

Gladbrook-Reinbeck Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2010

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Independent Auditor's Report

To the Board of Education of
Gladbrook-Reinbeck Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gladbrook-Reinbeck Community School District, Reinbeck, 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 officials. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Gladbrook-Reinbeck Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 7, 2011, on my consideration of Gladbrook-Reinbeck Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 36 through 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gladbrook-Reinbeck Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Keith Oltrogge CPA PC". The signature is stylized and cursive.

Keith Oltrogge
Certified Public Accountant

March 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gladbrook-Reinbeck 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

- General Fund revenues decreased from \$6,359,634 in fiscal 2009 to \$6,282,195 in fiscal 2010, while General Fund expenditures decreased from \$6,293,299 in fiscal 2009 to \$6,115,057 in fiscal 2010. The District's General Fund balance increased from \$397,262 in fiscal year 2009 to \$564,264 in fiscal year 2010, a 42% increase.
- The District's solvency ratio increased from 5.8% in 2009 to 7.4% in fiscal 2010. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Gladbrook-Reinbeck 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 Gladbrook-Reinbeck 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 Gladbrook-Reinbeck Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major governmental 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 relate to one another.

Figure A-1
Gladbrook-Reinbeck Community School District Annual Financial Report

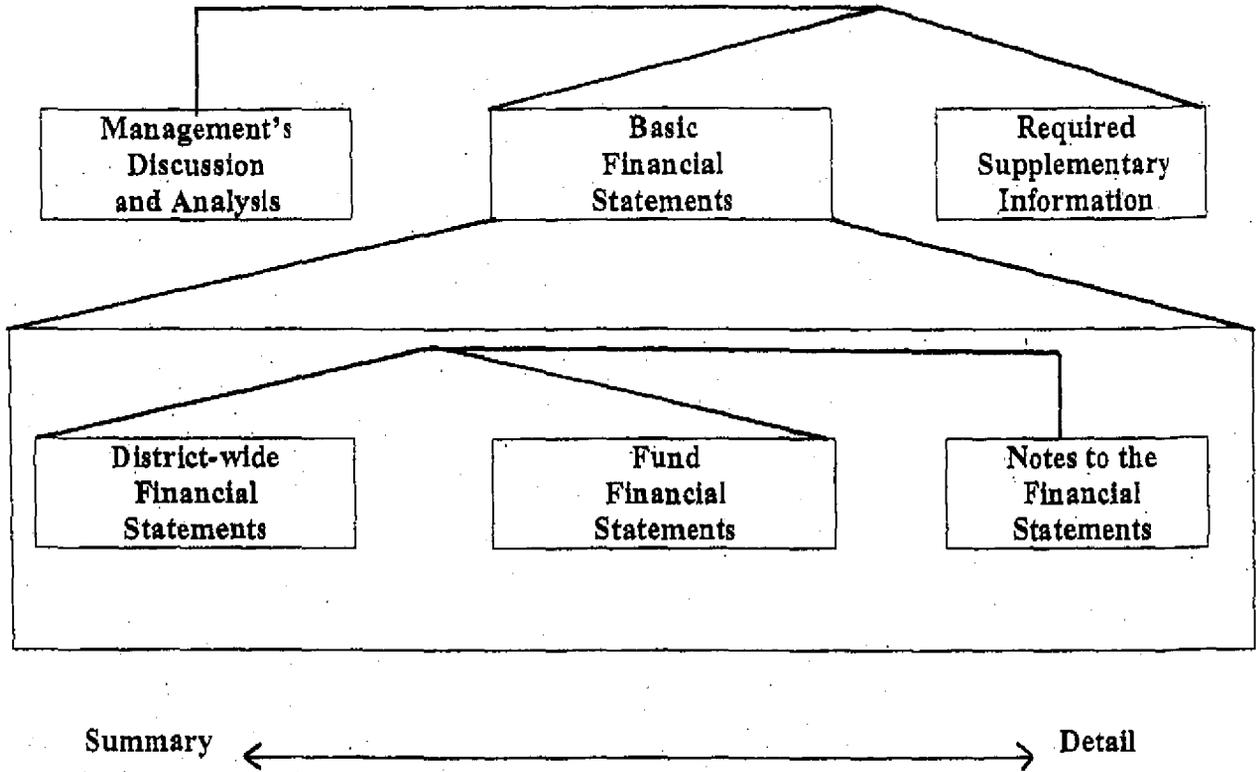


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures..

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

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

Reconciliation 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**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	\$5,694,643	\$5,521,005	\$18,585	\$26,872	\$5,713,228	\$5,547,877	2.9%
Capital assets	4,415,586	2,591,567	45,138	56,375	4,460,724	2,647,942	68.4%
Total assets	\$10,110,229	\$8,112,572	\$63,723	\$83,247	\$10,173,952	\$8,195,819	24.1%
Long-term liabilities	\$1,653,443	\$805,507	\$-	\$-	\$1,653,443	\$805,507	105.2%
Other liabilities	3,973,574	4,032,100	4,216	4,886	3,977,790	4,036,986	-1.5%
Total liabilities	\$5,627,017	\$4,837,607	\$4,216	\$4,886	\$5,631,233	\$4,842,493	16.2%
Net assets:							
Invested in capital assets, net of related debt	\$3,140,586	\$2,086,567	\$45,138	\$56,375	\$3,185,724	\$2,142,942	48.6%
Restricted	756,585	389,441	-	-	756,585	389,441	94.2%
Unrestricted	586,041	798,957	14,369	21,986	600,410	820,943	-26.9%
Total net assets	\$4,483,212	\$3,274,965	\$59,507	\$78,361	\$4,542,719	\$3,353,326	26.5%

The District’s combined total net assets increased by nearly 26.5%, or \$1,189,393, over the prior year. The largest portion of the District’s net assets is in the “invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt”. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets increased 94.2% or \$367,144, over the prior year. The increase was primarily due to reclassification of unrestricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$220,533 or 26.9%. This reduction in unrestricted net assets was primarily due to the increases in restricted net assets.

