

GRISWOLD COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis (MD&A)		7-15
Basic Financial Statements:	<u>Exhibit</u>	
District-Wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Financial Statements		29-39
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		42
Notes to Required Supplementary Information - Budgetary Reporting		43
Schedule of Funding Progress for the Retiree Health Plan		44
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	47
Schedule of Changes in Student Activity Accounts	3	48
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	49
Schedule of Expenditures of Federal Awards	5	50
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 <u>Government Auditing Standards</u>		51-52
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		53-54
Schedule of Findings and Questioned Costs		55-59

Griswold Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Clarion Campbell	President	2011
Mary Perdue	Vice President	2011
Steve Baier	Board Member	2009
Angie Amos	Board Member	2011
Cherie Miner	Board Member	2009
Brenda Haas (resigned)	Board Member	2009
Amy Carisle (appointed)	Board Member	2009
Scott Hansen	Board Member	2011
Board of Education (After September 2009 Election)		
Clarion Campbell	President	2011
Mary Perdue	Vice President	2011
Steve Baier	Board Member	2013
Angie Amos	Board Member	2011
Tom Moore	Board Member	2013
Jim Parker	Board Member	2013
Scott Hansen	Board Member	2011
School Officials		
Dana Kunze	Superintendent	2010
Mary Beth Fast	District Secretary/Treasurer and Business Manager	2010
Rick Franck	Attorney	2010

GRISWOLD COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Griswold Community School District:

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2011, on our consideration of the Griswold Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Member American Institute & Iowa Society of Certified Public Accountants

Management's Discussion and Analysis and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Griswold Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 5, 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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Griswold 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 increased from \$5,878,978 in fiscal 2009 to \$6,403,309 in fiscal 2010, while General Fund expenditures decreased from \$5,801,248 in fiscal 2009 to \$5,326,480 in fiscal 2010. This resulted in an increase in the District's General Fund balance from \$306,317 in fiscal 2009 to a balance of \$1,383,146 in fiscal 2010, a 351.54% increase from the prior year.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) increased from 4.91% for fiscal year 2009 to 18.88% for fiscal year 2010. The School Budget Review Committee recommends of a solvency ratio between 5% and 10%.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Griswold 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 Griswold 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 Griswold Community School District acts solely as an agent or custodian for the benefit of those outside of the School 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 presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the non-major 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
Griswold Community School District Annual Financial Report

