

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

JUNE 30, 2011

Contents	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Management's Discussion and Analysis (MD&A)	7-17
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 20
Statement of Activities	B 21
Governmental Fund Financial Statements:	
Balance Sheet	C 22
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 23
Statement of Revenues, Expenditures and Changes in Fund Balances	E 24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 25
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 26
Statement of Revenues, Expenses and Changes in Net Assets	H 27
Statement of Cash Flows	I 28
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	J 29
Statement of Changes in Fiduciary Net Assets	K 30
Notes to Financial Statements	31-45
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	48
Notes to Required Supplementary Information - Budgetary Reporting	49
Schedule of Funding Progress for the Retiree Health Plan	50
Other Supplementary Information:	<u>Schedule</u>
Special Revenue Funds:	
Combining Balance Sheet	1 52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2 53
Combining Balance Sheet for Capital Project Fund	3 54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Project Fund	4 55
Schedule of Changes in Student Activity Accounts	5 56-57
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6 58
Combining Statement of Fiduciary Net Assets	
Private Purpose Trust - Scholarship Funds	7 59
Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust - Scholarship Funds	8 60
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	9 61
Schedule of Expenditures of Federal Awards	10 62
Independent Auditor's Report on Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	63-64
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	65-66
Schedule of Findings and Questioned Costs	67-73

Glenwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Theresa Romens	President	2011
Linda Young	Vice President	2011
David Warren	Board Member	2013
Henry Clark	Board Member	2013
Dave Blum	Board Member	2013
School Officials		
Devin Embray	Superintendent	2011
Shirley Lundgren	District Secretary/Treasurer and Business Manager	2011
Brett Nitzschke	Attorney	2011

GLENWOOD 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
Glenwood 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 Glenwood Community School District, Glenwood, Iowa as of and for the year ended June 30, 2011, 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 Glenwood Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof 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 January 6, 2012 on our consideration of the Glenwood Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 48 through 50 are not required parts of

the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 Glenwood 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 seven years ended June 30, 2010 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 10, including the accompanying 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.

January 6, 2012

GLENWOOD COMMUNITY SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The discussion and analysis of Glenwood Community School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

- General Fund revenues increased from \$18,350,211 in fiscal 2010 to \$19,525,335 in fiscal 2011 and expenditures decreased from \$19,026,789 in fiscal 2010 to \$18,680,184 in fiscal 2011.
- The district's unspent balance increased from \$3,131,238 to \$4,213,833.

Overview of the Financial Statements

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

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

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

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

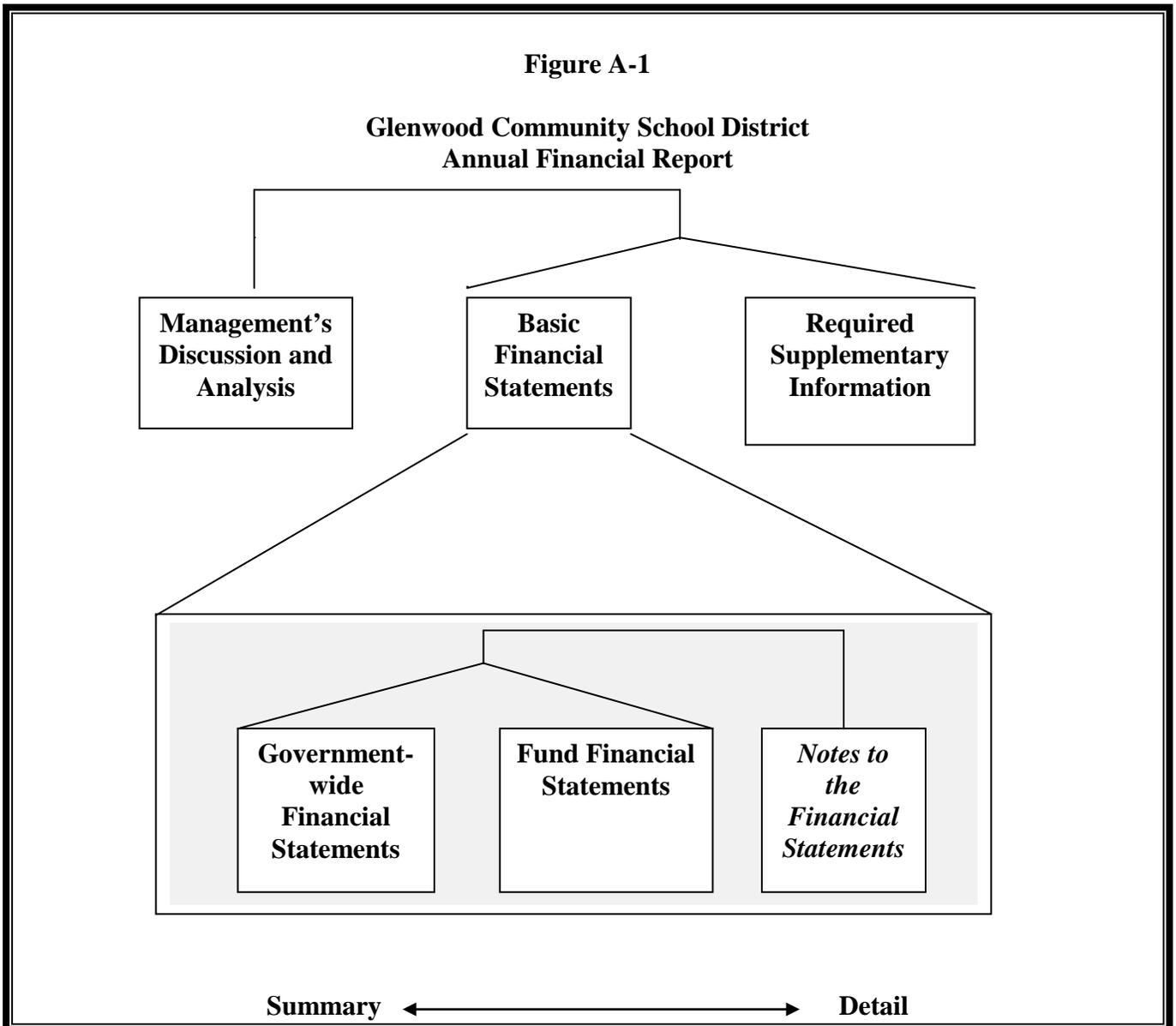


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Propriety Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs 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 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 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 and payable	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

Government-wide Financial Statements

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

The Government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities - are one way to measure the District's financial health or position.

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these areas.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service programs and day care would be 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

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

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. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities.

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

The School District as a Whole

Net assets. The District's combined net assets were as follows:

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 17,180,173	17,418,730	522,062	419,782	17,702,235	17,838,512	-0.76%
Capital assets	33,651,980	33,020,366	290,585	304,623	33,942,565	33,324,989	1.85%
Total assets	50,832,153	50,439,096	812,647	724,405	51,644,800	51,163,501	0.94%
Long-term obligations	19,704,179	20,455,442	9,604	8,590	19,713,783	20,464,032	-3.67%
Other liabilities	9,840,960	10,198,983	50,312	60,520	9,891,272	10,259,503	-3.59%
Total liabilities	29,545,139	30,654,425	59,916	69,110	29,605,055	30,723,535	-3.64%
Net assets:							
Invested in capital assets, net of related debt	15,094,922	13,968,747	290,585	304,623	15,385,507	14,273,370	7.79%
Restricted	3,181,536	3,138,829	0	0	3,181,536	3,138,829	1.36%
Unrestricted	3,010,556	2,677,095	462,146	350,672	3,472,702	3,027,767	14.70%
Total net assets	\$ 21,287,014	19,784,671	752,731	655,295	22,039,745	20,439,966	7.83%