Figure A-4 shows the change 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

	Governmental Activities		Business Type Activities		Total District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for service	\$351,765	\$346,109	\$179,743	\$185,238	\$531,508	\$531,347	-
Operating grants, contributions and restricted interest	1,276,271	872,986	119,582	95,073	1,395,853	968,059	44.1%
Capital grants, contributions and restricted interest	-	-	9,137	-	9,137	-	100%
General revenues:							
Property tax	3,155,873	2,865,930	-	-	3,155,873	2,865,930	10.1%
Statewide sales, service and use tax	437,090	435,932	-	-	437,090	435,932	0.2%
Unrestricted state grants	2,097,334	2,879,053	-	-	2,097,334	2,879,053	-27.2%
Unrestricted investment earnings	38,311	44,919	608	192	38,919	45,111	-13.8%
Other	108,581	47,366	-	4,562	108,581	51,928	109%
Total revenues	\$7,465,225	\$7,492,295	\$309,070	\$285,065	\$7,774,295	\$7,777,360	-0.1%
Program expenses:							
Governmental activities:							
Instruction	\$4,552,286	\$4,678,832	\$-	\$-	\$4,552,286	\$4,678,832	-2.8%
Support services	1,983,366	2,004,703	-	3,494	1,983,366	2,008,197	-1.3%
Non-instructional programs	24,025	775	311,545	297,746	335,570	298,521	12.4%
Other expenses	-298,835	287,163	-	-	-298,835	287,163	-204%
Total expenses	\$6,260,842	\$6,971,473	\$311,545	\$301,240	\$6,572,387	\$7,272,713	-9.7%
Change in net assets	\$1,204,383	\$520,822	-\$2,475	-\$16,175	\$1,201,908	\$504,647	138.1%

In fiscal year 2010, property tax and unrestricted state grants account for 70.3% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.8% of business type activities revenue.

The District's total revenues were approximately \$7.8 million, of which approximately \$7.5 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.1% decrease in revenues and a 9.7% decrease in expenses. Property tax increased approximately \$710,000. The decrease in expenses is related to the decrease in other expenses.

The District received the value of the two daycare centers placed in service this year which both the City of Reinbeck and the City of Gladbrook contributed \$300,000 each, this is the reason for the negative balance in the other expenses function.

Governmental Activities

Revenues for governmental activities were \$7,465,225 and expenses were \$6,260,842. 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 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

	Total Cost of Services		Change	Net Cost of Services		Change
	2010	2009	2009-10	2010	2009	2009-10
Instruction	\$4,552,286	\$4,678,832	-2.8%	\$2,931,151	\$3,467,041	-15.5%
Support services	1,983,366	2,004,703	-1.1%	1,976,465	1,997,399	-1.1%
Non-instructional programs	24,025	775	3100%	24,025	775	3,100%
Other expenses	-298,835	287,163	-204%	-298,835	289,163	-204%
Totals	\$6,260,842	\$6,971,473	-10.2%	\$4,632,806	\$5,752,378	-19.5%

- The cost financed by users of the District's programs was \$531,508.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,395,853.
- The net cost of governmental activities was financed with \$3,592,963 in property and other taxes and \$2,097,334 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$309,070, and expenses were \$311,545. The District's business type activities include the School Nutrition Fund and Swimming Pool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Gladbrook-Reinbeck 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 \$1,731,937, more than last year's ending fund balances of \$1,490,302.

Governmental Fund Highlights

- The General Fund balance increased from \$397,102 to \$564,264 due in part to the decrease in expenditures.
- The Capital Projects Fund balance decreased from \$431,742 to 366,788 due to the increase in expenditures for facility acquisitions.
- The Physical Plant and Equipment Levy Fund balance increased from \$225,780 to \$310,401 due in part to the increase in property tax revenue.

Proprietary Fund Highlights

- School Nutrition Fund net assets decreased from \$61,982 at June 30, 2009 to \$59,507 at June 30, 2010, due to the increase in supply costs.
- Swimming Pool Fund net assets decreased due to the closing of the pool.

BUDGETARY HIGHLIGHTS

Over the course of the year, Gladbrook-Reinbeck Community School District amended its annual budget one time.

The District's receipts were \$224,431 less than budgeted receipts, a variance of 2.9%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$4,460,724, 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 increase of 68.4% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$310,625.

The original cost of the District's capital assets was \$10,269,325. Governmental funds account for \$10,145,247, with the remainder of \$124,078 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category, with the completion of two day care centers.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-2010
Land	\$37,965	\$37,965	\$-	\$-	\$37,965	\$37,965	-
Construction in process	-	45,900	-	-	-	45,900	-100%
Buildings	3,513,519	2,010,969	-	-	3,513,519	2,010,969	74.7%
Improvements other than buildings	211,704	132,517	-	-	211,704	132,517	59.7%
Furniture and equipment	652,398	364,216	45,138	56,375	697,536	420,591	65.8%
Totals	\$4,415,586	\$2,591,567	\$45,138	\$56,375	\$4,460,724	\$2,647,942	68.4%

Long-Term Debt

At June 30, 2010, the District had \$1,275,000 in other long-term debt outstanding. This represents an increase of 152.4% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$17 million.

In August 2009 the District issued \$580,000 in statewide sales, service and use tax revenue bonds to finance the purchase a school bus and to upgrade the athletic field and concession stands. In November 2009 the District issued a \$300,000 USDA Revenue Loan for the daycare projects.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2010	2009	2009-2010
Capital note	\$410,000	\$505,000	-18.9%
Revenue bonds	865,000	-	100%
Totals	\$1,275,000	\$505,000	152.4%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of circumstances which could significantly affect its financial health in the future except for the following:

- Actual certified enrollment has decreased from 734 students in 2007 to 688 students in 2009. Enrollment decreases result in reduced state funding.
- Federal and state agencies are also in the process of decreasing their allocations of funding to local school districts which will result in less funding and may require budget adjustments in some areas in the future.

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 Debra Oleson, District Secretary/Treasurer, Gladbrook-Reinbeck Community School District, 300 Cedar Street, Reinbeck IA 50669

Basic Financial Statements

Gladbrook-Reinbeck Community School District

Statement of Net Assets

June 30, 2010

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,870,593	\$ 10,953	\$ 1,881,546
Receivables:			
Property tax:			
Delinquent	43,034	-	43,034
Succeeding year	3,083,970	-	3,083,970
Accounts	47,756	-	47,756
Accrued interest - ISCAP	22	-	22
Due from other governments	649,268	-	649,268
Inventories	-	7,632	7,632
Capital assets, net of accumulated depreciation	4,415,586	45,138	4,460,724
Total Assets	\$ 10,110,229	\$ 63,723	\$ 10,173,952
Liabilities			
Accounts payable	\$ 55,749	\$ 68	\$ 55,817
Salaries and benefits payable	417,697	-	417,697
Accrued interest payable	10,868	-	10,868
Deferred revenue-succeeding year property tax	3,083,970	-	3,083,970
Other	405,290	4,148	409,438
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	95,000	-	95,000
Capital note	140,000	-	140,000
Early retirement	69,696	-	69,696
Compensated absences	140,250	-	140,250
Portion due after one year:			
Revenue bonds	725,000	-	725,000
Capital note	315,000	-	315,000
Early retirement	83,368	-	83,368
Net OPEB liability	85,129	-	85,129
Total Liabilities	\$ 5,627,017	\$ 4,216	\$ 5,271,233
Net Assets			
Invested in capital assets, net of related debt	\$ 3,140,586	\$ 45,138	\$ 3,185,724
Restricted for:			
Categorical funding	108,764	-	108,764
Management levy	116,651	-	116,651
Physical plant and equipment levy	310,401	-	310,401
Other special revenue purposes	98,507	-	98,507
Debt service - sinking	122,262	-	122,262
Unrestricted	586,041	14,369	600,410
Total Net Assets	\$ 4,483,212	\$ 59,507	\$ 4,542,719

See notes to financial statements.