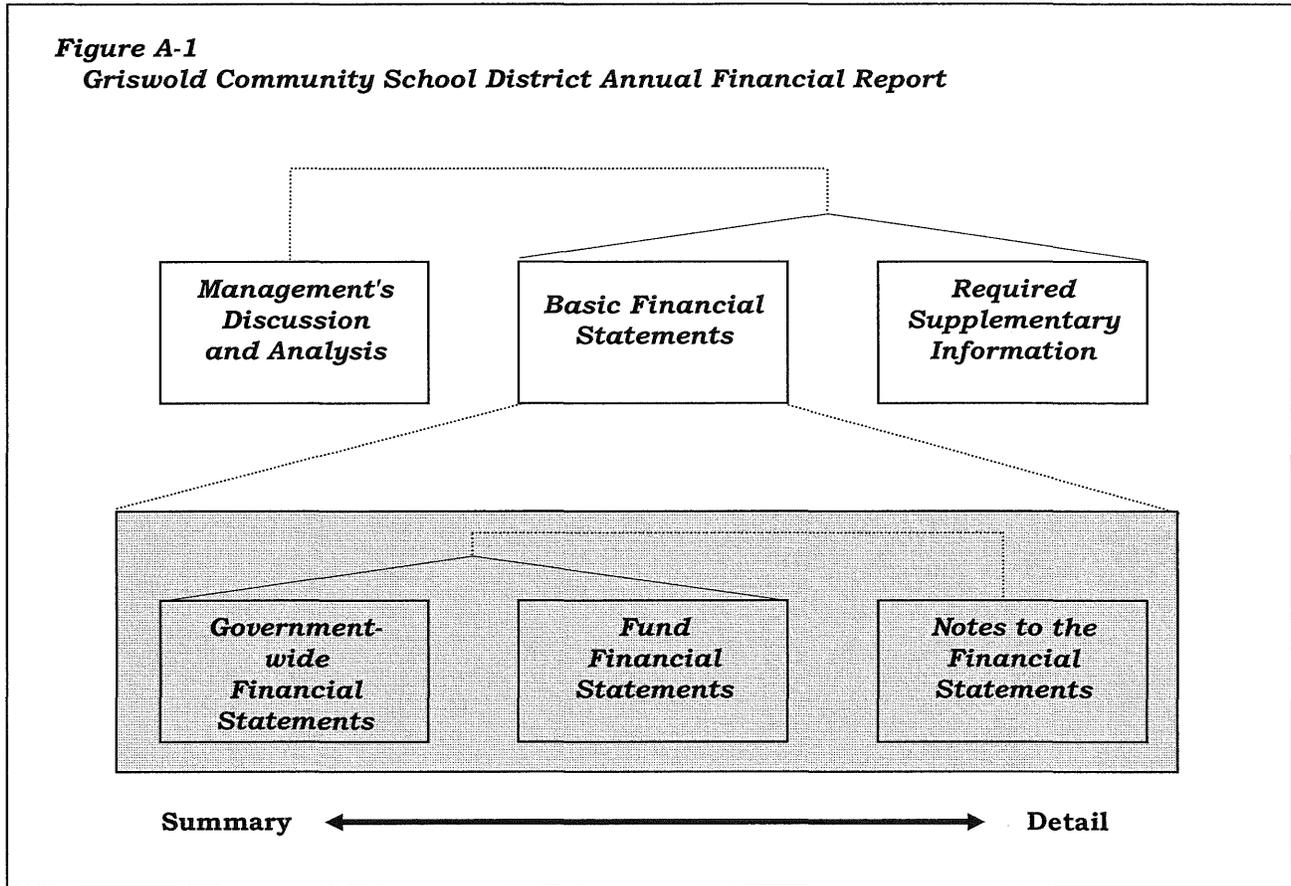


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

In the government-wide financial statements, the District's activities are divided into 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, and Capital Projects Fund.

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

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

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

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

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

Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 6,294,650	5,274,519	67,453	50,561	6,362,103	5,325,080	19.47%
Capital assets	3,158,979	3,205,015	16,062	16,988	3,175,041	3,222,003	-1.46%
Total assets	9,453,629	8,479,534	83,515	67,549	9,537,144	8,547,083	11.58%
Long-term obligations	106,008	80,859	0	0	106,008	80,859	31.10%
Other liabilities	3,467,986	3,582,416	26,858	27,641	3,494,844	3,610,057	-3.19%
Total liabilities	3,573,994	3,663,275	26,858	27,641	3,600,852	3,690,916	-2.44%
Net assets:							
Invested in capital assets	3,158,979	3,205,015	16,062	16,988	3,175,041	3,222,003	-1.46%
Restricted	1,261,148	1,100,345	0	0	1,261,148	1,100,345	14.61%
Unrestricted	1,459,508	510,899	40,595	22,920	1,500,103	533,819	181.01%
Total net assets	\$ 5,879,635	4,816,259	56,657	39,908	5,936,292	4,856,167	22.24%

The District's combined net assets increased by 22.24%, or \$1,080,125, over the prior year. The largest portion of the District's net assets is the invested in capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$160,803 or 14.61% over the prior year.

Unrestricted net assets– the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$966,284 or 181.01%.

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

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for services	\$ 265,767	386,634	187,079	207,970	452,846	594,604	-23.84%
Operating grants and contributions and restricted interest	1,332,413	910,958	163,965	150,144	1,496,378	1,061,102	41.02%
General revenues:							
Local tax	2,759,070	2,449,426	0	0	2,759,070	2,449,426	12.64%
Statewide sales, services and use tax	438,550	443,662	0	0	438,550	443,662	-1.15%
Unrestricted state grants	2,143,697	2,336,301	0	0	2,143,697	2,336,301	-8.24%
Unrestricted investment earnings	18,559	29,227	162	283	18,721	29,510	-36.56%
Other	184,367	178,848	585	0	184,952	178,848	3.41%
Total revenues	<u>7,142,423</u>	<u>6,735,056</u>	<u>351,791</u>	<u>358,397</u>	<u>7,494,214</u>	<u>7,093,453</u>	<u>5.65%</u>
Program expenses:							
Governmental activities:							
Instructional	3,572,157	4,030,083	0	0	3,572,157	4,030,083	-11.36%
Support services	2,140,329	2,139,864	0	0	2,140,329	2,139,864	0.02%
Non-instructional programs	1,225	804	335,042	353,915	336,267	354,719	-5.20%
Other expenses	365,336	317,850	0	0	365,336	317,850	14.94%
Total expenses	<u>6,079,047</u>	<u>6,488,601</u>	<u>335,042</u>	<u>353,915</u>	<u>6,414,089</u>	<u>6,842,516</u>	<u>-6.26%</u>
Change in net assets	1,063,376	246,455	16,749	4,482	1,080,125	250,937	100.29%
Beginning net assets	<u>4,816,259</u>	<u>4,569,804</u>	<u>39,908</u>	<u>35,426</u>	<u>4,856,167</u>	<u>4,605,230</u>	<u>5.45%</u>
Ending net assets	<u>\$ 5,879,635</u>	<u>4,816,259</u>	<u>56,657</u>	<u>39,908</u>	<u>5,936,292</u>	<u>4,856,167</u>	<u>22.24%</u>

In fiscal 2010, local tax and unrestricted state grants account for 68.64% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.79% of the revenue from business type activities.