The District's combined net assets increased by \$1,599,779, or 7.83% over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$42,707, or 1.36% 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 \$444,935, or 14.70%.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 1,747,140	1,801,592	1,101,750	1,055,539	2,848,890	2,857,131	-0.29%
Operating grants and contributions and restricted interest	3,111,434	3,838,505	661,249	561,772	3,772,683	4,400,277	-14.26%
Capital grants and contributions and restricted interest	664,221	594,740	0	0	664,221	594,740	11.68%
General revenues:							
Property tax	7,833,046	7,291,540	0	0	7,833,046	7,291,540	7.43%
Statewide sales, services and use tax	778,111	653,166	0	0	778,111	653,166	19.13%
Unrestricted state grants	8,937,473	7,903,581	0	0	8,937,473	7,903,581	13.08%
Nonspecific program federal revenues	380,165	0	0	0	380,165	0	100.00%
Unrestricted investment earnings	19,838	92,972	978	999	20,816	93,971	-77.85%
Other	190,094	563,233	7,261	7,307	197,355	570,540	-65.41%
Transfers	0	(39,038)	0	39,038	0	0	0.00%
Total revenues and transfers	23,661,522	22,700,291	1,771,238	1,664,655	25,432,760	24,364,946	4.38%
Program expenses:							
Governmental activities:							
Instructional	12,933,220	13,437,826	0	0	12,933,220	13,437,826	-3.76%
Support services	6,813,813	5,949,664	4,343	0	6,818,156	5,949,664	14.60%
Non-instructional programs	0	0	1,669,459	1,671,826	1,669,459	1,671,826	-0.14%
Other expenses	2,412,146	2,980,818	0	0	2,412,146	2,980,818	-19.08%
Total expenses	22,159,179	22,368,308	1,673,802	1,671,826	23,832,981	24,040,134	-0.86%
Changes in net assets	1,502,343	331,983	97,436	(7,171)	1,599,779	324,812	392.52%
Beginning net assets, as restated	19,784,671	19,452,688	655,295	662,466	20,439,966	20,115,154	1.61%
Ending net assets	\$ 21,287,014	19,784,671	752,731	655,295	22,039,745	20,439,966	7.83%

In fiscal 2011, property tax and unrestricted state grants account for 70.88% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.53% of the revenue from business type activities.

The District's total revenues were approximately \$25.4 million of which \$23.6 million was for governmental activities and approximately \$1.8 million was for business type activities. As shown in Figure A-4, the District as a whole experienced a 4.38% increase in revenues and a 0.86% decrease in expenses. The decrease in expenses was a result of the decrease in the facility acquisition and a decrease in interest paid on outstanding debt.

Figure A-5

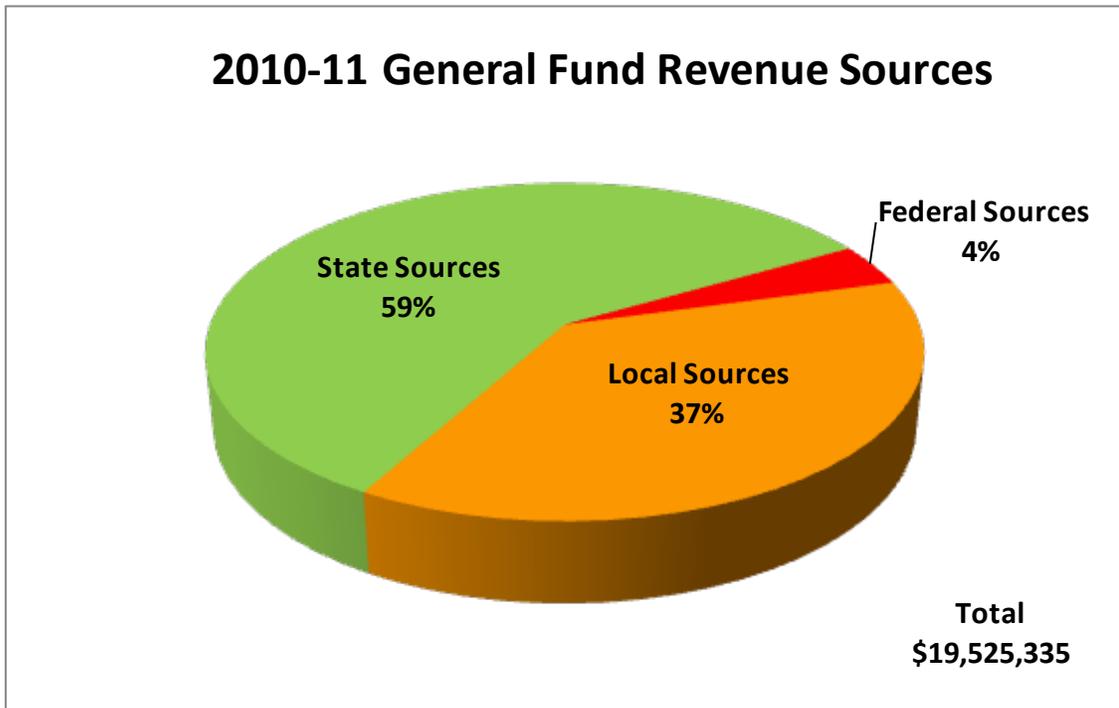
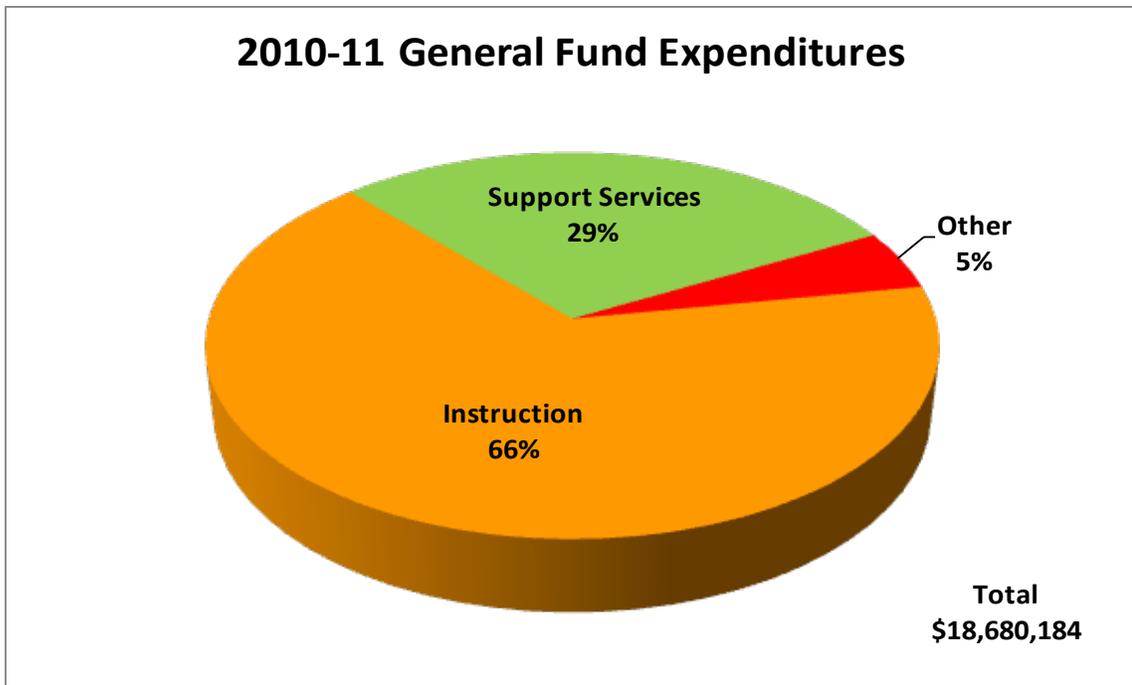


Figure A-6



Governmental Activities

Revenues for governmental activities were \$23,661,522 while expenses amounted to \$22,159,179.

Figure A-7 presents the total cost and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 12,933,220	13,437,826	-3.76%	9,002,284	8,703,214	3.44%
Support services	6,473,829	5,949,664	8.81%	6,071,380	5,877,572	3.30%
Other expenses	2,752,130	2,980,818	-7.67%	1,562,720	1,552,685	0.65%
Totals	\$ 22,159,179	22,368,308	-0.93%	16,636,384	16,133,471	3.12%

The cost financed by users of the District programs was \$1,747,140.

Federal and state governments subsidized certain programs with grants and contributions totaling \$3,775,655.

The net cost of governmental activities was financed with \$7,833,046 in property tax, \$778,111 in statewide sales, services and use tax, \$8,937,473 in unrestricted state grants, \$380,165 in nonspecific program federal grants, \$19,838 in interest income and \$190,094 in other income.