Gladbrook-Reinbeck Community School District

Statement of Activities

Year Ended June 30, 2010

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,974,622	\$ 92,305	\$ 1,135,114	\$ -
Special instruction	763,623	105,743	126,572	-
Other instruction	814,041	152,544	8,857	-
	<u>\$ 4,552,286</u>	<u>\$ 350,592</u>	<u>\$ 1,270,543</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 145,267	\$ -	\$ 4,102	\$ -
Instructional staff services	147,765	-	-	-
Administration services	656,781	1,173	-	-
Operation and maintenance of plant services	612,034	-	-	-
Transportation services	421,519	-	1,626	-
	<u>\$ 1,983,366</u>	<u>\$ 1,173</u>	<u>\$ 5,728</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ 24,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ -634,826	\$ -	\$ -	\$ -
Interest and fees	37,894	-	-	-
AEA flow-through	298,097	-	-	-
	<u>\$ -298,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 6,260,842</u>	<u>\$ 351,765</u>	<u>\$ 1,276,271</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 311,545	\$ 179,743	\$ 119,582	\$ 9,137
Support Services:				
Community Services:				
Swimming pool	-	-	-	-
Total Business Type Activities	<u>\$ 311,545</u>	<u>\$ 179,743</u>	<u>\$ 119,582</u>	<u>\$ 9,137</u>
Total	<u>\$ 6,572,387</u>	<u>\$ 531,508</u>	<u>\$ 1,395,853</u>	<u>\$ 9,137</u>

See notes to financial reports.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ -1,747,203	\$ -	\$ -1,747,203
-531,308	-	-531,308
-652,640	-	-652,640
<u>\$ -2,931,151</u>	<u>\$ -</u>	<u>\$ -2,931,151</u>
\$ -141,165	\$ -	\$ -141,165
-147,765	-	-147,765
-655,608	-	-655,608
-612,034	-	-612,034
-419,893	-	-419,893
<u>\$ -1,976,465</u>	<u>\$ -</u>	<u>\$ -1,976,465</u>
<u>\$ -24,025</u>	<u>\$ -</u>	<u>\$ -24,025</u>
\$ 634,826	\$ -	\$ 634,826
-37,894	-	-37,894
-298,097	-	-298,097
<u>\$ -298,835</u>	<u>\$ -</u>	<u>\$ -298,835</u>
<u>\$ -4,632,806</u>	<u>\$ -</u>	<u>\$ -4,632,806</u>
\$ -	\$ -	\$ -
\$ -	\$ -3,083	\$ -3,083
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -3,083</u>	<u>\$ -3,083</u>
<u>\$ -4,632,806</u>	<u>\$ -3,083</u>	<u>\$ -4,635,889</u>

Gladbrook-Reinbeck Community School District

Statement of Activities

Year Ended June 30, 2010

	<u>Program Revenues</u>		
		Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Expenses</u>	<u>Charges for Services</u>		
General Revenues:			
Property Tax Levied For:			
General purposes			
Capital outlay			
Statewide sales, service and use tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net assets			
Other Financing Sources (Uses):			
Operating transfer			
Sale (Disposal) of Assets			
Total Other Financing Sources (Uses)			
Change in net assets			
Net assets beginning of year			
Prior period adjustments			
Adjusted beginning of year			
Net Assets End of Year			

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 2,782,669	\$ -	\$ 2,782,669
373,204	-	373,204
437,090	-	437,090
2,097,334	-	2,097,334
38,311	608	38,919
108,581	-	108,581
<u>\$ 5,837,189</u>	<u>\$ 608</u>	<u>\$ 5,837,797</u>
\$ 1,204,383	\$ -2,475	\$ 1,201,908
\$ 24	\$ -24	\$ -
4,000	-16,355	-12,355
<u>\$ 4,024</u>	<u>\$ -16,379</u>	<u>\$ -12,355</u>
\$ 1,208,407	\$ -18,854	\$ 1,189,553
3,274,965	78,361	3,353,326
-160	-	-160
<u>\$ 3,274,805</u>	<u>\$ 78,361</u>	<u>\$ 3,353,166</u>
<u>\$ 4,483,212</u>	<u>\$ 59,507</u>	<u>\$ 4,542,719</u>

Gladbrook-Reinbeck Community School District

Balance Sheet
Governmental Funds

June 30, 2010

	General	Capital Projects	Physical Plant and Equipment Levy	Non-major Funds	Total
Assets					
Cash and Pooled Investments	\$ 882,704	\$ 158,875	\$ 328,685	\$ 500,329	\$ 1,870,593
Receivables:					
Property Tax:					
Delinquent	37,679	-	2,973	2,382	43,034
Succeeding year	2,717,519	-	196,450	17,001	3,083,970
Accounts	47,650	-	-	106	47,756
Accrued interest:					
ISCAP	22	-	-	-	22
Due from other governments	401,755	207,913	39,600	-	649,268
Total Assets	\$ 4,087,329	\$ 366,788	\$ 567,708	\$ 672,818	\$ 5,694,643
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 31,838	\$ -	\$ 21,257	\$ 2,654	\$ 55,749
Salaries and benefits payable	408,018	-	-	9,679	417,697
Deferred Revenue:					
Succeeding year property tax	2,717,519	-	196,450	170,001	3,083,970
Other	365,690	-	39,600	-	405,290
Total Liabilities	\$ 3,523,065	\$ -	\$ 257,307	\$ 182,334	\$ 3,962,706
Fund Balances:					
Reserved for:					
Categorical funding	\$ 108,764	\$ -	\$ -	\$ -	\$ 108,764
Debt service - sinking	-	-	-	122,262	122,262
Unreserved	455,500	366,788	310,401	368,222	1,500,911
Total Fund Balance	\$ 564,264	\$ 366,788	\$ 310,401	\$ 490,484	\$ 1,731,937
Total Liabilities and Fund Balances	\$ 4,087,329	\$ 366,788	\$ 567,708	\$ 672,818	\$ 5,694,643

See notes to financial statements.

