the certified budget during the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested $6.4 million, 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 2.92% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was $237,747.

The original cost of the District's capital assets was $9.65 million. Governmental funds account for $9.44 million, with the remainder of $0.21 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred with addition of $47,621 of furniture and equipment and $1,322 of improvements other than buildings in fiscal year 2010.

Figure A-6
Capital Assets, net of Depreciation
(expressed in thousands)

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Land	$ 39	$ 39	$ -	$ -	$ 39	$ 39	0.00%
Buildings	5,300	5,436	-	-	5,300	5,436	(2.50%)
Improvements other than buildings	72	80	-	-	72	80	(10.00%)
Furniture and Equipment	916	964	82	83	998	1,047	(4.68%)
Totals	$ 6,327	$ 6,519	$ 82	$ 83	$ 6,409	$ 6,602	(2.92%)

Long-Term Debt

At June 30, 2010, the District had $4,050,125 in general obligation, revenue and other long-term debt outstanding compared to $4,322,231 last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

In March 2005, the District's voters authorized the issuance of $4,360,000 in general obligation bonds to pay for construction of the additions to buildings in George and Little Rock. Planning for the project started in fiscal 2005 and bonds were sold during fiscal 2006. At the same time the District issued $685,000 of local option sales and services tax revenue bonds for the same project. The District had total outstanding bonded indebtedness at June 30, 2010 of $3,980,000.

The District also had early retirement obligations of $70,125 at June 30, 2010 with $22,106 due in FY 2010 and $48,019 long term.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total School District		Total Change
	June 30,		June 30,
	2010	2009	2009-2010
General Obligation Bonds	3,615,000	3,780,000	(4.365%)
Revenue Bonds	365,000	450,000	(18.889%)
Early Retirement	70,125	92,231	(23.968%)
Totals	$ 4,050,125	$ 4,322,231	(6.295%)

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 financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the District will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.

- District enrollment decreased in fiscal year 2009-2010 with a budget enrollment of 483. The District has a sharing agreement with Central Lyon Community School District for the Superintendent position so the District has an additional 10 enrollment supplement. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2009-2010 school year, George – Little Rock students who open enroll out to other districts decreased by 2 students, from 30 to 28. Because George – Little Rock is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- Fiscal 2010 will be the third year of a three-year contract with George-Little Rock Education Association. The District will negotiate a new agreement during fiscal 2010. 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.

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 Delinda Kruger, Board Secretary/Business Manager at the George – Little Rock Community School District, 500 E. Indiana Ave., George, IA 51237 or 712-475-3311.

BASIC FINANCIAL STATEMENTS

George - Little Rock Community School District
Statement of Net Assets
June 30, 2010

Exhibit A

	Governmental Activities	Business Type Activities	Totals
Assets			
Cash and cash equivalents:			
Other	$ 2,050,058	$ 5,673	$ 2,055,731
Receivables:			
Property tax:			
Delinquent	26,399	-	26,399
Succeeding year	2,381,579	-	2,381,579
Local option sales taxes	19,488	-	19,488
Accounts	68,021	-	68,021
Accrued interest:			
Other	156	-	156
Due from other governments	343,591	-	343,591
Inventories	-	5,583	5,583
Capital assets, net of accumulated depreciation	6,327,220	81,675	6,408,895
Total assets	11,216,512	92,931	11,309,443
Liabilities			
Accounts payable	194,873	-	194,873
Salaries and benefits payable	409,954	6,522	416,476
Accrued interest payable	17,885	-	17,885
Deferred revenue - other	370,250	2,503	372,753
Deferred revenue - succeeding year property tax	2,381,579	-	2,381,579
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	170,000	-	170,000
Revenue bonds payable	85,000	-	85,000
Early retirement	22,106	-	22,106
Portion due after one year:			
General obligation bonds payable	3,445,000	-	3,445,000
Revenue bonds payable	280,000	-	280,000
Early retirement	48,019	-	48,019
Total liabilities	7,424,666	9,025	7,433,691
Net assets			
Invested in capital assets, net of related debt	2,496,464	81,675	2,578,139
Restricted for:			
Categorical funding	39,734		39,734
Management levy	23,287	-	23,287
Physical plant and equipment levy	282,157	-	282,157
Other special revenue purposes	78,097	-	78,097
Capital projects	405,660	-	405,660
Other	142,768	-	142,768
Unrestricted	323,679	2,231	325,910
Total net assets	$ 3,791,846	$ 83,906	$ 3,875,752

See notes to financial statements.