Business Type Activities

Revenues of the District's business-type activities increased from \$1,664,665 to \$1,771,238 while expenses increased also from \$1,671,826, to \$1,673,802. The District's business type activities include the School Nutrition Fund, Day Care, Marketing Class and Culinary Class. Revenues of these activities were comprised of charges for services, federal and state reimbursements, grants and investment income.

Financial Analysis of the District's Funds

As previously noted, the Glenwood 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 fund balances of \$7,441,073 an increase of \$117,176 above last year's ending fund balances of \$7,323,897.

The primary reason for the increase in combined fund balances in fiscal 2011 was due to the General Fund increasing revenues through property taxes and state aid, while lowering expenditures.

Governmental Fund Highlights

- The General Fund balance increased from \$3,204,353 to \$4,049,504 due to an increase in revenues and a decrease in expenditures.
- The Capital Projects Fund balance decreased from \$3,259,455 to \$2,465,751 because of the ongoing construction projects around the District.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$656,408 in fiscal 2010 to \$691,793 in fiscal 2011, representing an increase of approximately 5.39% percent. The District belongs to the Iowa Consortium for purchasing food supplies which helped with the savings increase.

Kids Place Day Care program continues to be a challenge to operate as a self-sufficient program, however during the fiscal 2011 year the net assets increased from a deficit \$1,113 in 2010 to a positive \$39,221.

Budgetary Highlights

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

General Fund Budgetary Highlights

- The District's General Fund actual revenues and related instruction expenditures vary from the adopted budget because the District uses the procedure of adopting the maximum authorized budget and pertains to the General Fund of the district. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash." It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unassigned General Fund balance) of the District.
- The School District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.
- General Fund revenues and other financing uses were more than expenditures and other financing sources by approximately \$845,151. The solvency ratio position of the School District is 17.52% which is over the targeted solvency position recommended by the state of 5% to 10%.

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal 2011, the District had invested \$33,942,565, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, equipment and transportation equipment. This amount represents an increase from last year. Depreciation expense for the year was \$1,067,060.

The original cost of the District's capital assets was \$43.35 million. Governmental funds account for \$42.74 million with the remainder of \$0.61 million in the Proprietary, School Nutrition Fund and Day Care.

**Figure A-8
Capital Assets, Net of Depreciation**

	Governmental		Business type		Total		Total Change 2010-11
	Activities		Activities		School District		
	2011	2010	2011	2010	2011	2010	
Land	\$ 635,849	605,599	0	0	635,849	605,599	5.00%
Construction in progress	745,634	0	0	0	745,634	0	100.00%
Buildings	31,413,329	31,882,190	0	0	31,413,329	31,882,190	-1.47%
Land improvements	42,191	29,954	0	0	42,191	29,954	40.85%
Machinery and equipment	814,977	502,623	290,585	304,623	1,105,562	807,246	36.95%
Total	\$ 33,651,980	33,020,366	290,585	304,623	33,942,565	33,324,989	1.85%

Long-Term Debt

At year-end, the District had \$19,713,783 in general obligation debt and other long-term debt outstanding. This represents a decrease of approximately 3.67% percent from last year.

**Figure A-9
Outstanding Long-Term Obligations**

	Governmental		Business Type		Total School		Total Change 2010-11
	Activities		Activities		District		
	June 30,		June 30,		June 30,		
	2011	2010	2011	2010	2011	2010	
General obligation bonds	\$ 19,290,000	20,150,000	0	0	19,290,000	20,150,000	-4.27%
Early retirement	139,173	127,798	0	0	139,173	127,798	8.90%
Compensated absences	54,539	36,067	4,071	5,765	58,610	41,832	40.11%
Net OPEB liability	220,467	141,577	5,533	2,825	226,000	144,402	56.51%
Totals	\$ 19,704,179	20,455,442	9,604	8,590	19,713,783	20,464,032	-3.67%

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.

- Zero allowable growth for FY 2012 and 2% allowable growth for FY2013.
- Floods during the summer of 2011 which could cause the district to lose students.
- Categorical funds roll into the state funding formula without the state fully funding them.
- Salary and benefit settlements that exceed the District's new money.
- Health insurance and IPERS costs continue to rise.
- More students are open enrolled out than open enrolled in.
- Passed the ISL in FY 2011 so the district will be able to expand curriculum in the future.
- Uncertainly of the Preschool State Grant and the Shared Visions Grant.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and 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 Shirley Lundgren, District Secretary/Treasurer and Business Manager, Glenwood Community School District, 103 Central, Suite 300, Glenwood, Iowa 51534.

GLENWOOD COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 7,740,774	452,534	8,193,308
Receivables:			
Property tax:			
Delinquent	76,833	0	76,833
Succeeding year	7,671,785	0	7,671,785
Accounts	70,749	4,201	74,950
Due from other governments	1,620,032	30,841	1,650,873
Inventories	0	34,486	34,486
Capital assets, net of accumulated depreciation	33,651,980	290,585	33,942,565
TOTAL ASSETS	50,832,153	812,647	51,644,800
LIABILITIES			
Accounts payable	247,771	544	248,315
Salaries and benefits payable	1,556,547	27,133	1,583,680
Accrued interest payable	104,660	0	104,660
Deferred revenue:			
Succeeding year property tax	7,671,785	0	7,671,785
Other	260,197	0	260,197
Unearned revenue	0	22,635	22,635
Long-term liabilities:			
Portion due within one year:			
Bonds payable	890,000	0	890,000
Early retirement payable	139,173	0	139,173
Compensated absences payable	54,539	4,071	58,610
Portion due after one year:			
Bonds payable	18,400,000	0	18,400,000
Net OPEB liability	220,467	5,533	226,000
TOTAL LIABILITIES	29,545,139	59,916	29,605,055
NET ASSETS			
Invested in capital assets, net of related debt	15,094,922	290,585	15,385,507
Restricted for:			
Categorical funding	582,303	0	582,303
Management levy	331,906	0	331,906
Physical plant and equipment	340,650	0	340,650
School infrastructure	1,418,350	0	1,418,350
Debt service	317,921	0	317,921
Student activities	144,524	0	144,524
Other special purposes	45,882	0	45,882
Unrestricted	3,010,556	462,146	3,472,702
TOTAL NET ASSETS	\$ 21,287,014	752,731	22,039,745

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 7,825,367	560,661	1,491,658	0	(5,773,048)	0	(5,773,048)
Special	3,161,016	764,460	166,014	0	(2,230,542)	0	(2,230,542)
Other	1,946,837	349,614	598,529	0	(998,694)	0	(998,694)
	<u>12,933,220</u>	<u>1,674,735</u>	<u>2,256,201</u>	<u>0</u>	<u>(9,002,284)</u>	<u>0</u>	<u>(9,002,284)</u>
Support services:							
Student	601,901	0	0	0	(601,901)	0	(601,901)
Instructional staff	1,035,515	0	0	0	(1,035,515)	0	(1,035,515)
Administration	2,142,602	0	0	0	(2,142,602)	0	(2,142,602)
Operation and maintenance of plant	1,993,671	0	0	664,221	(1,329,450)	0	(1,329,450)
Transportation	1,040,124	72,405	5,807	0	(961,912)	0	(961,912)
	<u>6,813,813</u>	<u>72,405</u>	<u>5,807</u>	<u>664,221</u>	<u>(6,071,380)</u>	<u>0</u>	<u>(6,071,380)</u>
Other expenditures:							
Long-term debt interest	814,084	0	0	0	(814,084)	0	(814,084)
AEA flowthrough	849,426	0	849,426	0	0	0	0
Depreciation(unallocated)*	748,636	0	0	0	(748,636)	0	(748,636)
	<u>2,412,146</u>	<u>0</u>	<u>849,426</u>	<u>0</u>	<u>(1,562,720)</u>	<u>0</u>	<u>(1,562,720)</u>
Total governmental activities	22,159,179	1,747,140	3,111,434	664,221	(16,636,384)	0	(16,636,384)
Business Type activities:							
Support services:							
Nutrition services	4,343	0	0	0	0	(4,343)	(4,343)
Non-instructional programs:							
Nutrition services	1,101,952	616,198	517,280	0	0	31,526	31,526
Daycare services	562,091	458,419	143,969	0	0	40,297	40,297
Marketing class	3,433	22,674	0	0	0	19,241	19,241
Culinary class	1,983	4,459	0	0	0	2,476	2,476
Total business type activities	<u>1,673,802</u>	<u>1,101,750</u>	<u>661,249</u>	<u>0</u>	<u>0</u>	<u>89,197</u>	<u>89,197</u>
Total	\$ 23,832,981	2,848,890	3,772,683	664,221	(16,636,384)	89,197	(16,547,187)
General Revenues:							
Property tax levied for:							
General purposes				\$ 6,105,539	0	6,105,539	
Debt service				1,583,114	0	1,583,114	
Capital outlay				144,393	0	144,393	
Statewide sales, services and use tax				778,111	0	778,111	
Unrestricted state grants				8,937,473	0	8,937,473	
Nonspecific program federal grants				380,165	0	380,165	
Unrestricted investment earnings				19,838	978	20,816	
Other				190,094	7,261	197,355	
Total general revenues				<u>18,138,727</u>	<u>8,239</u>	<u>18,146,966</u>	
Change in net assets				1,502,343	97,436	1,599,779	
Net assets beginning of year				19,784,671	655,295	20,439,966	
Net assets end of year				<u>\$ 21,287,014</u>	<u>752,731</u>	<u>22,039,745</u>	