Gladbrook-Reinbeck Community School District
Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2010

Total fund balances of governmental funds (page 16)	\$ 1,731,937
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	4,415,586
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-10,868
Long-term liabilities, including bonds and notes payable, early retirement, compensated absences, and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds	-1,653,443
	-1,653,443
Net assets of governmental activities (page 15)	\$ 4,483,212

Gladbrook-Reinbeck Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2010

	General	Capital Projects	Physical Plant and Equipment Levy	Non-major Funds	Total
Revenues:					
Local Sources:					
Local tax	\$ 2,633,057	\$ 437,090	\$ 373,204	\$ 149,612	\$ 3,592,963
Tuition	76,427	-	-	-	76,427
Other	199,344	50,001	5,488	167,397	422,230
Intermediate sources	-	-	-	-	-
State sources	2,822,148	-	133	105	2,822,386
Federal sources	551,219	-	-	-	551,219
Total Revenues	\$ 6,282,195	\$ 487,091	\$ 378,825	\$ 317,114	\$ 7,465,225
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 2,600,915	\$ 42,022	\$ -	\$ 191,114	\$ 2,834,051
Special instruction	760,509	-	-	-	760,509
Other instruction	639,035	-	-	141,663	780,698
	\$ 4,000,459	\$ 42,022	\$ -	\$ 332,777	\$ 4,375,258
Support Services:					
Student services	\$ 141,668	\$ 4,597	\$ 27,240	\$ 2,670	\$ 176,175
Instructional staff services	140,219	-	-	5,071	145,290
Administration services	629,156	-	-	6,310	635,466
Operation and maintenance of plant services	575,508	-	30,452	14,339	620,299
Transportation services	329,950	297,453	21,162	15,368	663,933
	\$ 1,816,501	\$ 302,050	\$ 78,854	\$ 43,758	\$ 2,241,163
Non-instructional programs	\$ -	\$ -	\$ -	\$ 7,729	\$ 7,729
Other Expenditures:					
Facilities acquisition	\$ -	\$ 943,294	\$ 103,490	\$ -	\$ 1,046,784
Long-term debt:					
Principal	-	-	-	110,000	110,000
Interest and fiscal charges	-	-	-	28,583	28,583
AEA flow-through	298,097	-	-	-	298,097
	\$ 298,097	\$ 943,294	\$ 103,490	\$ 138,583	\$ 1,483,464
Total Expenditures	\$ 6,115,057	\$ 1,287,366	\$ 182,344	\$ 522,847	\$ 8,107,614
Excess (deficiency) of revenues over (under) expenditures	\$ 167,138	\$ -800,275	\$ 196,481	\$ -205,733	\$ -642,389
Other Financing Sources (Uses):					
Operating transfers in	\$ 24	\$ 519,302	\$ -	\$ 260,539	\$ 779,865
Operating transfers out	-	-663,981	-115,860	-	-779,841
Proceeds from sale of assets	-	-	4,000	-	4,000
Bond proceeds	-	880,000	-	-	880,000
Total Other Financing Sources (Uses)	\$ 24	\$ 735,321	\$ -111,860	\$ 260,539	\$ 884,024
Net change in fund balances	\$ 167,162	\$ -64,954	\$ 84,621	\$ 54,806	\$ 241,635
Fund balances beginning of year	\$ 397,262	\$ 431,742	\$ 225,780	\$ 435,678	\$ 1,490,462
Prior period adjustments	-160	-	-	-	-160
Adjusted beginning of year	\$ 397,102	\$ 431,742	\$ 225,780	\$ 435,678	\$ 1,490,302
Fund Balances End of Year	\$ 564,264	\$ 366,788	\$ 310,401	\$ 490,484	\$ 1,731,937

See notes to financial statements.

Gladbrook-Reinbeck 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

Net change in fund balances – total governmental funds (page 18) \$ 241,635

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, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation/amortization expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 2,129,394	
Depreciation expense	-305,375	1,824,019

Proceeds from issuing long-term liabilities provide 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 issues exceeded repayments, as follows:

Issued	\$ -880,000	
Repaid	110,000	-770,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

-9,311

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	\$ 118,819	
Compensated absences	-111,626	
Other postemployment benefits	-85,129	-77,936

Change in Net Assets of Governmental Activities (page 15) \$ 1,208,407

Gladbrook-Reinbeck Community School District

Statement of Net Assets
Proprietary Funds

June 30, 2010

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 10,953
Inventories	7,632
Capital assets, net of accumulated depreciation	<u>45,138</u>
Total Assets	<u>\$ 63,723</u>
Liabilities	
Accounts payable	\$ 68
Deferred revenue	<u>4,148</u>
Total Liabilities	<u>\$ 4,216</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 45,138
Unrestricted	<u>14,369</u>
Total Net Assets	<u>\$ 59,507</u>

See notes to financial statements.

Gladbrook-Reinbeck Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year Ended June 30, 2010

	Swimming Pool	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ -	\$ 179,743	\$ 179,743
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	\$ -	\$ 97,515	\$ 97,515
Benefits	-	45,524	45,524
Purchased services	-	1,358	1,358
Supplies	-	161,898	161,898
Depreciation	-	5,250	5,250
Total operating expenses	\$ -	\$ 311,545	\$ 311,545
Operating loss	\$ -	\$ -131,802	\$ -131,802
Non-operating revenues:			
State sources	\$ -	\$ 3,063	\$ 3,063
Federal sources	-	116,519	116,519
Interest income	-	608	608
Total non-operating revenues	\$ -	\$ 120,190	\$ 120,190
Net income (loss)	\$ -	\$ -11,612	\$ -11,612
Other financing sources (uses):			
Loss on disposal of assets	\$ -16,355	\$ -	\$ -16,355
Operating transfer in (out)	-24	-	-24
Capital contribution	-	9,137	9,137
Total other financing sources (uses)	\$ -16,379	\$ 9,137	\$ -7,242
Change in net assets	\$ -16,379	\$ -2,475	\$ -18,854
Net assets beginning of year	16,379	61,982	78,361
Net Assets End of Year	\$ -	\$ 59,507	\$ 59,507

Gladbrook-Reinbeck Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2010

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts and other revenue	\$ 179,484
Cash paid to employees for services	-143,039
Cash paid to suppliers for goods or services	-138,666
Net cash used by operating activities	<u>\$ -102,221</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 3,063
Federal grants received	90,744
Net cash provided by non-capital financing activities	<u>\$ 93,807</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 608</u>
Cash flows from capital and related financing activities:	
Purchase equipment	<u>\$ -1,232</u>
Net decrease in cash and cash equivalents	\$ -9,038
Cash and cash equivalents beginning of year	<u>19,991</u>
Cash and Cash Equivalents End of Year	<u>\$ 10,953</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -131,802
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	25,775
Depreciation	5,250
(Increase) in inventories	-774
(Decrease) in accounts payable	-410
(Decrease) in deferred revenue	-260
Net Cash Used by Operating Activities	<u>\$ -102,221</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$25,775 of federal commodities.