George - Little Rock Community School District
Statement of Activities
June 30, 2010

		Program Revenues		
	Expenses	Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest
Functions/Programs				
Governmental activities:				
Instruction:				
Regular instruction	$ 2,293,248	$ 98,161	$ 450,813	$ -
Special instruction	558,235	45,118	450,033	-
Other instruction	466,432	270,232	10,078	-
	3,317,915	413,511	910,924	-
Support services:				
Student services	99,964	-	28,596	-
Instructional staff services	141,225	-	-	-
Administration services	544,152	-	-	-
Operation and maintenance of plant services	504,610	4,616	-	-
Transportation services	250,572	-	1,285	-
	1,540,523	4,616	29,881	-
Non-instructional programs	-	-	-	-
Other expenses:				
Facilities acquisition	25,315	-	-	19,207
Long-term debt interest	173,062	-	-	-
AEA flow-through	199,217	-	199,217	-
	397,594	-	199,217	19,207
Total governmental activities	5,256,032	418,127	1,140,022	19,207
Business type activities:				
Non-instructional programs:				
Food service operations	233,924	119,088	119,224	-
Total	$ 5,489,956	$ 537,215	$ 1,259,246	$ 19,207
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				

See notes to financial statements.

Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
$ (1,744,274)	$ -	$ (1,744,274)
(63,084)	-	(63,084)
(186,122)	-	(186,122)
(1,993,480)	-	(1,993,480)
(71,368)	-	(71,368)
(141,225)	-	(141,225)
(544,152)	-	(544,152)
(499,994)	-	(499,994)
(249,287)	-	(249,287)
(1,506,026)	-	(1,506,026)
-	-	-
(6,108)	-	(6,108)
(173,062)	-	(173,062)
-	-	-
(179,170)	-	(179,170)
(3,678,676)	-	(3,678,676)
-	4,388	4,388
(3,678,676)	4,388	(3,674,288)
2,364,963	-	2,364,963
71,588	-	71,588
258,657	-	258,657
1,543,162	-	1,543,162
25,997	82	26,079
4,264,367	82	4,264,449
585,691	4,470	590,161
3,206,155	79,436	3,285,591
$ 3,791,846	$ 83,906	$ 3,875,752

See notes to financial statements.

George - Little Rock Community School District

Exhibit C

Balance Sheet

Governmental Funds

June 30, 2010

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Assets					
Cash and pooled investments:					
Other	$ 1,046,431	$ 166,209	$ 386,104	$ 451,314	$ 2,050,058
Receivables:					
Property tax:					
Delinquent	21,977	920	-	3,502	26,399
Succeeding year	1,955,296	124,998	-	301,285	2,381,579
Local option sales taxes	-	-	19,488	-	19,488
Accounts	55,616	-	-	12,405	68,021
Accrued interest:					
Other	-	-	68	88	156
Due from other governments	249,202	-	-	94,389	343,591
Total assets	3,328,522	292,127	405,660	862,983	4,889,292
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	136,772	-	-	58,101	194,873
Salaries and benefits payable	406,393	-	-	3,561	409,954
Deferred revenue:					
Succeeding year property tax	1,955,296	124,998	-	301,285	2,381,579
Other	275,861	-	-	94,389	370,250
Total liabilities	2,774,322	124,998	-	457,336	3,356,656
Fund balances:					
Reserved for debt service	-	167,129	-	-	167,129
Reserved for categorical funding	39,734		-	-	39,734
Unreserved	514,466	-	405,660	405,647	1,325,773
Total fund balances	554,200	167,129	405,660	405,647	1,532,636
Total liabilities and fund balances	$ 3,328,522	$ 292,127	$ 405,660	$ 862,983	$ 4,889,292

See notes to financial statements.

George - Little Rock Community School District
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2010

Exhibit D

Total fund balances of governmental funds (page 20)	$	1,532,636
Amounts reported for governmental activities in the Statements 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.		6,327,220
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		(17,885)
Long-term liabilities, including bonds and notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(4,050,125)
Net assets of governmental activities (page 19)	$	3,791,846

See notes to financial statements.

George - Little Rock Community School District
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
June 30, 2010

Exhibit E

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Revenues:					
Local sources:					
Local tax	$ 1,980,401	$ 73,202	$ 258,657	$ 382,948	$ 2,695,208
Tuition	103,136	-	-	-	103,136
Other	68,447	203	7,409	284,136	360,195
State sources	2,178,218	40	-	152	2,178,410
Federal sources	504,774	-	-	-	504,774
Total Revenues	4,834,976	73,445	266,066	667,236	5,841,723
Expenditures:					
Current:					
Instruction:					
Regular instruction	2,021,444	-	-	267,923	2,289,367
Special instruction	558,235	-	-	-	558,235
Other instruction	466,432	-	-	-	466,432
	3,046,111	-	-	267,923	3,314,034
Support services:					
Student services	99,964	-	-	-	99,964
Instructional staff services	102,826	-	-	11,805	114,631
Administration services	457,167	-	-	86,985	544,152
Operation and maintenance of plant services	266,386	-	-	89,741	356,127
Transportation services	212,799	-	-	2,387	215,186
	1,139,142	-	-	190,918	1,330,060
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	14,405	54,829	69,234
Long-term debt principal	-	250,000	-	-	250,000
Long-term debt interest	-	174,991	-	-	174,991
AEA flow-through	199,217	-	-	-	199,217
	199,217	424,991	14,405	54,829	693,442
Total expenditures	4,384,470	424,991	14,405	513,670	5,337,536
Excess (deficiency) of revenues over (under) expenditures	450,506	(351,546)	251,661	153,566	504,187
Other financing sources (uses):					
Operating transfers in (out)	-	323,800	(323,800)	-	-
Total other financing sources (uses)	-	323,800	(323,800)	-	-
Net change in fund balances	450,506	(27,746)	(72,139)	153,566	504,187
Fund balances beginning of year	103,694	194,875	477,799	252,081	1,028,449
Fund balances end of year	$ 554,200	$ 167,129	$ 405,660	$ 405,647	$ 1,532,636