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

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
Assets					
Cash and pooled investments	\$ 5,019,427	1,801,036	304,962	612,549	7,737,974
Receivables:					
Property tax:					
Delinquent	57,572	1,182	12,959	5,120	76,833
Succeeding year	5,501,096	151,424	1,369,265	650,000	7,671,785
Accounts	70,216	0	0	533	70,749
Due from other governments	838,120	781,550	0	362	1,620,032
Total assets	\$ 11,486,431	2,735,192	1,687,186	1,268,564	17,177,373
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 119,087	118,017	0	10,667	247,771
Salaries and benefits payable	1,556,547	0	0	0	1,556,547
Deferred revenue:					
Succeeding year property tax	5,501,096	151,424	1,369,265	650,000	7,671,785
Other	260,197	0	0	0	260,197
Total liabilities	7,436,927	269,441	1,369,265	660,667	9,736,300
Fund balances:					
Restricted for:					
Categorical funding	582,303	0	0	0	582,303
Debt service	0	0	317,921	0	317,921
Construction	0	732,942	0	0	732,942
School infrastructure	0	1,418,350	0	0	1,418,350
Physical plant and equipment	0	340,650	0	0	340,650
Management levy purposes	0	0	0	471,079	471,079
Student activities	0	0	0	144,524	144,524
Other special purposes	45,882	0	0	0	45,882
Unassigned for:					
General fund	3,421,319	0	0	0	3,421,319
School infrastructure	0	(26,191)	0	0	(26,191)
Student activities	0	0	0	(7,706)	(7,706)
Total fund balances	4,049,504	2,465,751	317,921	607,897	7,441,073
Total liabilities and fund balances	\$ 11,486,431	2,735,192	1,687,186	1,268,564	17,177,373

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances of governmental funds(page 22)	\$	7,441,073
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.		33,651,980
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		2,800
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(104,660)
Long-term liabilities, including bonds payable, early retirement payable, compensated absenses, and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(19,704,179)</u>
Net assets of governmental activities(page 20)	\$	<u>21,287,014</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service	Total Special Revenue	Total
REVENUES:					
Local sources:					
Local tax	\$ 5,606,957	922,504	1,583,114	498,582	8,611,157
Tuition	1,257,704	0	0	0	1,257,704
Other	375,356	7,186	1,787	501,481	885,810
State sources	11,392,271	664,311	991	314	12,057,887
Federal sources	848,964	0	0	0	848,964
Total revenues	19,481,252	1,594,001	1,585,892	1,000,377	23,661,522
EXPENDITURES:					
Current:					
Instruction:					
Regular	7,628,731	16,305	0	215,271	7,860,307
Special	3,161,016	0	0	0	3,161,016
Other	1,616,871	0	0	417,095	2,033,966
	12,406,618	16,305	0	632,366	13,055,289
Support services:					
Student	598,761	0	0	0	598,761
Instructional staff	575,728	620,678	0	6,596	1,203,002
Administration	1,955,977	93,315	3,400	37,710	2,090,402
Operation and maintenance of plant	1,397,390	0	0	153,175	1,550,565
Transportation	891,737	69,220	0	51,081	1,012,038
	5,419,593	783,213	3,400	248,562	6,454,768
Other expenditures:					
Facilities acquisitions	0	1,506,734	0	0	1,506,734
Long-term debt:					
Principal	0	0	860,000	0	860,000
Interest and fiscal charges	0	0	818,129	0	818,129
AEA flowthrough	849,426	0	0	0	849,426
	849,426	1,506,734	1,678,129	0	4,034,289
Total expenditures	18,675,637	2,306,252	1,681,529	880,928	23,544,346
Excess(deficiency) of revenues over(under) expenditures	805,615	(712,251)	(95,637)	119,449	117,176
Other financing sources(uses):					
Transfers in	44,083	216,993	86,000	0	347,076
Transfers out	(4,547)	(298,446)	0	(44,083)	(347,076)
Total other financing sources(uses)	39,536	(81,453)	86,000	(44,083)	0
Net change in fund balances	845,151	(793,704)	(9,637)	75,366	117,176
Fund balances beginning of year, as restated	3,204,353	3,259,455	327,558	532,531	7,323,897
Fund balances end of year	\$ 4,049,504	2,465,751	317,921	607,897	7,441,073

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD 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, 2011

Net change in fund balances - total governmental funds(page 24)	\$	117,176
 <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 Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:		
Capital outlays	\$ 1,662,378	
Depreciation expense	<u>(1,030,764)</u>	631,614
 Net change in Internal Service Funds charged back against expenditures made for the flex benefit program at an entity-wide basis.		
		(1,755)
 Proceeds of long-term debt liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.		
Repaid		860,000
 Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		
		4,045
 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.		
Early retirement	(11,375)	
Compensated absences	(18,472)	
Other postemployment benefits	<u>(78,890)</u>	<u>(108,737)</u>
 Changes in net assets of governmental activities(page 21)	 \$	 <u>1,502,343</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Marketing Class	Culinary Class	Total	
Assets						
Current assets:						
Cash and pooled investments	\$ 372,893	57,924	19,241	2,476	452,534	2,800
Receivables:						
Accounts	558	3,643	0	0	4,201	0
Due from other governments	23,247	7,594	0	0	30,841	0
Inventories	34,486	0	0	0	34,486	0
Total current assets	431,184	69,161	19,241	2,476	522,062	2,800
Non-current assets:						
Capital assets:						
Capital assets, net of accumulated depreciation	287,036	3,549	0	0	290,585	0
Total assets	718,220	72,710	19,241	2,476	812,647	2,800
Liabilities						
Current liabilities:						
Accounts payable	0	544	0	0	544	0
Salaries and benefits payable	5,989	21,144	0	0	27,133	0
Unearned revenue	15,315	7,320	0	0	22,635	0
Long-term liabilities:						
Compensated absences	2,313	1,758	0	0	4,071	0
Net OPEB liability	2,810	2,723	0	0	5,533	0
Total liabilities	26,427	33,489	0	0	59,916	0
Net assets						
Invested in capital assets	287,036	3,549	0	0	290,585	0
Unrestricted	404,757	35,672	19,241	2,476	462,146	2,800
Total net assets	\$ 691,793	39,221	19,241	2,476	752,731	2,800