Gladbrook-Reinbeck Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2010

	Swimming Pool
Cash flows from capital and related financing activities:	
Transfer to general fund	\$ -24
Net decrease in cash and cash equivalents	\$ -24
Cash and cash equivalents beginning of year	24
Cash and Cash Equivalents End of Year	\$ -

Gladbrook-Reinbeck Community School District

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2010

	<u>Agency</u>
Assets	
Cash and pooled investments	\$ 2,214
Total Assets	<u>\$ 2,214</u>
Liabilities	
Accounts payable	\$ 2,214
Total Liabilities	<u>\$ 2,214</u>
Net assets	<u>\$ -</u>
Reserved	<u>\$ 2,214</u>

See notes to financial statements.

Gladbrook-Reinbeck Community School District

Notes to Financial Statements

June 30, 2010

(1) Summary of Significant Accounting Policies

Gladbrook-Reinbeck Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Gladbrook and Reinbeck, Iowa and portions of the predominately agricultural territories in Black Hawk, Marshall, Tama and Grundy 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, Gladbrook-Reinbeck 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. Gladbrook-Reinbeck Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 non-major governmental funds.

The District reports the following major governmental funds:

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

The Physical Plant and Equipment Levy is used to account for all resources used in the repair and maintenance of plant and equipment and equipment acquisitions.

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 funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Swimming Pool Fund. These funds are used to account for the food service operations of the District and the pool operations of the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and 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 funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

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 are stated at fair value.

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 activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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 two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

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

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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund 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.

(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.

(3) **Inter-fund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 115,860
Debt Service	Capital Projects – LOST	144,679
General Fund	Enterprise, Swimming Pool Fund	24
Capital Projects – LOST	Capital Projects	519,302
		<u>\$ 779,865</u>

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

(4) **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. 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 on 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	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year	Interest Payable
2009-10A	6/25/09	6/23/10	\$ -	\$ -	\$ -	\$ -	\$ -
2009-10B	2/1/10	1/21/11	-	-	-	-	-
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During the year ended June 30, 2010, the District paid \$2,730 of interest on the ISCAP warrants.

(5) **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	\$ 37,965	\$ -	\$ -	\$ 37,965
Construction in process	45,900	-	45,900	-
Total capital assets not being depreciated	<u>\$ 83,865</u>	<u>\$ -</u>	<u>\$ 45,900</u>	<u>\$ 37,965</u>
Capital assets being depreciated:				
Buildings	\$ 4,445,508	\$ 1,610,173	\$ -	\$ 6,055,681
Improvements other than buildings	532,181	95,452	-	627,633
Furniture and equipment	2,954,299	469,669	-	3,423,968
Total capital assets being depreciated	<u>\$ 7,931,988</u>	<u>\$ 2,175,294</u>	<u>\$ -</u>	<u>\$ 10,107,282</u>
Less accumulated depreciation for:				
Buildings	\$ 2,434,539	\$ 107,623	\$ -	\$ 2,542,162
Improvements other than buildings	399,664	16,265	-	415,929
Furniture and equipment	2,590,083	181,487	-	2,771,570
Total accumulated depreciation	<u>\$ 5,424,286</u>	<u>\$ 305,375</u>	<u>\$ -</u>	<u>\$ 5,729,661</u>
Total capital assets being depreciated, net	<u>\$ 2,507,702</u>	<u>\$ 1,869,919</u>	<u>\$ -</u>	<u>\$ 4,377,621</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,591,567</u>	<u>\$ 1,869,919</u>	<u>\$ 45,900</u>	<u>\$ 4,415,586</u>
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Nutrition Fund:				
Furniture and equipment	\$ 114,342	\$ 10,369	\$ 633	\$ 124,078
Less accumulated depreciation	74,323	5,250	633	78,940
	<u>\$ 40,019</u>	<u>\$ 5,119</u>	<u>\$ -</u>	<u>\$ 45,138</u>
Swimming Pool:				
Furniture and equipment	\$ 20,128	\$ -	\$ 20,128	\$ -
Less accumulated depreciation	3,772	-	3,772	-
	<u>\$ 16,356</u>	<u>\$ -</u>	<u>\$ 16,356</u>	<u>\$ -</u>
Business Type Activities Capital Assets, Net	<u>\$ 56,375</u>	<u>\$ 5,119</u>	<u>\$ -16,356</u>	<u>\$ 45,138</u>
Depreciation expense was charged to the following functions:				
Governmental Activities:				
Instruction:				
Regular				\$ 174,616
Other				40,024
Support services:				
Administration services				520
Operation and maintenance of plant				7,219
Transportation				82,996
Total Depreciation Expense – Governmental Activities				<u>\$ 305,375</u>
Business Type Activities:				
Food service operations				<u>\$ 5,250</u>

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Capital note	\$ 505,000	\$ -	\$ 95,000	\$ 410,000	\$ 95,000
Revenue bonds	-	880,000	15,000	865,000	140,000
Net OPEB liability	-	85,129	-	85,129	-
Early retirement	271,883	37,789	156,608	153,064	69,696
Compensated absences	28,624	133,464	21,838	140,250	140,250
Total	\$ 805,507	\$ 1,136,382	\$ 288,446	\$ 1,653,443	\$ 444,946

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. The eligible employee will receive a cash benefit of \$10,000 in one payment and insurance up to 6 years or age 65, less applicable payroll deductions on October 2010. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement expenditures for the year ended June 30, 2010 totaled \$156,608.