See notes to financial statements.

George - Little Rock Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
- Governmental Funds to the Statement of Activities
Year ended June 30, 2010

Exhibit F

Net change in fund balance - total governmental funds (page 22)		$	504,187
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:			
Expenditures for capital assets	48,943		
Assets Disposed	(5,024)		
Depreciation expense	(236,450)		(192,531)
Proceeds from issuing long-term liabilities provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. 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. Current year repayments exceeded issues, as follows:			
Repaid	250,000		250,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.			1,929
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds, as follows:			
Early retirement	22,106		22,106
Change in net assets of governmental activities (page 19)		$	585,691

See notes to financial statements.

George - Little Rock Community School District

Exhibit G

Statement of Net Assets
Proprietary Fund
June 30, 2010

	School Nutrition
Assets	
Cash and cash equivalents	$ 5,673
Inventories	5,583
Prepaid Expenses	-
Capital assets, net of accumulated depreciation	81,675
Total assets	92,931
Liabilities	
Accounts payable	
Due to other funds	-
Deferred revenue	2,503
Salaries and benefits payable	6,522
Total Liabilities	9,025
Net Assets	
Invested in capital assets, net of related debt	81,675
Unrestricted	2,231
Total net assets	$ 83,906

See notes to financial statements.

George - Little Rock Community School District
Statement of Revenues, Expenses and Changes in
Fund Net Assets - Proprietary Fund
June 30, 2010

Exhibit H

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	$ 119,088
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	93,749
Benefits	13,200
Purchased services	1,759
Supplies	123,919
Depreciation	1,297
Total operating expenses	233,924
Operating loss	(114,836)
Non-operating revenues:	
State sources	2,604
Federal sources	116,620
Interest income	82
Total non-operating revenues	119,306
Change in net assets	4,470
Net assets beginning of year	79,436
Net assets end of year	$ 83,906

See notes to financial statements.

George - Little Rock Community School District
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2010

EXHIBIT I

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	$ 119,239
Cash paid to employees for services	(124,657)
Cash paid to suppliers for goods or services	(104,225)
Net cash used by operating activities	(109,643)
Cash flows from non-capital financing activities:	
State grants received	2,604
Federal grants received	95,635
Net cash provided by non-capital financing activities	98,239
Cash flows from investing activities:	
Interest on investments	82
Net increase (decrease) in cash and cash equivalents	(11,322)
Cash and cash equivalents beginning of year	16,995
Cash and cash equivalents end of year	$ 5,673
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	$ (114,836)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Commodities used	20,984
Depreciation	1,297
(Increase) decrease in inventories	469
Increase (decrease) in salaries and benefits payable	(4,708)
Increase (decrease) in deferred revenues	151
Net cash used in operating activities	$ (109,643)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010 the District received $20,984 of federal commodities.

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The George – Little Rock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of George and Little Rock, Iowa and the predominately agricultural territory in Lyon, Sioux and Osceola Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, George – Little Rock Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The George – Little Rock Community School District has no component units, which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the 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 assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The proprietary fund of the District may apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 that are developed for business enterprises if there is no GASB pronouncements covering that area.

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 balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments which are non-negotiable certificates of deposit which are stated at cost and the investments in the Iowa Schools Joint Investment Trust (ISJIT) which is valued at amortized cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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 activity columns in the government-wide Statement of Net Assets. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair 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 one year.

Asset Class	Amount
Land	$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	2,500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	100 years
Improvements other than buildings	15 - 50 years
Furniture and equipment:	3 - 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.

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 unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in 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.

Long-term liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activity column in the Statement of Net Assets.

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, expenditures did not exceed in any of the functional areas the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2010 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, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Diversified Fund which are valued at an amortized cost of $1,025,287 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Due From and Due to Other Funds

The School Lunch Fund repaid the General Fund for an advance to pay expenditures in a prior year as the cash flow improved.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from:	Amount
Debt Service	Statewide Sales Tax	$ 323,800
		$ 323,800

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

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

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. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate of 4.50%. A summary of the District's ISCAP activity for the year ended June 30, 2010 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2019-10A	$ -	$ 125,000	$ 125,000	$ -
2019-10B	-	-	-	-
	$ -	$ 125,000	$ 125,000	$ -

During the year ended June 30, 2010, the District paid $214 of interest on the ISCAP warrants.