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Marketing Class	Culinary Class	Total	
OPERATING REVENUE:						
Local sources:						
Charges for services	\$ 616,198	458,419	22,674	4,459	1,101,750	18,580
Miscellaneous	7,261	0	0	0	7,261	0
TOTAL OPERATING REVENUES	<u>623,459</u>	<u>458,419</u>	<u>22,674</u>	<u>4,459</u>	<u>1,109,011</u>	<u>18,580</u>
OPERATING EXPENSES:						
Instruction:						
Support services:						
Services	3,092	0	0	0	3,092	0
Supplies	1,251	0	0	0	1,251	0
	<u>4,343</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,343</u>	<u>0</u>
Non-instructional programs:						
Salaries	386,273	410,585	0	0	796,858	0
Benefits	87,184	81,292	0	0	168,476	20,335
Services	5,116	8,664	0	0	13,780	0
Supplies	584,265	60,972	3,433	1,983	650,653	0
Depreciation	35,718	578	0	0	36,296	0
Other	2,372	0	0	0	2,372	0
	<u>1,100,928</u>	<u>562,091</u>	<u>3,433</u>	<u>1,983</u>	<u>1,668,435</u>	<u>20,335</u>
TOTAL OPERATING EXPENSES	<u>1,105,271</u>	<u>562,091</u>	<u>3,433</u>	<u>1,983</u>	<u>1,672,778</u>	<u>20,335</u>
OPERATING INCOME(LOSS)	<u>(481,812)</u>	<u>(103,672)</u>	<u>19,241</u>	<u>2,476</u>	<u>(563,767)</u>	<u>(1,755)</u>
NON-OPERATING REVENUES(EXPENSES):						
State sources	8,882	0	0	0	8,882	0
Federal sources	508,398	143,969	0	0	652,367	0
Interest on investments	941	37	0	0	978	0
Loss on asset disposal	(1,024)	0	0	0	(1,024)	0
TOTAL NON-OPERATING REVENUES(EXPENSES)	<u>517,197</u>	<u>144,006</u>	<u>0</u>	<u>0</u>	<u>661,203</u>	<u>0</u>
Excess(Deficiency) of revenues (under) expenditures	35,385	40,334	19,241	2,476	97,436	(1,755)
Net assets beginning of year	<u>656,408</u>	<u>(1,113)</u>	<u>0</u>	<u>0</u>	<u>655,295</u>	<u>4,555</u>
Net assets end of year	<u>\$ 691,793</u>	<u>39,221</u>	<u>19,241</u>	<u>2,476</u>	<u>752,731</u>	<u>2,800</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Marketing Class	Culinary Class	Total	
Cash flows from operating activities:						
Cash received from sale of lunches and breakfasts	\$ 618,761	0	0	0	618,761	0
Cash received from miscellaneous operating activities	7,261	458,741	22,674	4,459	466,002	18,580
Cash payments to employees for services	(470,883)	(490,098)	0	0	(960,981)	(20,335)
Cash payments to suppliers for goods or services	(533,161)	(78,206)	(3,433)	(1,983)	(611,367)	0
Net cash provided by(used in) operating activities	(378,022)	(109,563)	19,241	2,476	(487,585)	(1,755)
Cash flows from non-capital financing activities:						
State grants received	8,882	0	0	0	8,882	0
Federal grants received	419,549	143,226	0	0	562,775	0
Net cash provided by non-capital financing activities	428,431	143,226	0	0	571,657	0
Cash flows from capital and related financing activities:						
Purchase of capital assets	(22,701)	(581)	0	0	(23,282)	0
Cash flows from investing activities:						
Interest on investments	941	37	0	0	978	0
Net increase(decrease) in cash and cash equivalents	28,649	33,119	19,241	2,476	61,768	(1,755)
Cash and cash equivalents at beginning of year	344,244	24,805	0	0	369,049	4,555
Cash and cash equivalents at end of year	\$ 372,893	57,924	19,241	2,476	430,817	2,800
Reconciliation of operating loss to net cash used in operating activities:						
Operating income (loss)	\$ (481,812)	(103,672)	2,476	19,241	(585,484)	(1,755)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Commodities consumed	79,643	0	0	0	79,643	0
Depreciation	35,718	578	0	0	36,296	0
Increase in inventories	(14,896)	0	0	0	(14,896)	0
(Increase) Decrease in accounts receivable	5,589	461	0	0	6,050	0
Decrease in accounts payable	(1,812)	(8,570)	0	0	(10,382)	0
Increase in salary and benefits payable	1,122	2,217	0	0	3,339	0
Increase(Decrease) in compensated absences	287	(1,981)	0	0	(1,694)	0
Increase in other postemployment benefits	1,165	1,543	0	0	2,708	0
Increase (Decrease) in unearned revenue	(3,026)	(139)	0	0	(3,165)	0
Net cash used in operating activities	\$ (378,022)	(109,563)	2,476	19,241	(487,585)	(1,755)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the District received Federal commodities valued at \$79,643.

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Private Purpose Trust Scholarship
ASSETS	
Cash and pooled investments	\$ 5,893
LIABILITIES	
Total liabilities	0
NET ASSETS	
Reserved for scholarships	\$ 5,893

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Contributions	\$ 4,000
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,000</u>
Change in net assets	3,000
Net assets beginning of year	<u>2,893</u>
Net assets end of year	<u>\$ 5,893</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(1) Summary of Significant Accounting Policies

The Glenwood 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 Glenwood, Iowa, and the predominate agricultural territory in Pottawattamie and Mills 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, Glenwood Community School District has included all funds, organizations, account groups, 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 Glenwood 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 Pottawattamie and Mills Counties 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 support.

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation plus any unspent bond proceeds and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net asset 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 that 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

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 used to account for all resources used in the acquisition and construction of capital facilities.

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

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, the Enterprise, Day Care Fund, Marketing Class Fund, Culinary Class Fund and the Internal Service Fund.

The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the child care operations of the District. The Internal Service Fund is used to account for the District's flex benefit programs.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as

expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under 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 the governmental funds are 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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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	\$ 2,500
Buildings	2,500
Land improvements	2,500
Intangibles	150,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5-12 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is 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 are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or

federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

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, 2011 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects - Statewide Sales and Services Tax	\$ 86,000
General	Management Levy	1,500
Capital Projects - Middle School Remodel	Capital Projects - Building Projects	212,446
Capital Projects - Physical Plant and Equipment Levy	General	287
Capital Projects - Statewide Sales and Services Tax	General	4,260
General	Special Revenue - Student Activity	<u>42,583</u>
Total		<u>\$ 347,076</u>

The transfer from the Capital Projects - Statewide Sales and Services Tax Fund to Debt Service Fund was for debt repayment.

The transfer from the Management Levy Fund to the General Fund was for an insurance deductible.

The transfer from the Capital Projects - Building Projects to the Capital Projects - Middle School Remodel was for facilities acquisition costs.

The transfer from the Capital Projects - Statewide Sales and Services Tax Fund to the General Fund was for a corrective transfer required for unallowable expenditures.

The transfer from the Capital Projects - Physical Plant and Equipment Levy Fund to the General Fund was for a corrective transfer required for unallowable expenditures.

The transfer from the Special Revenue - Student Activity Fund to the General Fund was to close instructional accounts to the General Fund.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 605,599	30,250	0	635,849
Construction in progress	0	745,634	0	745,634
Total capital assets not being depreciated	605,599	775,884	0	1,381,483
Capital assets being depreciated:				
Buildings	37,247,871	270,262	0	37,518,133
Land improvements	264,816	21,750	0	286,566
Machinery and equipment	3,040,534	594,482	85,799	3,549,217
Total capital assets being depreciated	40,553,221	886,494	85,799	41,353,916
Less accumulated depreciation for:				
Buildings	5,365,681	739,123	0	6,104,804
Land improvements	234,862	9,513	0	244,375
Machinery and equipment	2,537,911	282,128	85,799	2,734,240
Total accumulated depreciation	8,138,454	1,030,764	85,799	9,083,419
Total capital assets being depreciated, net	32,414,767	(144,270)	0	32,270,497
Governmental activities capital assets, net	\$ 33,020,366	631,614	0	33,651,980
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 594,726	23,282	6,920	611,088
Less accumulated depreciation	290,103	36,296	5,896	320,503
Business type activities capital assets, net	\$ 304,623	(13,014)	1,024	290,585

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 57,397
Support services:		
Instructional staff		42,524
Administration		1,498
Operation and maintenance of plant		95,709
Transportation		85,000
		<u>282,128</u>
Unallocated depreciation		<u>748,636</u>
		<u>\$ 1,030,764</u>
Business type activities:		
Food services		\$ 35,718
Day care		578
Total business type activities depreciation expense		<u>\$ 36,296</u>

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 20,150,000	0	860,000	19,290,000	890,000
Early Retirement	127,798	139,173	127,798	139,173	139,173
Compensated Absences	36,067	54,539	36,067	54,539	54,539
Net OPEB liability	141,577	78,890	0	220,467	0
					<u>0</u>
Total	<u>\$ 20,455,442</u>	<u>272,602</u>	<u>1,023,865</u>	<u>19,704,179</u>	<u>1,083,712</u>
					<u>0</u>
Business type activities:					
Compensated Absences	\$ 5,765	4,071	5,765	4,071	4,071
Net OPEB liability	2,825	2,708	0	5,533	0
					<u>0</u>
Total	<u>\$ 8,590</u>	<u>6,779</u>	<u>5,765</u>	<u>9,604</u>	<u>4,071</u>

Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2006			Bond Issue of June 15, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2012	3.625 % \$	380,000	28,094	4.00 % \$	135,000	386,558
2013	3.625	395,000	14,319	4.00	140,000	381,158
2014		-	-	4.00	555,000	375,558
2015		-	-	4.00	575,000	353,358
2016		-	-	4.00	600,000	330,357
2017-2021		-	-	4.00-4.10	3,380,000	1,270,763
2022-2026		-	-	4.10	4,140,000	523,365
2027		-	-	4.10	-	-
Total		<u>\$ 775,000</u>	<u>42,413</u>		<u>\$ 9,525,000</u>	<u>3,621,117</u>

Bond Issue of June 1, 2007			Bond Issue of March 16, 2009		
Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
4.00 % \$	310,000	307,400	4.40 % \$	65,000	59,612
4.00	325,000	295,000	4.40	60,000	56,752
4.00	345,000	282,000	4.40	60,000	52,113
4.00	355,000	268,200	4.40	70,000	51,473
4.00	370,000	254,000	4.40	70,000	48,393
4.00	2,080,000	1,036,600	4.40	395,000	192,902
4.00	2,430,000	592,800	4.60-4.90	585,000	88,098
4.00	1,470,000	58,800		-	-
	<u>\$ 7,685,000</u>	<u>3,094,800</u>		<u>\$ 1,305,000</u>	<u>549,343</u>

Total	
Principal	Interest
\$ 890,000	781,664
920,000	747,229
960,000	709,671
1,000,000	673,031
1,040,000	632,750
5,855,000	2,500,265
7,155,000	1,204,263
1,470,000	58,800
<u>\$ 19,290,000</u>	<u>7,307,673</u>

Early Retirement

The District offers a voluntary early retirement plan to all full-time 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 the difference between whatever teaching salary is received in the year in which the employee retires and the beginning BA salary upon leaving the employer multiplied by 80% for certified and administrative staff and 38% for classified employees. The cost of early retirement benefits paid during the year ended June 30, 2011, totaled \$127,798.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$828,719, \$783,050, and \$752,472, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical, prescription drug and dental benefits for retirees and their spouses. There are 203 active and 16 retired members in the plan. Participants must be age 55 or older at retirement.

The medical, prescription drug, and dental coverage is provided through a fully insured plan with ISEBA. Retirees under age 65 pay the same premium for the medical, prescription drug, and dental benefit as active employees, which results in an implicit and explicit 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 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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 104,000
Interest on net OPEB obligation	6,000
Adjustment to annual required contribution	(5,402)
Annual OPEB cost	<u>104,598</u>
Contributions made	<u>(23,000)</u>
Increase in net OPEB obligation	81,598
Net OPEB obligation beginning of year	<u>144,402</u>
Net OPEB obligation end of year	<u><u>\$ 226,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. 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, 2011.

For the year ended June 30, 2011, the District contributed \$23,000 to the medical and dental plan. Plan members eligible for benefits contributed \$26,000, or 53% 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, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 163,000	49.7 %	\$ 82,000
2010	163,402	61.8	144,402
2011	104,598	22.0	226,000

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1.297 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$724,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$10,207,265 and the ratio of the UAAL to covered payroll was 7.09%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and 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 the 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 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, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying termination factors used in the IPERS Actuarial Report as of June 30, 2009.

Projected claim costs of the medical plan are \$1,010 per month for retirees less than age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental and vision.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2011 were \$1,879,355.

Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw.

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$849,426 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

10) Categorical Funding

The District's ending balances for categorical funding by project as of June 30, 2011 are as follows:

Project	Amount
Dropout and Dropout Prevention	\$ 176,050
LEP Weighting	11,794
Talented and gifted	28,184
Salary improvement program	98,830
Professional development, educator quality	37,739
Four-year-old preschool state aid	129,334
Market factor	13,409
Iowa core curriculum	86,963
Total	<u><u>\$ 582,303</u></u>

11) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassification is as follows:

	Capital Projects	Special Revenue, Physical Plant and Equipment Levy
Balances June 30, 2010 as previously reported	\$ 2,994,070	\$ 265,385
Change in fund type classification per implementation of GASB Statement No. 54	<u>265,385</u>	<u>(265,385)</u>
Balance July 1, 2010 as restated	<u><u>\$ 3,259,455</u></u>	<u><u>\$ 0</u></u>

12) Construction Commitments

The District has entered into various contracts for various projects within the District. As of June 30, 2011, costs of \$745,634 had been incurred against the contracts. The balance remaining at June 30, 2011 will be paid as work on the projects progresses.

GLENWOOD COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

GLENWOOD COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES
 AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2011

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 10,754,671	1,109,989	11,864,660	11,822,249	11,822,249	42,411
State sources	12,057,887	8,882	12,066,769	12,648,632	12,648,632	(581,863)
Federal sources	848,964	652,367	1,501,331	955,000	955,000	546,331
Total revenues	<u>23,661,522</u>	<u>1,771,238</u>	<u>25,432,760</u>	<u>25,425,881</u>	<u>25,425,881</u>	<u>6,879</u>
Expenditures/Expenses:						
Instruction	13,055,289	0	13,055,289	17,020,351	17,020,351	3,965,062
Support services	6,454,768	4,343	6,459,111	7,062,387	7,062,387	603,276
Non-instructional programs	0	1,668,435	1,668,435	2,084,720	2,084,720	416,285
Other expenditures	4,034,289	0	4,034,289	7,273,719	7,273,719	3,239,430
Total expenditures/expenses	<u>23,544,346</u>	<u>1,672,778</u>	<u>25,217,124</u>	<u>33,441,177</u>	<u>33,441,177</u>	<u>8,224,053</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	117,176	98,460	215,636	(8,015,296)	(8,015,296)	8,230,932
Other financing sources(uses), net	0	(1,024)	(1,024)	0	0	(1,024)
Excess(deficiency) of revenues over(under) expenditures/expenses	117,176	97,436	214,612	(8,015,296)	(8,015,296)	8,229,908
Balance beginning of year	7,323,897	655,295	7,979,192	8,015,296	8,015,296	(36,104)
Balance end of year	<u>\$ 7,441,073</u>	<u>752,731</u>	<u>8,193,804</u>	<u>0</u>	<u>0</u>	<u>8,193,804</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ 0	\$ 1,297,000	\$ 1,297,000	0.00	% \$ 7,440,833	17.43
2010	July 1, 2008	0	1,297,000	1,297,000	0.00	9,429,189	13.76
2011	July 1, 2010	0	724,000	724,000	0.00	10,207,265	7.09

See Note 7 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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OTHER SUPPLEMENTARY INFORMATION

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2011

	Manage- ment Levy	Student Activity	Total Special Revenue Funds
Assets			
Cash and pooled investments	\$ 471,749	140,800	612,549
Receivables:			
Property tax:			
Delinquent	5,120	0	5,120
Succeeding year	650,000	0	650,000
Due from other governments	0	362	362
Accounts	0	533	533
Total assets	\$ 1,126,869	141,695	1,268,564
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 5,790	4,877	10,667
Deferred revenue:			
Succeeding year property tax	650,000	0	650,000
Total liabilities	655,790	4,877	660,667
Fund balances:			
Restricted for:			
Management levy purposes	471,079	0	471,079
Student activities	0	144,524	144,524
Unassigned for student activities	0	(7,706)	(7,706)
Total fund balances	471,079	136,818	607,897
Total liabilities and fund balances	\$ 1,126,869	141,695	1,268,564