Capital Note

Details of the District's June 30, 2010 capital note indebtedness is as follows:

Year Ending June 30,	Capital Note Issued July 1, 2004		
	Interest Rate	Principal	Interest
2011	3.9%	\$ 95,000	\$ 15,990
2012	4.1%	100,000	12,915
2013	4.2%	105,000	9,030
2014	4.3%	110,000	4,730
		\$ 410,000	\$ 42,665

Revenue Bonds

Details of the District's June 30, 2010 statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bonds Issued August 4, 2009		
		Principal	Interest	Total
2011	2.75%	\$ 110,000	\$ 17,400	\$ 127,400
2012	3.00%	115,000	14,163	129,163
2013	3.25%	115,000	10,569	125,569
2014	3.50%	120,000	6,600	126,600
2015	3.75%	120,000	2,250	122,250
Total		\$ 580,000	\$ 50,982	\$ 630,982

The District has pledged future statewide sales, services and use tax revenues to repay the \$580,000 of bonds issued in August 2009. The bonds were issued for the purpose of financing a school bus purchase, athletic field and concession stand upgrades. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2015. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 29 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$630,982. For the current year, no principal and \$7,723 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$437,090.

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

- a) \$58,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purposes.

The District also issued on November 24, 2009 a \$300,000 USDA Revenue Loan which is to be paid from the statewide sales, service and use tax with a 0% interest rate.

Year Ending June 30,	Principal
2011	\$30,000
2012	30,000
2013	30,000
2014	30,000
2015	30,000
2016	30,000
2017	30,000
2018	30,000
2019	30,000
2020	15,000
	\$285,000

During the year ended June 30, 2010, the District made principal or interest payments totaling \$138,583 under the agreements.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$210,340, \$206,801, and \$201,501, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 71 active and 11 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree 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 obligations:

Annual required contribution	\$	214,324
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost	\$	214,324
Contributions made		129,195
Increase in net OPEB obligation	\$	85,129
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	\$	85,129

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of 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 \$441,017 to the medical plan. Plan members eligible for benefits contributed \$39,287, or 8.0% of the premium costs.

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 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$214,324	60.3%	\$85,129

Funded 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 \$1,950,272, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,950,272. The covered payroll (annual payroll of active employees covered by the plan) was \$2,601,856 and the ratio of the UAAL to covered payroll was 75.0%. 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 Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 10%. The medical trend rate is reduced 0.5% each year until reaching the 10% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$514.62 per month for retirees less than age 65 and \$514.62 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) 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.

(10) 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 \$298,097 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.

(11) Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home School Assistance	\$ 411
Dropout Prevention	56,872
Teacher Salary Supplement	822
Market Factor (07)	5,334
Iowa Early Intervention	8,423
Core Curriculum	18,828
Professional Development	12,979
Market Factor (08)	5,095
Total	<u>\$ 108,764</u>

(12) Subsequent Events

The District has evaluated subsequent events through March 7, 2011 which is the date that the financial statements were available to be issued.

(13) Prior Period Adjustment

A \$160 prior period adjustment was made to the General Fund for a prior period reclassification adjustment.

Required Supplementary Information

Gladbrook-Reinbeck Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year Ended June 30, 2010

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 4,091,620	\$ 180,351
Intermediate sources	-	-
State sources	2,822,386	3,063
Federal sources	551,219	116,519
Total Receipts	<u>\$ 7,465,225</u>	<u>\$ 299,933</u>
Disbursements:		
Instruction	\$ 4,375,258	\$ -
Support services	2,241,163	-
Non-instructional programs	7,729	311,545
Other expenditures	1,483,464	-
Total Disbursements	<u>\$ 8,107,614</u>	<u>\$ 311,545</u>
Excess (deficiency) of revenue over (under) expenditures/expenses	\$ -642,389	\$ -11,612
Other financing sources, net	884,024	-7,242
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	<u>\$ 241,635</u>	<u>\$ -18,854</u>
Balances beginning of year	\$ 1,490,462	\$ 78,361
Prior period adjustment	-160	-
Adjusted beginning of year	<u>\$ 1,490,302</u>	<u>\$ 78,361</u>
Balances End of Year	<u>\$ 1,731,937</u>	<u>\$ 59,507</u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 4,271,971	\$ 4,184,412	\$ 4,184,412	\$ 87,559
-	-	-	-
2,825,449	3,545,009	3,545,009	-719,560
667,738	260,168	260,168	407,570
\$ 7,765,158	\$ 7,989,589	\$ 7,989,589	\$ -224,431
\$ 4,375,258	\$ 5,006,000	\$ 5,006,000	\$ 630,742
2,241,163	2,334,900	2,334,900	93,737
319,274	325,767	375,767	56,493
1,483,464	1,119,772	1,649,772	166,308
\$ 8,419,159	\$ 8,786,439	\$ 9,366,439	\$ 947,280
\$ -654,001	\$ -796,850	\$ -1,376,850	\$ 722,849
876,782	-	-	876,782
\$ 222,781	\$ -796,850	\$ -1,376,850	\$ 1,599,631
\$ 1,568,823	\$ 1,313,461	\$ 1,313,461	\$ 255,362
-160	-	-	-160
\$ 1,568,663	\$ 1,313,461	\$ 1,313,461	\$ 255,202
\$ 1,791,444	\$ 516,610	\$ -63,389	\$ 1,854,833

Gladbrook-Reinbeck Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2010

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$580,000.

Gladbrook-Reinbeck Community School District

**Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)**

Required Supplementary Information

June 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	June 1, 2009	-	\$1,950	\$1,950	0.0%	\$2,602	75%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

Gladbrook-Reinbeck Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2010

	Special Revenue			Total
	Management	Student Activity	Debt Service	
Assets				
Cash and Pooled Investments	\$ 276,596	\$ 101,471	\$ 122,262	\$ 500,329
Receivables:				
Property tax:				
Delinquent	2,382	-	-	2,382
Succeeding year	170,001	-	-	170,001
Accounts	-	106	-	106
Total Assets	\$ 448,979	\$ 101,577	\$ 122,262	\$ 672,818
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 2,654	\$ -	\$ 2,654
Salaries and benefits payable	9,263	416	-	9,679
Deferred Revenue:				
Succeeding year property tax	170,001	-	-	170,001
Total Liabilities	\$ 179,264	\$ 3,070	\$ -	\$ 182,334
Fund Balances:				
Reserved:				
Debt service – sinking	\$ -	\$ -	\$ 122,262	\$ 122,262
Unreserved	269,715	98,507	-	368,222
Total Fund Balance	\$ 269,715	\$ 98,507	\$ 122,262	\$ 490,484
Total Liabilities and Fund Balances	\$ 448,979	\$ 101,577	\$ 122,262	\$ 672,818