(6) Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 39,270	$ -	$ -	$ 39,270
Total capital assets not being depreciated	39,270	-	-	39,270
Capital assets being depreciated:				
Buildings	7,112,842	-	-	7,112,842
Improvements other than buildings	448,108	1,322	-	449,430
Furniture and equipment	1,875,079	47,621	48,305	1,874,395
Total capital assets being depreciated	9,436,029	48,943	48,305	9,436,667
Less accumulated depreciation for:				
Buildings	1,677,155	135,786	-	1,812,941
Improvements other than buildings	367,611	9,620	-	377,231
Furniture and equipment	910,782	91,044	43,281	958,545
Total accumulated depreciation	2,955,548	236,450	43,281	3,148,717
Total capital assets being depreciated, net	6,480,481	(187,507)	5,024	6,287,950
Governmental activities capital assets, net	$ 6,519,751	$ (187,507)	$ 5,024	$ 6,327,220
Business type activities:				
Furniture and equipment	$ 215,010	$ -	$ -	$ 215,010
Less accumulated depreciation	(132,038)	(1,297)	-	(133,335)
Business type activities capital assets, net	$ 82,972	$ (1,297)	$ -	$ 81,675

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	$ 25,987
Support services:	
Instructional staff	26,594
Operation and maintenance of plant	148,483
Transportation	35,386
	236,450
Unallocated	-
Total depreciation expense - governmental activities	$ 236,450
Business type activities:	
Food service operations	$ 1,297

7) Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2010, is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Revenue Bonds	$ 450,000	$ -	$ 85,000	$ 365,000	$ 85,000
General Obligation	3,780,000	-	165,000	3,615,000	170,000
Early Retirement	92,231	-	22,106	70,125	22,106
Total	$ 4,322,231	$ -	$ 272,106	$ 4,050,125	$ 277,106

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

		Bond Issue July 1, 2005		
		Series 2005A		
Year Ending June, 30	**Interest Rates**	**Principal**	**Interest**	**Total**
2011	4%	$ 170,000	$ 151,800	$ 321,800
2012	4%	180,000	145,000	325,000
2013	4%	190,000	137,800	327,800
2014	4%	195,000	130,200	325,200
2015	4%	205,000	122,400	327,400
2016-2020	4.25%	1,185,000	472,600	1,657,600
2021-2024	4.25%	1,490,000	195,713	1,685,713
		$ 3,615,000	$ 1,355,513	$ 4,970,513

Revenue Bonds Payable

Details of the District's June 30, 2010 local option (statewide) sales and services tax revenue bonded indebtedness are as follows:

Year Ending June, 30	Interest Rates	Bond Issue July 1, 2005 Series 2005B Principal	Interest	Total
2011	3.10%	$ 85,000	$ 11,810	$ 96,810
2012	3.20%	90,000	8,745	98,745
2013	3.30%	95,000	5,368	100,368
2014	3.40%	95,000	1,805	96,805
		$ 365,000	$ 27,728	$ 392,728

The local option (statewide) sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolution providing for the issuance of the local option (statewide) sales and service tax revenue bonds includes the following provisions:

1. A sinking fund to be established for all proceeds of the local option (statewide) sales and services tax revenue must be deposited.
2. The amounts to be deposited into the sinking fund shall be equal to the amount of principal and interest coming due on the bonds and any other obligations payable from the local option (statewide) sales and service tax revenues
3. A reserve fund is required to be maintained on deposit an amount equal to the lesser of 10% of the proceeds of the Series 2009B or 125% of the average annual debt service on Series 2009B

The District did comply with all of the provisions during the year ended June 30, 2010. The required reserve account was established by the District with a balance of $68,500 and the sinking fund had $91,719.

During the year ended June 30, 2010, the District made interest payments totaling $173,058 under the agreements.

(7) Termination Benefits

The District offered a voluntary early retirement plan to its employees until November 30, 2007. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

Early retirement benefits are a flat $2,000 per year for 5 years and health insurance payments based on the retirement year rate until the retiree reaches 65 years of age. If health insurance rates go up the retiree will need to pay the difference.

At June 30, 2010, the District has obligations to three participants with a total liability of $70,125. Actual early retirement expenditures for the year ended June 30, 2010 totaled $22,106. Details of the early retirement obligations at June 30, 2010 are as follows:

Year Ending	Compensation	Health Insurance	Total
2011	$ 6,000	$ 16,106	$ 22,106
2012	4,000	16,106	20,106
2013	4,000	9,804	13,804
2014	-	5,461	5,461
2015	-	5,461	5,461
Thereafter	-	2,732	2,732
	$ 14,000	$ 55,670	$ 69,670

(9) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit 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 are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were $178,916, $176,658 and $172,258 respectively, equal to the required contributions for each year.