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2011

	Manage- ment Levy	Student Activity	Total Special Revenue Funds
REVENUES:			
Local sources:			
Local tax	\$ 498,582	0	498,582
Other	34,434	467,047	501,481
State sources	314	0	314
TOTAL REVENUES	<u>533,330</u>	<u>467,047</u>	<u>1,000,377</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	215,271	0	215,271
Other	0	417,095	417,095
Support services:			
Instructional staff	6,596	0	6,596
Administration	37,710	0	37,710
Operation and maintenance of plant	146,925	6,250	153,175
Transportation	51,081	0	51,081
TOTAL EXPENDITURES	<u>457,583</u>	<u>423,345</u>	<u>880,928</u>
EXCESS OF REVENUES OVER EXPENDITURES	75,747	43,702	119,449
OTHER FINANCING USES:			
Transfer out	(1,500)	(42,583)	(44,083)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	74,247	1,119	75,366
FUND BALANCES BEGINNING OF YEAR, AS RESTATED	<u>396,832</u>	<u>135,699</u>	<u>532,531</u>
FUND BALANCES END OF YEAR	<u>\$ 471,079</u>	<u>136,818</u>	<u>607,897</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET FOR CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects Fund				
	Middle School Remodel	Building Projects	Statewide Sales & Services Tax	Physical Plant and Equipment Levy	Total
Assets					
Cash and pooled investments	\$ 0	732,942	728,626	339,468	1,801,036
Receivables:					
Succeeding year	0	0	0	151,424	151,424
Delinquent	0	0	0	1,182	1,182
Due from other governments	0	0	781,550	0	781,550
Total assets	\$ 0	732,942	1,510,176	492,074	2,735,192
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 26,191	0	91,826	0	118,017
Deferred revenue					
Succeeding year property tax	0	0	0	151,424	151,424
Total liabilities	26,191	0	91,826	151,424	269,441
Fund balances:					
Restricted for:					
Construction	0	732,942	0	0	732,942
School infrastructure	0	0	1,418,350	0	1,418,350
Physical plant and equipment	0	0	0	340,650	340,650
Unassigned	(26,191)	0	0	0	(26,191)
Total fund balances	(26,191)	732,942	1,418,350	340,650	2,465,751
Total liabilities and fund balances	\$ 0	732,942	1,510,176	492,074	2,735,192

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2011

	Capital Project Fund				
	Middle School Remodel	Building Projects	Statewide Sales & Services Tax	Physical Plant and Equipment Levy	Total
REVENUES:					
Local sources:					
Local tax	\$ 0	0	778,111	144,393	922,504
Other	0	2,642	3,754	790	7,186
State sources	0	0	664,221	90	664,311
TOTAL REVENUES	0	2,642	1,446,086	145,273	1,594,001
EXPENDITURES:					
Current:					
Instruction:					
Regular	0	0	16,305	0	16,305
Support services:					
Instructional staff	0	0	620,678	0	620,678
Administration	0	1,903	91,412	0	93,315
Transportation	0	0	0	69,220	69,220
Other expenditures:					
Facilities acquisitions	235,352	91,860	1,178,447	1,075	1,506,734
TOTAL EXPENDITURES	235,352	93,763	1,906,842	70,295	2,306,252
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(235,352)	(91,121)	(460,756)	74,978	(712,251)
OTHER FINANCING SOURCES(USES):					
Transfers in	212,446	0	4,260	287	216,993
Transfers out	0	(212,446)	(86,000)	0	(298,446)
TOTAL OTHER FINANCING SOURCES(USES)	212,446	(212,446)	(81,740)	287	(81,453)
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES(USES)	(22,906)	(303,567)	(542,496)	75,265	(793,704)
FUND BALANCES BEGINNING OF YEAR, AS RESTATED	(3,285)	1,036,509	1,960,846	265,385	3,259,455
FUND BALANCES END OF YEAR	\$ (26,191)	732,942	1,418,350	340,650	2,465,751

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
Talent Show MS	\$ 0	734	214	831	1,351
Speech MS	2,880	560	164	(543)	2,733
Speech HS	1,559	5,091	3,362	232	3,520
Music MS	1,486	614	200	144	2,044
Musical HS	864	1,422	1,561	55	780
Vocal Music HS	9,297	42,903	43,273	2,088	11,015
Show Choir	3,208	2,000	1,619	273	3,862
Band Trip	3,905	4,178	2,503	472	6,052
Band HS	3,792	11,494	7,478	322	8,130
Athletics	832	114,026	101,350	12,189	25,697
MS Athletics	(65)	105,676	113,382	65	(7,706)
Cross County - Boys	905	9,635	8,956	84	1,668
Cross County - Girls	335	1,857	1,720	22	494
Basketball - Boys	0	1,160	1,014	43	189
Football	871	1,040	1,683	17	245
Soccer - Boys	2,976	4,083	6,154	261	1,166
Baseball	0	2,875	2,685	(190)	0
Track - Boys	595	3,887	3,599	1,247	2,130
Tennis - Boys	455	1,400	34	138	1,959
Wrestling	80	1,405	233	(14)	1,238
Basketball - Girls	132	1,836	2,014	102	56
Volleyball	1,966	120	252	140	1,974
Soccer - Girls	205	1,123	535	48	841
Softball	592	2,610	1,931	117	1,388
Softball Complex	971	0	0	74	1,045
Track - Girls	911	1,150	1,120	0	941
Annual HS	10,664	10,800	15,445	267	6,286
Annual MS	2,865	8,918	8,148	448	4,083
National Art	1,426	410	170	130	1,796
HS Newspaper	4,080	2,281	1,314	338	5,385
Black and Gold	3,195	6,417	3,988	440	6,064
Building Bridges	230	0	230	0	0
Cheerleaders HS	4,179	11,481	12,562	12	3,110
Chess Club HS	324	0	0	25	349
Class of 2011	1,894	483	1,689	(688)	0
Class of 2012	30	13,084	12,308	727	1,533
Class of 2013	30	40	0	5	75
Class of 2014	0	30	0	2	32
Dance Team	6	8,456	7,450	77	1,089
FBLA	65	0	0	(65)	0
FFA	6,261	9,389	7,528	776	8,898
FCA	89	0	0	7	96
Fragments	56	0	0	(56)	0

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
Foreign Language	745	2,432	1,908	94	1,363
FCCLA	3,617	24,641	21,679	126	6,705
MS FCCLA	379	0	379	0	0
Book Fair	704	3,454	4,158	0	0
Peer Tutoring	2	0	2	0	0
REACH	24	9	0	21	54
Builders Club	1,477	4,216	2,781	(705)	2,207
SW Honor Band	44	0	0	(44)	0
Comm Prev Group	17	0	0	(17)	0
Student Council MS	946	4,099	1,846	1,110	4,309
Media Book Club	473	0	0	36	509
Key Club	929	1,918	468	198	2,577
Student Council HS	2,808	5,327	4,913	211	3,433
NHS	0	791	722	5	74
Special 21	21,651	639	153	(21,982)	155
HS Peer Helpers	0	1,193	744	35	484
MS Peer Helpers	0	944	686	65	323
NE Elementary	9,308	7,622	16,930	0	0
Ram Shack	921	0	921	0	0
Uniform Clean MS	334	60	394	0	0
Uniform Clean HS	3,698	1,057	4,755	0	0
Vending Trans	1	0	1	0	0
Vending MS	447	191	638	0	0
Vending HS	431	1,041	820	59	711
Weight Room	24	0	0	2	26
Vocal Robe Clean	6,969	1,060	8,029	0	0
Vending Bldg Brdg	1,349	123	1,472	0	0
Northeast K-Kids	0	1,420	1,087	41	374
West Elementary	4,255	10,142	12,574	83	1,906
Total	\$ 135,699	467,047	465,928	0	136,818

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 31,866	0	31,866	0
LIABILITIES				
Accounts payable	\$ 1,030	0	1,030	0
Due to other groups	30,836	0	30,836	0
TOTAL LIABILITIES	\$ 31,866	0	31,866	0

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund						
	Edmundson Scholarship	Buffington Scholarship	Pepsi Scholarship	Freedom Scholarship	Science Initiative Scholarship	Superintendent Scholarship	Total
ASSETS							
Cash and pooled investments	\$ 886	1,200	159	525	2,000	1,123	5,893
LIABILITIES							
Reserved for scholarships	\$ 0	0	0	0	0	0	0
NET ASSETS							
Reserved for scholarships	\$ 886	1,200	159	525	2,000	1,123	5,893

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust - Scholarship Fund						
	Edmundson Scholarship	Buffington Scholarship	Pepsi Scholarship	Freedom Scholarship	Science Initiative Scholarship	Superintendent Scholarship	Total
ADDITIONS:							
Local sources:							
Contributions	\$ 0	2,000	0	0	2,000	0	4,000
DEDUCTIONS:							
Instruction:							
Regular:							
Scholarships awarded	0	1,000	0	0	0	0	1,000
Changes in net assets	0	1,000	0	0	2,000	0	3,000
Net assets beginning of year	886	200	159	525	0	1,123	2,893
Net assets end of year	\$ 886	1,200	159	525	2,000	1,123	5,893