The District's total revenues were approximately \$7.49 million of which \$7.14 million was for governmental activities and \$.35 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.65% increase in revenues and a 6.26% decrease in expenses. The decrease in expenses was a result of the decreases in the negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$7,142,423 and expenses were \$6,079,047. In a difficult budget year, the District was able to significantly reduce expenses while raising increasing property tax revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 3,572,157	4,030,083	-11.36%	2,222,242	2,947,315	-24.60%
Support services	2,140,329	2,139,864	0.02%	2,140,329	2,138,379	0.09%
Non-instructional	1,225	804	52.36%	1,225	804	52.36%
Other expenses	365,336	317,850	14.94%	117,071	104,511	12.02%
Totals	<u>\$ 6,079,047</u>	<u>6,488,601</u>	<u>-6.31%</u>	<u>4,480,867</u>	<u>5,191,009</u>	<u>-13.68%</u>

For the year ended June 30, 2010:

- The cost financed by users of the District's programs was \$265,767.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,332,413.
- The net cost of governmental activities was financed with \$3,197,620 in local tax, \$2,143,697 in unrestricted state grants, \$18,559 in unrestricted investment earnings and \$184,367 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2010 were \$351,791 and expenses were \$335,042. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined net assets of \$2,560,413, ahead of last year's ending net assets of \$1,468,533.

Governmental Fund Highlights

- The General Fund balance increased from \$306,317 to \$1,383,146. This was the result of a significant increase in General Fund local tax revenues and a reduction in instruction expenses during the year.
- The Capital Projects Fund balance decreased from \$757,487 to \$931,469. This resulted from the District completing the high school remodeling project during the year with costs below the statewide sales, services and use tax revenue.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$39,908 at June 30, 2009 to \$56,657 at June 30, 2010, representing an increase of 41.97%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$916,938 less than budgeted amounts, a variance of 10.96%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$3,175,041, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.46% from last year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$231,310.

The original cost of the District's capital assets was \$6,756,190. Governmental funds account for \$6,658,771 with the remainder of \$97,419 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$450,003 at June 30, 2009, compared to \$14,500 reported at June 30, 2010. The change was due to the high school air conditioning project being completed during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 80,747	80,747	0	0	80,747	80,747	0.00%
Construction in progress	14,500	450,003	0	0	14,500	450,003	-3003.47%
Buildings	2,728,725	2,261,161	0	0	2,728,725	2,261,161	20.68%
Land improvements	55,355	40,476	0	0	55,355	40,476	36.76%
Machinery and equipment	279,652	372,628	16,062	16,988	295,714	389,616	-24.10%
Total	\$ 3,158,979	3,205,015	16,062	16,988	3,175,041	3,222,003	-1.46%

Long-Term Debt

At June 30, 2010, the District had \$106,008 in long-term debt outstanding. This represents an increase of 31.1% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2010	2009	2009-10
Early retirement	\$ 90,426	80,859	11.8%
Net OPEB liability	15,582	0	100.0%
Total	<u>\$ 106,008</u>	<u>80,859</u>	<u>31.1%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Continued budget concerns at the state level will affect future projections. The District has been forced to shift funding to property taxes.
- An Instructional Support Levy was passed in the spring of 2004. This revenue will help offset increased technology expenditures.
- The District has faced declining enrollment since FY 2002.

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 Tim Blum, District Secretary/Business Manager, Griswold Community School District, 20 Madison Street, P.O. Box 280, Griswold, Iowa, 51535.

BASIC FINANCIAL STATEMENTS

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,976,488	54,279	3,030,767
Receivables:			
Property tax:			
Delinquent	42,192	0	42,192
Succeeding year	2,815,580	0	2,815,580
Income surtax	266,251	0	266,251
Due from other governments	194,139	0	194,139
Inventories	0	13,174	13,174
Capital assets, net of accumulated depreciation	3,158,979	16,062	3,175,041
TOTAL ASSETS	9,453,629	83,515	9,537,144
LIABILITIES			
Accounts payable	116,446	0	116,446
Salaries and benefits payable	535,960	21,594	557,554
Deferred revenue:			
Succeeding year property tax	2,815,580	0	2,815,580
Unearned revenue	0	5,264	5,264
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	38,754	0	38,754
Portion due after one year:			
Early retirement payable	51,672	0	51,672
Net OPEB liability	15,582	0	15,582
TOTAL LIABILITIES	3,573,994	26,858	3,600,852
NET ASSETS			
Invested in capital assets	3,158,979	16,062	3,175,041
Restricted for:			
Categorical Funding	174,307	0	174,307
Management levy	64,586	0	64,586
Physical plant and equipment levy	58,276	0	58,276
Capital projects	931,469	0	931,469
Other special revenue purposes	32,510	0	32,510
Unrestricted	1,459,508	40,595	1,500,103
TOTAL NET ASSETS	\$ 5,879,635	56,657	5,936,292