(10) Other Postemployment Benefits (OPEB)

Plan Description – The District offers a single-employer early retirement incentive plan which provides health insurance benefits to teachers, administrators, and business managers who are between the ages of 55 and 62 with 15 or more years of service at retirement.

The benefit is in the form of a cash payment, sick leave payout, and medical premium subsidy until the age of 65. The subsidy is in the amount of the single premium at the time of retirement, and retirees are responsible for any increase in the premium.

Funding Policy – The District currently finances the postretirement benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$ 124,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	124,000
Contributions made	(63,000)
Increase in net OPEB obligation	61,000
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	$ 61,000

The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed $63,000 to the medical plan. Plan members eligible for benefits contributed $1,660.55 or 10% of the premium costs.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost	Net OPEB Obligation
June 30, 2010	$ 124,000	51%	$ 61,000

Funding Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was $1.209 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $1.209 million. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The 10-Year Summary of Projected Cash Flows, presented as Required Supplementary Information in the section following the Notes to Financial statements, presents the projected net benefits for the District's post retirement benefit plan based on the current population.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.00%. The ultimate medical trend rate is 5.00%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Table, applied on a gender-specific basis. Average life expectancy for the George-Little Rock Community School Distribution participants based on this table is 82 years of age. Employees are assumed to retire at the latest of age 55 or the eligibility age. Table 1 of GASB 45 paragraph 35(b) is used to assign the probability of remaining employed until assumed retirement age.

Projected annual premiums of the medical plan for participants range from $11,648.37 for a $200 deductible to $10,244.24 for a $750 deductible. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized over the maximum allowable period of 30 years on an open basis.

(11) 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.

(12) 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 $199,217 for the year ended June 30, 2010, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(13) Categorical Funding

The District's reserve fund balance for categorical funding at June 30, 2010 is comprised of the following programs:

Program	
Gifted and Talented Program	$ 23,948
Educator Quality, Professional Development	15,786
	$ 39,734

George – Little Rock Community School District

Required Supplementary Information

George - Little Rock Community School District
Budgetary Comparison Schedule of Revenues, Expenditure and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information
Year ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local Sources	$ 3,158,539	$ 119,170
Intermediate sources	-	-
State sources	2,178,410	2,604
Federal sources	504,774	116,620
Total revenues	5,841,723	238,394
Expenditures		
Instruction	3,314,034	-
Support services	1,330,060	-
Non-instructional programs	-	233,924
Other expenditures	693,442	-
Total expenditures	5,337,536	233,924
Excess (deficiency) of revenues over (under) expenditures	504,187	4,470
Other financing sources, net	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	504,187	4,470
Balances beginning of year	1,028,449	79,436
Balances end of year	$ 1,532,636	$ 83,906

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
$ 3,277,709	$ 3,258,444	$ 3,258,444	$ 19,265
-	-	-	-
2,181,014	3,030,491	3,030,491	(849,477)
621,394	305,000	305,000	316,394
6,080,117	6,593,935	6,593,935	(513,818)
3,314,034	3,752,791	3,752,791	(438,757)
1,330,060	1,462,000	1,462,000	(131,940)
233,924	270,000	270,000	(36,076)
693,442	1,003,264	1,003,264	(309,822)
5,571,460	6,488,055	6,488,055	(916,595)
508,657	105,880	105,880	402,777
-	-	-	-
508,657	105,880	105,880	402,777
1,107,885	1,443,198	1,443,198	(335,313)
$ 1,616,542	$ 1,549,078	$ 1,549,078	$ 67,464

See accompanying independent auditor's report.

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

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

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

During the year ended June 30, 2010, expenditures function areas did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

George – Little Rock Community School District
Schedule of Funding Progress for the Early Retiree Plan
Required Supplementary Information

Year	Retiree Cost (A)	Subsidy Payments (B)	Total Contributions (C)	Net Benefit Payments	Implicitly Subsidy (A +C)	Explicit Subsidy (B)	Net Benefit Payments
2010	$ 108,000	$ 14,000	$ (59,000)	$ 63,000	$ 49,000	$ 14,000	$ 63,000
2011	$ 114,000	$ 13,000	$ (63,000)	$ 64,000	$ 51,000	$ 13,000	$ 64,000
2012	$ 105,000	$ 16,000	$ (55,000)	$ 66,000	$ 50,000	$ 16,000	$ 66,000
2013	$ 103,000	$ 19,000	$ (54,000)	$ 68,000	$ 49,000	$ 19,000	$ 68,000
2014	$ 102,000	$ 22,000	$ (54,000)	$ 70,000	$ 48,000	$ 22,000	$ 70,000
2015	$ 115,000	$ 24,000	$ (61,000)	$ 78,000	$ 54,000	$ 24,000	$ 78,000
2016	$ 112,000	$ 21,000	$ (59,000)	$ 74,000	$ 53,000	$ 21,000	$ 74,000
2017	$ 108,000	$ 26,000	$ (57,000)	$ 77,000	$ 51,000	$ 26,000	$ 77,000
2018	$ 103,000	$ 28,000	$ (55,000)	$ 76,000	$ 48,000	$ 28,000	$ 76,000
2019	$ 71,000	$ 23,000	$ (38,000)	$ 56,000	$ 33,000	$ 23,000	$ 56,000