Gladbrook-Reinbeck Community School District

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Funds

Year Ended June 30, 2010

	Special Revenue			Total
	Management	Student Activity	Debt Service	
Revenues:				
Local Sources:				
Local tax	\$ 149,612	\$ -	\$ -	\$ 149,612
Other	19,265	147,826	306	167,397
State sources	105	-	-	105
Total Revenue	\$ 168,982	147,826	306	317,114
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 191,114	\$ -	\$ -	\$ 191,114
Other instruction	-	141,663	-	141,663
Student services	2,670	-	-	2,670
Instructional staff services	5,071	-	-	5,071
Administration service	6,310	-	-	6,310
Operation and maintenance of plant services	14,339	-	-	14,339
Transportation service	15,368	-	-	15,368
Non-instructional programs	7,729	-	-	7,729
Other Expenditures:				
Long-term debt:				
Principal	-	-	110,000	110,000
Interest and fiscal charges	-	-	28,583	28,583
Total Expenditures	\$ 242,601	\$ 141,663	\$ 138,583	\$ 522,847
Excess (deficiency) of revenues over (under) expenditures	\$ -73,619	\$ 6,163	\$ -138,277	\$ -205,733
Other financing sources (uses):				
Operating transfers in	\$ -	\$ -	\$ 260,539	\$ 260,539
Net change in fund balances	\$ -73,619	\$ 6,163	\$ 122,262	\$ 54,806
Fund balances beginning of year	343,334	92,344	-	435,678
Fund Balances End of Year	\$ 269,715	\$ 98,507	\$ 122,262	\$ 490,484

Gladbrook-Reinbeck Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2010

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Balance End of Year
Drama	\$ 3,921	\$ 1,146	\$ 4,224	\$ 843
Vocal music	2,356	2,955	2,567	2,744
High School music fundraiser	7,680	5,779	2,838	10,621
Instrumental music	1,345	192	897	640
Band fundraisers	10,495	5,789	3,014	13,270
General athletics	5413	6,352	10,360	1,405
Cross Country	-	1,385	1,385	-
Golf	-	422	422	-
Boys basketball	-	4,716	4,716	-
Boys basketball fundraiser	1,290	-	-	1,290
Football	7,401	9,781	7,145	10,037
Soccer	-	11,672	11,672	-
Baseball	-	5,163	5,163	-
Boys track	-	1,276	1,276	-
Wrestling	-	2,605	2,605	-
Girls basketball	-	5,663	5,663	-
Volleyball	-	4,611	4,611	-
Softball	-	4,133	4,133	-
Girls track	-	3,924	3,924	-
Activity tickets	-	1,550	1,360	190
Athletic resale	-	1,140	1,140	-
Cheerleaders	-	1,456	1,254	202
Class of 2009	15	-	15	-
Class of 2010	5885	3,782	9,245	422
Class of 2011	2199	14,211	9,807	6,603
Class of 2012	1766	920	-	2,686
Class of 2013	-	540	-	540
FFA	4,953	16,743	16,790	4,906
Foreign Friends	350	90	27	413
Peer Helper	416	-	-	416
Interest from investments	10,260	1,721	182	11,799
National Honor Society	454	-	313	141
Resale	15	357	357	15
Student Council-High School	5,869	4,750	5,101	5,518
SADD	450	69	-	519
Yearbook	-	7,987	7,987	-
Art Club	103	-	-	103
Baseball fundraiser	2	-	-	2
Speech	-	949	949	-
Girls basketball fundraiser	-	615	-	615
Renovation club	-	530	330	200

Gladbrook-Reinbeck Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2010

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Balance End of Year
Elementary Student Council:				
Reinbeck	\$ 251	\$ 166	\$ 347	\$ 70
Gladbrook	608	-	211	397
Middle School:				
Activities	9,929	8,461	6,861	11,529
Pictures	857	491	-	1,348
Student Council	7,896	2,375	1,803	8,468
SADD	165	1,359	969	555
Total	\$ 92,344	\$ 147,826	\$ 141,663	\$ 98,507

Gladbrook-Reinbeck Community School District
Schedule of Changes in Fiduciary Assets and Liabilities –
Agency Fund

Year Ended June 30, 2010

	Balance Beginning Of Year	Additions	Deductions	Balance End Of Year
Assets				
Cash	\$ 594	\$ 10,616	\$ 8,996	\$ 2,214
Total Assets	<u>\$ 594</u>			<u>\$ 2,214</u>
Liabilities				
Due to other fund	\$ 594	\$ 10,616	\$ 8,996	\$ 2,214
Total Liabilities	<u>\$ 594</u>			<u>\$ 2,214</u>

Gladbrook-Reinbeck 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	\$ 3,592,963	\$ 3,301,862	\$ 3,220,809	\$ 2,705,618
Tuition	76,427	52,019	61,136	56,419
Other	422,230	386,375	399,272	976,275
Intermediate sources	-	-	-	-
State sources	2,822,386	3,589,336	3,563,399	3,539,946
Federal sources	551,219	162,703	162,732	172,674
Total	\$ 7,465,225	\$ 7,492,295	\$ 7,407,348	\$ 7,450,932
Expenditures:				
Instruction:				
Regular instruction	\$ 2,834,051	\$ 2,951,359	\$ 2,856,012	\$ 2,851,862
Special instruction	760,509	970,743	817,946	830,374
Other instruction	780,698	644,840	617,560	632,482
Support services:				
Student services	176,175	135,769	113,194	137,450
Instructional staff services	145,290	211,362	217,425	194,469
Administrative services	635,466	656,251	720,135	705,781
Operation and maintenance of plant services	620,299	652,443	631,931	541,213
Transportation services	663,933	423,045	365,011	333,388
Community services	-	823	895	806
Non-instructional programs	7,729	775	625	565
Other expenditures:				
Facilities acquisition	1,046,784	567,663	489,713	158,435
Long-term debt:				
Principal	110,000	90,000	85,000	85,000
Interest and fiscal charges	28,583	23,920	26,640	28,905
AEA flow-through	298,097	263,372	256,911	251,550
Total	\$ 8,107,614	\$ 7,592,365	\$ 7,198,998	\$ 6,752,280

See accompanying independent auditor's report.