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 2,474,800	111,287	791,109	(1,572,404)	0	(1,572,404)
Special	619,653	21,384	125,162	(473,107)	0	(473,107)
Other	477,704	133,096	167,877	(176,731)	0	(176,731)
	<u>3,572,157</u>	<u>265,767</u>	<u>1,084,148</u>	<u>(2,222,242)</u>	<u>0</u>	<u>(2,222,242)</u>
Support services:						
Student	159,573	0	0	(159,573)	0	(159,573)
Instructional staff	228,780	0	0	(228,780)	0	(228,780)
Administration	597,850	0	0	(597,850)	0	(597,850)
Operation and maintenance of plant	719,926	0	0	(719,926)	0	(719,926)
Transportation	434,200	0	0	(434,200)	0	(434,200)
	<u>2,140,329</u>	<u>0</u>	<u>0</u>	<u>(2,140,329)</u>	<u>0</u>	<u>(2,140,329)</u>
Non-instructional programs						
Food service operations	1,225	0	0	(1,225)		(1,225)
Other expenditures:						
AEA flowthrough	248,265	0	248,265	0	0	0
Depreciation(unallocated)*	117,071	0	0	(117,071)	0	(117,071)
	<u>365,336</u>	<u>0</u>	<u>248,265</u>	<u>(117,071)</u>	<u>0</u>	<u>(117,071)</u>
Total governmental activities	<u>6,079,047</u>	<u>265,767</u>	<u>1,332,413</u>	<u>(4,480,867)</u>	<u>0</u>	<u>(4,480,867)</u>
Business type activities:						
Non-instructional programs:						
Nutrition services	335,042	187,079	163,965	0	16,002	16,002
Total	<u>\$ 6,414,089</u>	<u>452,846</u>	<u>1,496,378</u>	<u>(4,480,867)</u>	<u>16,002</u>	<u>(4,464,865)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,449,928	0	2,449,928
Income surtax				309,142	0	309,142
Statewide sales, services and use tax				438,550	0	438,550
Unrestricted state grants				2,143,697	0	2,143,697
Unrestricted investment earnings				18,559	162	18,721
Other				184,367	585	184,952
Total general revenues				<u>5,544,243</u>	<u>747</u>	<u>5,544,990</u>
Changes in net assets				1,063,376	16,749	1,080,125
Net assets beginning of year				<u>4,816,259</u>	<u>39,908</u>	<u>4,856,167</u>
Net assets end of year				<u>\$ 5,879,635</u>	<u>56,657</u>	<u>5,936,292</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Capital Projects	Other Nonmajor Special Revenue Funds	Total
ASSETS				
Cash and pooled investments	\$ 1,899,349	831,341	245,798	2,976,488
Receivables:				
Property tax:				
Delinquent	42,192	0	0	42,192
Succeeding year	2,675,227	0	140,353	2,815,580
Income surtax	266,251	0	0	266,251
Due from other governments	94,011	100,128	0	194,139
TOTAL ASSETS	\$ 4,977,030	931,469	386,151	6,294,650
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 116,446	0	0	116,446
Salaries and benefits payable	535,960	0	0	535,960
Deferred revenue:				
Succeeding year property tax	2,675,227	0	140,353	2,815,580
Income surtax	266,251	0	0	266,251
Total liabilities	3,593,884	0	140,353	3,734,237
Fund balances:				
Reserved for:				
Categorical Funding	174,307	0	0	174,307
Unreserved:				
Undesignated	1,208,839	931,469	245,798	2,386,106
Total fund balances	1,383,146	931,469	245,798	2,560,413
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,977,030	931,469	386,151	6,294,650