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

George – Little Rock Community School District

Other Supplementary Information

George - Little Rock Community School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

Schedule 1

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
Assets					
Cash and cash equivalents:					
Cash	$ 47,905	$ 73,009	$ 303,518	$ 21,882	$ 446,314
Investments	-	5,000	-	-	5,000
Receivables:					
Property tax:					
Delinquent	1,288	-	1,960	254	3,502
Succeeding year	110,000	-	169,311	21,974	301,285
Accounts	-	-	12,299	106	12,405
Accrued interest	-	88	-	-	88
Due from other governments	-	-	94,389	-	94,389
Total assets	159,193	78,097	581,477	44,216	862,983
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	3,800	-	53,911	390	58,101
Salaries and benefits payable	-	-	-	3,561	3,561
Deferred revenue - succeeding year					
Property tax	110,000	-	169,311	21,974	301,285
Other	-	-	94,389	-	94,389
Total liabilities	113,800	-	317,611	25,925	457,336
Fund equity:					
Unreserved fund balances	45,393	78,097	263,866	18,291	405,647
Total liabilities and fund balances	$ 159,193	$ 78,097	$ 581,477	$ 44,216	$ 862,983

See accompanying independent auditor's report.

George - Little Rock Community School District

Schedule 2

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended June 30, 2010

	Special Revenue				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
Revenues:					
Local sources:					
Local tax	$ 101,723	$ -	$ 261,157	$ 20,068	$ 382,948
Other	11,129	270,605	2,236	166	284,136
State sources	56	-	85	11	152
Total revenues	112,908	270,605	263,478	20,245	667,236
Expenditures:					
Current:					
Instruction:					
Regular instruction	21,359	240,883	-	5,681	267,923
Support services:					
Student Services	-	-	11,805	-	11,805
Administration Services	3,800	-	83,185	-	86,985
Operation and maintenance of plant services	76,997	-	7,466	5,278	89,741
Student Transportation	-	-	1,000	1,387	2,387
Other expenditures:					
Facilities acquisition	-	-	48,397	6,432	54,829
Total expenditures	102,156	240,883	151,853	18,778	513,670
Excess (deficiency) of revenues over (under) expenditures	10,752	29,722	111,625	1,467	153,566
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	10,752	29,722	111,625	1,467	153,566
Fund balances beginning of year	34,641	48,375	152,241	16,824	252,081
Fund balances end of year	$ 45,393	$ 78,097	$ 263,866	$ 18,291	$ 405,647

See accompanying independent auditor's report.

George - Little Rock Community School District Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Annual	2,886	5,628	4,663	50	3,901
Resale	1,955	54,501	53,597	(1,223)	1,636
General	756	37,898	37,662	-	992
Athletics	-	11,261	5,092	(4,558)	1,611
Baseball	40	2,789	4,708	2,259	380
Basketball:					
Boys	-	4,998	3,207	(1,791)	-
Boys Fundraiser	1,634	6,886	8,454	-	66
Girls	-	10,067	6,937	(3,130)	-
Girls Fundraiser	353	10,540	8,112	-	2,781
Track:					
Boys	-	80	1,717	1,637	-
Girls	-	1,497	2,300	803	-
Softball	-	2,287	5,755	3,468	-
Wrestling	-	1,966	441	(1,525)	-
Wrestling Fundraiser	1,258	-			1,258
Football	-	-	381	381	-
Golf:					
Boys	-	22	358	336	-
Girls	-	-	433	433	-
Volleyball	-	7,199	6,854	(345)	-
Cross Country	-	2,408	3,753	1,345	-
Cheerleaders	198	690	787	-	101
Music - Vocal	-	1,279	2,548	1,269	-
Music - Instrumental	474	615	491	(598)	-
Music Boosters	343	-	-	-	343
Faculty	2,570	6,430	6,442	-	2,558
Future Farmers of America	-	26,356	27,539	3,518	2,335
Future Farmers /Savings	11,105	21,953	-	(5,977)	27,081
National Honor Society	200	214	199	-	215
MS Student Council	370	-	-	-	370
HS Student Council	2,875	4,050	3,182	-	3,743
Broadway Bound	326	11,635	11,714	-	247
Investor Group	1,849	-	-	-	1,849
Drama Club	-	3,166	5,662	2,496	-
125th Celebration	-	4,000	-	-	4,000
Interest on Investments	-	248	-	(248)	-
Athletics Resale	-	4,768	4,743	(25)	-

See accompanying independent auditor's report.