Modified Accrual Basis		
2006	2005	2004
\$ 2,544,087	\$ 2,443,168	\$ 2,370,297
75,557	78,384	41,013
811,821	730,214	383,198
-	-	-
3,365,496	3,352,753	3,168,920
196,114	185,852	165,724
<u>\$ 6,993,075</u>	<u>\$ 6,790,371</u>	<u>\$ 6,129,152</u>

\$ 2,752,753	\$ 2,706,963	\$ 2,641,798
703,377	768,160	753,106
606,266	610,450	563,866
129,810	141,722	141,964
266,090	248,330	178,931
661,661	637,462	596,304
602,178	637,242	574,196
523,899	402,708	375,124
850	869	2,812
1,705	35,291	30,183
293,935	1,012,368	109,726
85,000	80,000	-
31,145	29,976	-
235,401	235,863	238,663
<u>\$ 6,894,070</u>	<u>\$ 7,547,404</u>	<u>\$ 6,206,673</u>

Gladbrook-Reinbeck Community School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

Grantor/Program	CFDA Number	Grant Number	Expendi tures
Indirect:			
US Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY10	\$ 9,790
National School Lunch Program	10.555	FY10	106,729 *
			<u>\$ 116,519</u>
US Department of Education:			
Iowa Department of Education:			
Promotion of the Arts-Partnership Agreements	45.025	FY10	\$ 400
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY10	\$ 30,879
ARRA – Title I Grants to Local Educational Agencies – Recovery Act	84.389	FY10	\$ 6,816
			<u>\$ 37,695</u>
Career and Technical Education – Basic Grants to States	84.048	FY10	\$ 4,554
Improving Teacher Quality State Grants	84.367	FY10	\$ 21,485
Grants for State Assessment Title VI	84.369	FY10	\$ 4,102
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	84.394	FY10	\$ 363,159
Area Education Agency 267:			
Special Education – Grants to States	84.027	FY10	\$ 33,657 **
ARRA – Special Education – Grants to States- Recovery Act	84.391	FY10	\$ 55,220 **
Direct:			
Department of Health and Human Services:			
The Substance Abuse and Mental Health Services Administration:			
Drug Free Communities Support Program	93.276	FY10	\$ 30,947
Total			<u>\$ 667,738</u>

*- Includes \$25,775 of non-cash awards.

** - Total for CFDA Number 84.391 is \$55,220 and total for Special Education Cluster (IDEA) is \$88,877.

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Gladbrook-Reinbeck Community School District and is presented on 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 basic financial statements.

**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**

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
Gladbrook-Reinbeck Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Gladbrook-Reinbeck 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 my report thereon dated March 7, 2011. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in 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. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as items II-A-10 to be a material weakness.

Compliance and Other Matters

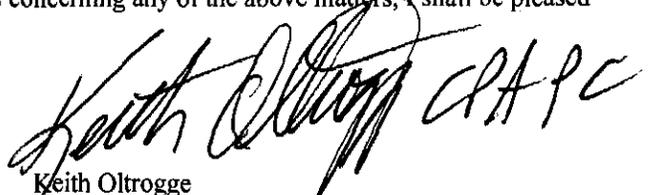
As part of obtaining reasonable assurance about whether Gladbrook-Reinbeck Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could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

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 my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Gladbrook-Reinbeck Community School District and other parties to whom Gladbrook-Reinbeck 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.

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



Keith Oltrogge
Certified Public Accountant

March 7, 2011

**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**

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
Gladbrook-Reinbeck Community School District:

Compliance

I have audited the compliance of Gladbrook-Reinbeck 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. Gladbrook-Reinbeck Community School District's major federal program are identified in the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Gladbrook-Reinbeck Community School District's management. My responsibility is to express an opinion on Gladbrook-Reinbeck Community School District's compliance based on my audit.

I conducted my audit of compliance in accordance with US generally accepted auditing standards, 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 I plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Gladbrook-Reinbeck Community School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Gladbrook-Reinbeck Community School District's compliance with those requirements.

In my opinion, Gladbrook-Reinbeck 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

The management of Gladbrook-Reinbeck Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered Gladbrook-Reinbeck Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Gladbrook-Reinbeck Community School District's internal control over compliance.

My consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's 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 over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item III-A-10 to be a material weakness.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Gladbrook-Reinbeck Community School District and other parties to whom Gladbrook-Reinbeck 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.



Keith Oltrogge
Certified Public Accountant

March 7, 2011

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2010

Part I – Summary of the Independent Auditor’s Results:

- a) Unqualified opinions were issued on the financial statements.
- b) A Material weakness in internal control over financial reporting was 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 material weakness 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:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Gladbrook-Reinbeck Community School District did not qualify as a low-risk auditee.

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2010

Part II – Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion – Response accepted.

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2010

Part III – Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCY:

**CFDA Number 84.394: ARRA – State Fiscal Stabilization (SFSF) – Education State Grants, Recovery Act
Federal Award Year: 2010
US Department of Education
Passed through the Iowa Department of Education**

MATERIAL WEAKNESS:

III-A-10 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion – Response accepted.

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2010

Part IV - Other Findings Related to Statutory Reporting:

IV-A-10 Certified Budget – Disbursements for the year ended June 30, 2010 did not exceed the amended amounts budgeted.

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

IV-C-10 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-D-10 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Trunck’s Country Foods Owned by Darren Trunck – Employee	Supplies	\$3,093
Dinsdale Construction Owned by Kirk Dinsdale – Employee	Construction	\$273,447
Turfmaster Owned by Jeff Charley – Employee	Services	\$15,576
Cooley Pumping & Cooley Sanitation Owner – Spouse of Board Member	Services	\$2,040
Donna Cooley Owner – Mother and mother-in-law of Board Members	Services	\$2,612

In accordance with an Attorney General’s opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest. All transactions were board approved. Dinsdale Construction was awarded through competitive bidding.

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

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

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

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

IV-I-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-J-10 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

Gladbrook-Reinbeck Community School District

Schedule of Findings

Year Ended June 30, 2010

Part IV - Other Findings Related to Statutory Reporting (continued):

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

According to proposed administrative rules, “Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting.” I noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation – All categorical funding expenditures should be posted to the correct expenditure account as the expenditures are incurred.

Response – We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion – Response accepted.

IV-L-10 Statewide Sales, Service and Use Tax – No instances of non-compliance with the use of the statewide sales, service and use 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, service and use tax. For the year ended June 30, 2010, the District’s financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning balance		\$	-224,081
Statewide sales, service and use tax revenue			437,090
Expenditures/transfers out:			
Equipment	\$	251,192	
Building		52,783	
Other improvements		31,349	
Debt service for school infrastructure:			
Revenue bonds		144,679	480,003
			<hr/>
Ending balance		\$	<u>-266,994</u>

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	\$.653637	\$ 437,090
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-