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD 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 20)	\$	2,560,413
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		3,158,979
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		266,251
Long-term liabilities, such as early retirement payable, and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(106,008)
		<hr style="border-top: 1px solid black;"/>
Net assets of governmental activities (page 18)	\$	<u>5,879,635</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Other Nonmajor Special Revenue Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,716,389	438,550	0	3,154,939
Tuition	132,671	0	0	132,671
Other	114,226	60,642	197,241	372,109
State sources	2,781,860	0	0	2,781,860
Federal sources	657,493	0	0	657,493
Total revenues	<u>6,402,639</u>	<u>499,192</u>	<u>197,241</u>	<u>7,099,072</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,457,951	0	41,028	2,498,979
Special	624,716	0	0	624,716
Other	341,304	0	135,166	476,470
	<u>3,423,971</u>	<u>0</u>	<u>176,194</u>	<u>3,600,165</u>
Support services:				
Student	146,286	0	0	146,286
Instructional staff	205,659	0	7,220	212,879
Administration	562,766	0	17,946	580,712
Operation and maintenance of plant	419,778	213,469	92,621	725,868
Transportation	319,755	0	59,412	379,167
	<u>1,654,244</u>	<u>213,469</u>	<u>177,199</u>	<u>2,044,912</u>
Non-instructional programs				
Food service operations	0	0	1,225	1,225
Other expenditures:				
Facilities acquisitions	0	111,741	1,554	113,295
AEA flowthrough	248,265	0	0	248,265
	<u>248,265</u>	<u>111,741</u>	<u>1,554</u>	<u>361,560</u>
Total expenditures	<u>5,326,480</u>	<u>325,210</u>	<u>356,172</u>	<u>6,007,862</u>
Excess(deficiency)of revenues over(under) expenditures	1,076,159	173,982	(158,931)	1,091,210
Other financing sources:				
Sale of equipment	670	0	0	670
Net change in fund balances	1,076,829	173,982	(158,931)	1,091,880
Fund balance beginning of year	306,317	757,487	404,729	1,468,533
Fund balance end of year	<u>\$ 1,383,146</u>	<u>931,469</u>	<u>245,798</u>	<u>2,560,413</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD 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 22)		\$ 1,091,880
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
 Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in		
Expenditures for capital outlays	\$ 181,511	
Depreciation expense	<u>(227,547)</u>	(46,036)
 Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.		
		42,681
 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	(9,567)	
Other postemployment benefits	<u>(15,582)</u>	<u>(25,149)</u>
 Changes in net assets of governmental activities(page 19)		 \$ 1,063,376

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2010

	<u>School</u> <u>Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 54,279
Inventories	13,174
Capital assets, net of accumulated depreciation	<u>16,062</u>
Total assets	<u>83,515</u>
LIABILITIES	
Salaries and benefits payable	21,594
Unearned revenue	<u>5,264</u>
Total liabilities	<u>26,858</u>
NET ASSETS	
Invested in capital assets	16,062
Unrestricted	<u>40,595</u>
Total net assets	<u>\$ 56,657</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 187,079
Miscellaneous	585
TOTAL OPERATING REVENUES	187,664
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	116,480
Benefits	15,992
Services	5,241
Supplies	192,630
Depreciation	3,763
Other	936
TOTAL OPERATING EXPENSES	335,042
OPERATING LOSS	(147,378)
NON-OPERATING REVENUES:	
State sources	3,408
Federal sources	160,557
Interest on investments	162
TOTAL NON-OPERATING REVENUES	164,127
Change in net assets	16,749
Net assets beginning of year	39,908
Net assets end of year	\$ 56,657

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

Exhibit I

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 187,969
Cash received from miscellaneous	585
Cash payments to employees for services	(133,936)
Cash payments to suppliers for goods or services	(177,807)
Net cash used in operating activities	(123,189)
Cash flows from non-capital financing activities:	
State grants received	3,408
Federal grants received	134,434
Net cash provided by non-capital financing activities	137,842
Cash flows from capital and related financing activities:	
Purchase of capital assets	(2,837)
Cash flows from investing activities:	
Interest on investments	162
Net increase in cash and cash equivalents	11,978
Cash and cash equivalents at beginning of year	42,301
Cash and cash equivalents at end of year	\$ 54,279
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (147,378)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	26,123
Depreciation	3,763
Increase in inventories	(5,123)
Decrease in accounts receivable	209
Decrease in salaries and benefits payable	(1,464)
Increase in unearned revenue	681
Net cash used in operating activities	\$ (123,189)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$26,123.

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2010

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 226,027
Liabilities	<u>0</u>
Net assets	
Reserved for scholarships	<u>\$ 226,027</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest	\$ 623
Deductions:	
Instruction:	
Scholarships awarded	17
Change in net assets	606
Net assets beginning of year	225,421
Net assets end of year	\$ 226,027

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

GRISWOLD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(1) **Summary of Significant Accounting Policies**

The Griswold Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Griswold, Iowa, and the predominate agricultural territory in Montgomery, Adams, Cass, and Pottawattamie 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, Griswold Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Griswold Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do 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 Montgomery, Adams, Cass, and Pottawattamie County Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues,

are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

Invested in capital assets consists of capital assets, net of accumulated depreciation.