George - Little Rock Community School District Schedule 3

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2010

Account	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
Class of:					
2009	686	-	600	(86)	-
2010	2,428	-	1,454	-	974
2011	1,052	6,208	4,970	648	2,938
2012	950	10	362	-	598
2013	289	10	-	-	299
2014	200	829	332	-	697
2015	131	800	640	-	291
2016	-	785	628	-	157
Insurance	-	641	641	-	-
NOW Interest	-	124	-	(124)	-
Book Fair - George	-	3,555	3,555		-
Magazines	-	1,548	899	(649)	-
MS Magazines	1,507	3,580	2,266	2,245	5,066
MS Yearbook	133	1,182	860	-	455
Pictures	-	50	-	(50)	-
MS Reading Program	-	3,550	3,763	213	-
Martha Schrick Memorial	-	-	3	3	-
Steve Groenwold Memorial	36	-	3	-	33
Jim Schaar Memorial	38	-	135	97	-
Virgil Krull Memorial	211	25	3	-	233
Band Fundraiser	7,266	-	202	-	7,064
Workkeys	601	-	-	-	601
Vending Machine	1,774	557	278	(500)	1,553
Promotions	1,881	1,720	1,558	(372)	1,671
	$ 48,375	$ 270,605	$ 240,883	$ -	$ 78,097

See accompanying independent auditor's report.

George - Little Rock Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Seven Years

	Modified Accrual Basis			
	2010	2009	2008	2007
Revenues:				
Local sources:				
Local tax	$ 2,695,208	$ 2,517,385	$ 2,481,924	$ 2,435,179
Tuition	103,136	91,462	91,439	64,239
Other	360,195	343,513	330,738	417,069
Bonds	-	-	-	-
Intermediate sources	-	-	-	500
State sources	2,178,410	2,564,825	2,554,877	2,246,580
Federal sources	504,774	167,328	306,558	498,649
Total	5,841,723	5,684,513	5,765,536	5,662,216
Expenditures:				
Instruction:				
Regular instruction	2,289,367	2,387,719	2,388,562	2,291,273
Special instruction	558,235	578,651	510,165	497,948
Other instruction	466,432	451,958	406,835	376,508
Support services:				
Student services	99,964	101,281	98,269	90,720
Instructional staff services	114,631	87,340	132,092	72,786
Administration services	544,152	514,709	590,484	557,377
Operation and maintenance of plant services	356,127	396,540	458,106	411,631
Transportation services	215,186	309,019	252,794	309,222
Non-instructional programs	-	-	74	2,033
Other expenditures:				
Facilities acquisition	69,234	154,293	286,978	4,039,507
Long-term debt				
Principal	250,000	235,000	232,091	217,091
Interest and other charges	174,991	184,193	191,992	201,438
AEA flow-through	199,217	178,849	169,411	164,820
Total	$ 5,337,536	$ 5,579,552	$ 5,717,853	$ 9,232,354

See accompanying independent auditor's report.

2006	2005	2004
$ 2,220,837	$ 1,843,801	$ 1,686,118
108,869	95,412	78,793
454,405	240,651	285,002
5,045,000	43,591	-
1,697	1,344	-
2,238,731	2,134,833	1,941,302
209,369	283,336	179,640
10,278,908	4,642,968	4,170,855
2,177,635	1,981,506	1,838,852
483,495	557,850	571,727
378,093	394,355	292,522
96,344	72,976	48,851
75,428	80,801	75,841
534,224	464,367	628,640
355,349	321,735	250,703
238,468	223,469	193,493
-	672	-
1,493,337	579,680	287,585
135,000	-	-
180,602	18,360	17,000
155,076	149,090	146,587
$ 6,303,051	$ 4,844,861	$ 4,351,801

See accompanying independent auditor’s report.

George – Little Rock Community School District

George - Little Rock Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2010

Grantor/Program	CFDA Number	Grant Number	Expenditures
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Donation (non-cash)	10.555	FY10	$ 20,984
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	18,956
National School Lunch Program	10.555	FY10	76,679
			95,635
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	63,636
ARRA - Title I Basic LEA Grants Stabilization	84.389	FY10	21,099
			84,735
Special Education Cluster IDEA			
Special Education - Grants to States	84.027	FY10	25,219
ARRA- Part B Special ED Section 611	84.391	FY10	34,495
			59,714
State Fiscal Stabilization Fund Cluster			
State Fiscal Stabilization Fund - ARRA - State Aid	84.394	FY10	250,874
State Fiscal Stabilization Fund - ARRA - Teacher Professional Development	84.394	FY10	1,931
State Fiscal Stabilization Fund - ARRA - Instructional Support	84.394	FY10	11,815
Title IIA - Federal Teacher Quality Program	84.367	FY10	22,071
			286,691
Vocational Education - Basic Grants to States	84.048	FY10	4,074
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY10	1,520
Rural Education Achievement Program	84.358	FY10	36,395
Grants for State Assessments and Related Activities - Title VI A	84.369	FY10	3,049
Total			$ 592,797

Basis of Presentation

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

See accompanying independent auditor's report.