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

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund is The Private Purpose Trust Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current 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, machinery, equipment and intangibles are reported in the applicable governmental or business type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures 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 represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue

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

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

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. Budgeting and Budgetary Control

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, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool 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 and the Treasurer of the State of Iowa; 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) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 80,747	0	0	80,747
Construction in progress	450,003	69,719	505,222	14,500
Total capital assets not being depreciated	<u>530,750</u>	<u>69,719</u>	<u>505,222</u>	<u>95,247</u>
Capital assets being depreciated:				
Buildings	4,601,881	580,497	0	5,182,378
Land improvements	63,746	19,017	0	82,763
Machinery and equipment	1,280,883	17,500	0	1,298,383
Total capital assets being depreciated	<u>5,946,510</u>	<u>617,014</u>	<u>0</u>	<u>6,563,524</u>
Less accumulated depreciation for:				
Buildings	2,340,720	112,933	0	2,453,653
Land improvements	23,270	4,138	0	27,408
Machinery and equipment	908,255	110,476	0	1,018,731
Total accumulated depreciation	<u>3,272,245</u>	<u>227,547</u>	<u>0</u>	<u>3,499,792</u>
Total capital assets being depreciated, net	<u>2,674,265</u>	<u>389,467</u>	<u>0</u>	<u>3,063,732</u>
Governmental activities capital assets, net	<u>\$ 3,205,015</u>	<u>459,186</u>	<u>505,222</u>	<u>3,158,979</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 94,582	2,837	0	97,419
Less accumulated depreciation	77,594	3,763	0	81,357
Business type activities capital assets, net	<u>\$ 16,988</u>	<u>(926)</u>	<u>0</u>	<u>16,062</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 2,248
Other		6,524
Support services:		
Instructional staff		2,400
Administration		20,557
Transportation		78,747
		<u>110,476</u>
Unallocated depreciation		<u>117,071</u>
Total governmental activities depreciation expense		<u>\$ 227,547</u>
Business type activities:		
Food services		<u>\$ 3,763</u>

(4) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Early Retirement	\$ 80,859	38,754	29,187	90,426	38,754
Net OPEB liability	0	15,582	0	15,582	0
Total	\$ 80,859	54,336	29,187	106,008	38,754

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. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to years of service multiplied by the amounts from the early retirement schedule found in the District's early retirement policy. These benefits are subject to a maximum of \$18,750 per individual. Early retirement benefits of \$29,187 were paid during the year ended June 30, 2010.

(5) 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 salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010, 2009, and 2008. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$225,567, \$237,286, and \$217,694 respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits

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 57 active and 6 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 Blue Cross Blue Shield. Retirees

under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which result 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 and unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 21,312
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>21,312</u>
Contributions made	<u>(5,730)</u>
Increase in net OPEB obligation	15,582
Net OPEB obligation beginning of year	<u>0</u>
Net OPEB obligation end of year	<u><u>\$ 15,582</u></u>

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 \$5,730 to the medical plan. Plan members eligible for benefits contributed \$0, or 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	\$ 21,312	26.89%	\$ 15,582

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 \$199,381, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$199,381. The covered payroll (annual payroll of active employees covered by the plan) was \$2,695,812, and the ratio of the UAAL to covered payroll was 7.40%. 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 event 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, will present 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 July 1, 2009 actuarial valuation date, the Frozen Entry Age Actuarial Cost Method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

The projected claim costs of the medical plan for retirees under age 65 are illustrated per month in the following table.

	Single	With Spouse	With Child	Family
Plan A	\$ 375.26	867.21	731.82	1,474.08
Plan B	323.76	748.32	631.33	1,271.59

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(7) Risk Management

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

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$248,265 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.

(9) Construction Commitment

The District has entered into various contracts as part of an auditorium air conditioning project. As of June 30, 2010, costs of \$14,500 had been incurred against the contract. The balance remaining at June 30, 2010 will be paid as work on the project progresses.

(10) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

<u>Project</u>	<u>Amount</u>
Talented and gifted	\$ 12,871
Dropout and dropout prevention	67,870
Iowa early intervention block grant	17,528
Teacher salary supplement	54,476
Professional development	4,841
Core curriculum	16,235
Teacher development	<u>486</u>
Total	<u>\$ 174,307</u>

GRISWOLD COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

GRISWOLD 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	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,659,719	187,826	3,847,545	3,818,941	3,818,941	28,604
State sources	2,781,860	3,408	2,785,268	4,113,860	4,113,860	(1,328,592)
Federal sources	657,493	160,557	818,050	435,000	435,000	383,050
Total revenues	<u>7,099,072</u>	<u>351,791</u>	<u>7,450,863</u>	<u>8,367,801</u>	<u>8,367,801</u>	<u>(916,938)</u>
Expenditures/Expenses:						
Instruction	3,600,165	0	3,600,165	4,395,759	4,395,759	795,594
Support services	2,044,912	0	2,044,912	2,866,000	2,866,000	821,088
Non-instructional programs	1,225	335,042	336,267	435,439	435,439	99,172
Other expenditures	361,560	0	361,560	1,406,472	1,406,472	1,044,912
Total expenditures/expenses	<u>6,007,862</u>	<u>335,042</u>	<u>6,342,904</u>	<u>9,103,670</u>	<u>9,103,670</u>	<u>2,760,766</u>
Excess(deficiency) of revenues over(under) expenditures	1,091,210	16,749	1,107,959	(735,869)	(735,869)	1,843,828
Other financing sources, net	670	0	670	0	0	670
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	1,091,880	16,749	1,108,629	(735,869)	(735,869)	1,844,498
Balance beginning of year	1,468,533	39,908	1,508,441	1,622,613	1,622,613	(114,172)
Balance end of year	<u>\$ 2,560,413</u>	<u>56,657</u>	<u>2,617,070</u>	<u>886,744</u>	<u>886,744</u>	<u>1,730,326</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD 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 comparison for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED 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	July 1, 2009	\$ 0	\$ 199,381	\$ 199,381	0.00%	\$ 2,695,812	7.40%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

GRISWOLD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Special Revenue Funds			
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS				
Cash and pooled investments	\$ 155,012	32,510	58,276	245,798
Receivables:				
Property tax:				
Succeeding year	74,999	0	65,354	140,353
TOTAL ASSETS	\$ 230,011	32,510	123,630	386,151
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ 74,999	0	65,354	140,353
Total Liabilities	74,999	0	65,354	140,353
Unreserved fund balances	155,012	32,510	58,276	245,798
TOTAL LIABILITIES AND FUND BALANCES	\$ 230,011	32,510	123,630	386,151

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			
	Manage- ment	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:				
Local sources:				
Other	\$ 48,551	148,485	205	197,241
TOTAL REVENUES	48,551	148,485	205	197,241
EXPENDITURES:				
Current:				
Instruction:				
Regular	41,028	0	0	41,028
Other	0	135,166	0	135,166
Support services:				
Instructional staff	7,220	0	0	7,220
Administration	17,946	0	0	17,946
Operation and maintenance of plant	91,473	0	1,148	92,621
Student transportation	35,777	6,135	17,500	59,412
Non-instructional programs:				
Food service operations	1,225	0	0	1,225
Other expenditures:				
Facilities acquisitions	0	0	1,554	1,554
TOTAL EXPENDITURES	194,669	141,301	20,202	356,172
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(146,118)	7,184	(19,997)	(158,931)
FUND BALANCE BEGINNING OF YEAR	301,130	25,326	78,273	404,729
FUND BALANCE END OF YEAR	\$ 155,012	32,510	58,276	245,798

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Instrumental Music	389	1,483	1,013	859
Vocal Music	1,318	3,818	2,730	2,406
Athletics	2,014	64,351	62,346	4,019
Annuals	2,788	9,041	5,110	6,719
Class of 2011	4,711	0	2,885	1,826
Class of 2014	338	0	338	0
Class of 2012	0	4,011	2,149	1,862
Class of 2010	1,663	0	1,569	94
FFA	6,274	24,179	26,942	3,511
FHA	17	6,119	5,974	162
Health Services	915	226	0	1,141
HOSA	3,036	2,586	3,388	2,234
MS Activity	542	0	150	392
General Activity	184	317	218	283
N.H.S.	39	706	393	352
Now Interest	584	161	584	161
S.E.S.	2	0	2	0
Spanish Club	185	0	0	185
Student Council	(750)	8,337	6,835	752
Washington Trip	1,077	23,150	18,675	5,552
Total	<u>\$ 25,326</u>	<u>148,485</u>	<u>141,301</u>	<u>32,510</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 3,154,939	2,885,622	2,388,717	2,126,459	2,616,166	2,427,686	2,420,097
Tuition	132,671	155,295	147,184	190,352	170,893	170,793	191,255
Other	372,109	461,046	287,520	324,300	315,734	204,022	222,756
State sources	2,781,860	3,104,919	3,190,512	3,030,523	2,763,327	2,668,263	2,609,392
Federal sources	657,493	119,731	146,427	155,058	158,878	171,340	202,512
Total	\$ 7,099,072	6,726,613	6,160,360	5,826,692	6,024,998	5,642,104	5,646,012
Expenditures:							
Current:							
Instruction:							
Regular	\$ 2,498,979	2,620,396	2,569,345	2,120,990	2,210,723	1,892,645	2,116,005
Special	624,716	647,639	731,015	571,774	544,821	596,605	681,874
Other	476,470	684,704	522,357	862,850	588,633	615,473	467,506
Support services:							
Student	146,286	184,846	183,364	58,264	37,068	123,521	56,634
Instructional staff	212,879	258,058	304,243	355,909	293,098	173,106	164,908
Administration	580,712	645,726	625,883	635,085	591,533	519,779	501,286
Operation and maintenance of plant	725,868	632,060	803,192	697,887	656,086	558,042	420,855
Transportation	379,167	441,440	555,498	390,723	301,266	287,520	256,263
Other support services	0	0	0	0	0	0	4,875
Non-instructional programs	1,225	804	541	453	3,705	2,845	5,533
Other expenditures:							
Facilities acquisitions	113,295	399,302	24,967	77,691	227,282	15,669	112,141
Long-term debt:							
Principal	0	0	0	0	245,000	295,000	285,000
Interest and other charges	0	0	0	0	9,710	20,035	28,485
AEA flow-through	248,265	213,339	206,748	192,460	186,413	185,312	189,400
Total	\$ 6,007,862	6,728,314	6,527,153	5,964,086	5,895,338	5,285,552	5,290,765