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

To the Board of Education of
George – Little Rock Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of George – Little Rock Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the George – Little Rock Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion of the effectiveness of George – Little Rock Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of George – Little Rock Community School District's internal control over financial reporting.

A deficiency in internal control 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 *material weakness* is a deficiency or combination of deficiencies, internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies internal control over financial reporting we consider to be significant deficiency over financial reporting. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a significant deficiency. A significant deficiency is a control deficiency, or combination of control deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George – Little Rock Community School District's

financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit is 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.

George – Little Rock Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit George – Little Rock Community School District's responses and accordingly, we express no opinion on them.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of George – Little Rock Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

East Vander Woude, Grant & Co P.C.

East, Vander Woude, Grant & Co., P.C.
Certified Public Accountants
Sioux Falls, SD
January 12, 2011

EAST, VANDER WOUDE, GRANT & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of
George – Little Rock Community School District:

Compliance

We have audited the compliance of George – Little Rock Community School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, George – Little Rock Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of George – Little Rock Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered George – Little Rock Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of George – Little Rock Community School District's internal control over compliance.

A *significant deficiency in internal control over compliance* exists when the design or operation of a control over

compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify certain deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

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

East Vander Woude, Grant & Co P.C.

East, Vander Woude, Grant & Co., P.C.
Certified Public Accountants
Sioux Falls, SD
January 12, 2011

Part I: Summary of the Independent Auditor's Results:

a) Unqualified opinions were issued on the financial statements.

b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

c) The audit did not disclose any non-compliance which is material to the financial statements.

d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements.

e) An unqualified opinion was issued on compliance with requirements applicable to each major program.

f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

g) Major programs were as follows:
- Clustered Programs:
  - CFDA Number 84.394 & 84.367 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act & Title IIA – Federal Teacher Quality Program
  - CFDA Number 84.010 & 84.369 –Title I Grants to Local Educational Agencies & ARRA Title I Grants to LEA Grants Stabilization
  - CFDA Number 84.027 & 84.391 – Special Education Grants to States & ARRA – Part B Special Education Section 611

h) The dollar threshold use to distinguish between Type A and Type B programs was $300,000.

i) George – Little Rock Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCES:

II-10-A The School District's internal control structure should be designed to provide for the preparation of the financial statements being audited. The School District requested the external auditors to prepare the financial statements and related footnote disclosures as part of our regular audit services.

Recommendation – It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. During 2006, a new auditing standard from the American Institute of Certified Public Accountants, SAS 112, became effective. This statement requires auditors to communicate this situation to the state as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this new auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have be prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Response – We are aware of the risk associated with not preparing our financial statements, but believe our review of the financial statements to be adequate to reduce this risk.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCES:

CFDA Number 84.394 & 84.367 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act & Title IIA – Federal Teacher Quality Program
CFDA Number 84.010 & 84.369 –Title I Grants to Local Educational Agencies & ARRA Title I Grants to LEA Grants Stabilization
CFDA Number 84.027 & 84.391 – Special Education Grants to States & ARRA – Part B Special Education
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

III-10-A The School District's internal control structure should be designed to provide for the preparation of the financial statements being audited. The School District requested the external auditors to prepare the financial statements and related footnote disclosures as part of our regular audit services.

Recommendation – It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. During 2006, a new auditing standard from the American Institute of Certified Public Accountants, SAS 112, became effective. This statement requires auditors to communicate this situation to the state as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this new auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have be prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Response – We are aware of the risk associated with not preparing our financial statements, but believe our review of the financial statements to be adequate to reduce this risk.

Conclusion – Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-10-A Certified Budget – Expenditures for the year ended June 30, 2010, did not exceed certified budget. The District did not exceed its unspent authorized budget for the year ended June 30, 2010.

IV-10-B Questionable Expenditures - No disbursements were noted that might not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-10-C Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-10-D Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-10-E Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. Coverage amounts should be reviewed annually to insure adequacy for current operations.

IV-10-F Board Minutes - No transactions requiring Board approval, which had not been approved by the Board, were noted.

IV-10-G Deposits and Investments - 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 were noted.

IV-10-H Certified Annual Report - The Certified Annual Report was certified to the Iowa Department of Education timely.

IV-10-I Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-10-J Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-10-K Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-10-K 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, 2010, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		$ 375,411
Statewide sales and services tax revenue		258,657
Expenditures/transfers out:		
School infrastrucure		
Equipement	(14,014)	
Debt service for school infrastructure:		
General obigation debt	(224,142)	
Revenue debt	(99,658)	(337,814)
Ending Balance		$ 296,254

The statewide sales, services and use tax revenue received during the year ended June 30, 2010 is equivalent to a reduction in the following levies:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt Service Levy	$ 0.35616	$ 58,543