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	24,055
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	136,502 *
			<u>160,557</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	76,633
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	42,420
			<u>119,053</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	4,980
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	1,892
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 09	33,428
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 10	33,398
			<u>66,826</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 10	3,985
ARRA - STATE FISCAL STABILIZATION FUND(SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 09	49,722
ARRA - STATE FISCAL STABILIZATION FUND(SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	285,873
			<u>335,595</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	33,158
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173	FY 10	918
SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	84.323	FY 10	420
ARRA - SPECIAL EDUCATION GRANTS TO STATES, RECOVERY ACT	84.391	FY 09	18,133
ARRA - SPECIAL EDUCATION GRANTS TO STATES, RECOVERY ACT	84.391	FY 10	72,533
			<u>125,162</u>
TOTAL			<u>\$ 818,050</u>

* - Includes \$26,123 of non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

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

To the Board of Education of the
Griswold Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Griswold Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 21, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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 a 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 on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-B-10 to be a significant deficiency.

Compliance and Other Matters

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

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

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

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2011

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

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

To the Board of Education of
Griswold Community School District

Compliance

We have audited the compliance of Griswold Community School District with the types of compliance requirements described in 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. Griswold Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Griswold Community School District's management. Our responsibility is to express an opinion on Griswold Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. 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 we 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 Griswold Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Griswold Community School District's compliance with those requirements.

In our opinion, Griswold 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 Griswold 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 our audit, we considered Griswold 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 our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Griswold Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the 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. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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 control 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Finding and Questionable Costs as item III-A-10 as a material weakness.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2011

GRISWOLD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over 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 did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered:
 - CFDA Number 84.010 – Title I Grant to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grant to Local Educational Agencies, Recovery Act
 - Individual:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Griswold Community School District did not qualify as a low-risk auditee.

GRISWOLD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

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 - We 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.

II-B-10 Deposit Slips- We noted during our audit of the Nutrition Fund that deposit slips did not contain a listing of checks that made up the deposit.

Recommendation - Better internal control is achieved when the District lists checks that make up the composition of every deposit on all deposit slips taken to the bank. Tracing where money comes from is made easier in the event of an error.

Response - The District will review this procedure and make the necessary corrections.

Conclusion - Response accepted.

GRISWOLD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 84.394: ARRA - State Fiscal Stabilization Fund - Education State Grants,
Recovery Act
Federal Award Year: 2009 and 2010
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
CFDA Number 84.389: ARRA - Title I Grants to Local Educational Agencies, Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

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 - We 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.

GRISWOLD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2010

Part II: Other Findings Related to Required Statutory Reporting:

- IV-A-10 Certified Budget - District disbursements for the year ended June 30, 2010, did not exceed the amount budgeted.
- IV-B-10 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 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:

Name, Title and Business Connection	Transaction Description	Amount
Diane Keiser, Assistant Technology Coordinator Owns Hano's Printing	Printing services	\$962

In accordance with the Attorney's General's opinion dated July 2, 1990, the above transactions with the Assistant Technology Coordinator, for printing services do not appear to represent a conflict of interest.

- 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 that the coverage is adequate for current operations.
- IV-F-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-H-10 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-10 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services 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, services 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		\$	198,410
Statewide sales, services and use tax revenue			438,550
Expenditures/transfers out:			
School Infrastructure			
Equipment	\$	204,252	
Other improvements		120,958	325,210
			<u>325,210</u>
Ending Balance		\$	<u>311,750</u>

As a result of the statewide sales, service and use tax revenue received during the year ended June 30, 2010 the District reduced the following levy:

	Per \$1,000 of Taxable Valuation	Property Tax Dollars
Physical plant and equipment levy	<u>\$ 1.67000</u>	<u>296,190</u>