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 8,611,157	7,944,706	7,649,838	7,513,581	7,006,981	6,362,743	6,689,807	5,942,689
Tuition	1,257,704	1,220,846	1,449,357	1,562,124	1,390,963	1,241,834	1,220,022	1,279,884
Other	885,810	1,300,061	1,113,740	1,511,760	1,219,101	738,487	599,906	495,963
Intermediate sources	0	0	800	3,730	907	0	3,340	0
State sources	12,057,887	10,661,819	11,763,418	11,060,116	10,662,945	9,365,348	8,794,897	8,398,795
Federal sources	848,964	1,611,897	643,223	395,323	402,579	508,779	886,886	834,825
Total	\$ 23,661,522	22,739,329	22,620,376	22,046,634	20,683,476	18,217,191	18,194,858	16,952,156
Expenditures:								
Instruction:								
Regular	\$ 7,860,307	8,977,240	8,423,213	7,249,940	6,547,023	6,331,639	6,149,662	5,808,253
Special	3,161,016	2,415,897	2,336,725	3,362,616	3,018,858	2,753,613	2,677,056	2,974,237
Other	2,033,966	2,128,820	2,046,901	1,725,849	1,662,938	1,763,825	1,767,899	987,870
Support services:								
Student	598,761	547,965	519,312	471,484	456,478	427,469	253,499	590,896
Instructional staff	1,203,002	715,612	395,714	408,062	442,057	377,647	470,012	423,069
Adminstration	2,090,402	2,088,276	2,082,389	2,161,814	2,124,577	1,814,010	1,502,756	1,399,672
Operation and maintenance								
of plant	1,550,565	1,533,033	1,385,545	1,472,334	1,542,272	1,347,271	1,296,220	1,593,281
Transportation	1,012,038	872,975	875,816	868,971	995,306	932,399	821,126	836,311
Central support	0	0	0	0	0	0	0	18,293
Non-instructional programs	0	0	15,783	0	0	0	193	2,100
Other expenditures:								
Facilities acquisitions	1,506,734	3,769,408	9,183,106	8,798,874	2,102,068	825,452	758,985	476,431
Long-term debt:								
Principal	860,000	830,000	745,000	1,091,140	848,978	806,900	730,000	695,000
Interest and other charges	818,129	857,701	817,501	860,050	532,392	327,949	221,687	248,611
AEA flow-through	849,426	833,393	739,912	684,987	621,697	580,112	551,814	547,349
Total	\$ 23,544,346	25,570,320	29,566,917	29,156,121	20,894,644	18,288,286	17,200,909	16,601,373

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	\$ 73,583
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	402,715 *
SUMMER FOOD PROGRAM FOR CHILDREN	10.559	FY 11	31,666
			<u>507,964</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 11	24,482
TEAM NUTRITION GRANT	10.574	FY 11	434
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-G	166,373
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	40,273
TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	84.013	FY 10	3,752
			<u>210,398</u>
SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES- NATIONAL PROGRAMS (COMMUNITY SERVICE FOR EXPELLED/SUSPENDED STUDENTS)	84.184	FY 11	1,264
MATH AND SCIENCE PARTNERSHIPS	84.366	FY 11	2,272
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 11	62,577
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 11	13,416
ARRA STABILIZATION CLUSTER:			
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	3,926
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	107,437
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	95,829
			<u>207,192</u>
ARRA- EDUCATION JOBS FUND	84.410	FY 11	172,974
IOWA WESTERN COMMUNITY COLLEGE:			
CAREER AND TECHNICAL - BASIC GRANTS TO STATES	84.048	FY 11	12,857
LOESS HILLS AEA 13:			
SPECIAL EDUCATION CLUSTER PROGRAM:			
SPECIAL EDUCATION - GRANTS TO STATE(PART B)	84.027	FY 11	109,322
SPECIAL EDUCATION - GRANTS TO STATE(PART B) - HIGH COST CLAIM	84.027	FY 11	56,692
			<u>166,014</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CHILD CARE AND DEVELOPMENT BLOCK GRANT - WRAP AROUND GRANT	93.575	FY 11	103,046
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES GRANT	93.558	FY 11	16,441
TOTAL			<u>\$ 1,501,331</u>

* - Includes \$79,643 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Glenwood 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.

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

To the Board of Education of the
Glenwood 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 Glenwood Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 6, 2012. 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 Glenwood 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 Glenwood Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Glenwood 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 deficiencies in internal control described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-A-11 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-11 to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glenwood 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. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 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.

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

January 6, 2012

NOLTE, CORNMAN & JOHNSON P.C.

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(a professional corporation)

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Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Program and Internal Control
over Compliance in Accordance with OMB Circular A-133

To the Board of Education of
Glenwood Community School District

Compliance

We have audited the compliance of Glenwood 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 could have a direct and material effect on each of Glenwood Community School District's major federal programs for the year ended June 30, 2011. Glenwood 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 Glenwood Community School District's management. Our responsibility is to express an opinion on Glenwood 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 Glenwood 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 Glenwood Community School District's compliance with those requirements.

In our opinion, Glenwood Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Glenwood 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 Glenwood 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, 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 Glenwood 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 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 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 Findings and Questioned Costs as item III-A-11 to be a material weakness.

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

January 6, 2012

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency and material 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 any 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:
 - CFDA Number 84.041 - ARRA - Education Jobs Fund
 - Clustered Programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Program for Children

 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
 - CFDA Number 84.013 - Title I Programs for Neglected and Delinquent Children
 - CFDA Number 84.389 - ARRA - Title I Grants to Local Educational Agencies, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Glenwood Community School District did not qualify as a low-risk auditee.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

II-B-11 Gate Admissions - It was noted that the District utilizes pre-numbered tickets for event admissions and a reconciliation is performed after the event. However, through discussion with personnel, it was discovered that the ticket takers are not counting the funds before turning the money over for depositing. In addition it was noted that the reconciliation is not being signed off by the ticket takers after the event. This procedure significantly impacts the intended controls of using the pre-numbered tickets.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to individuals involved. The Board would of course, approve any policies and the District's business office should be involved in developing the detailed procedures. At a minimum these procedures should include:

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.

- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the “accounting” function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District’s vault or other secure location at the District’s office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - The District has talked to the Athletic Director about the importance of internal control procedures for handling cash at all events.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 84.041 - ARRA - Education Jobs Fund

Federal Award Year: 2011

U.S. Department of Education

Passed through the Iowa Department of Education

CFDA Number 10.553: School Breakfast Program

CFDA Number 10.555: National School Lunch Program

CFDA Number 10.559: Summer Food Program for Children

Federal Award Year: 2011

U.S. Department of Agriculture

Passed through the Iowa Department of Education

CFDA Number 84.010 - Title I Grants to Local Educational Agencies

CFDA Number 84.013 - Title I Programs for Neglected and Delinquent Children

CFDA Number 84.389 - ARRA - Title I Grants to Local Educational Agencies, Recovery Act

Federal Award Year: 2010 and 2011

U.S. Department of Education

Passed through the Iowa Department of Education

III-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.

IV-B-11 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-11 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-11 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Aaron Aistrophe, Bus Driver Son of owner of Aistrophe Agency Inc.	Property Insurance	\$364,861

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the family member of the employee do not appear to represent a conflict of interest.

IV-E-11 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-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-11 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-11 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-11 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-11 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-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-11 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.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified annual reports (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,960,846
Revenues/Transfers in:		
Sales tax revenues	\$ 778,111	
Other local revenues	3,754	
School infrastructure supplemental amount	664,221	
Transfers from other funds	4,260	
		<u>1,450,346</u>
		3,411,192
Expenditures/transfers out:		
School infrastructure construction	\$ 652,781	
Buildings purchased	300,781	
Equipment	690,686	
Other	262,594	
Transfers to other funds		
Debt service fund	86,000	
		<u>1,992,842</u>
Ending balance		<u>\$ 1,418,350</u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2011 is equivalent to a reduction in the following levy:

	<u>Per \$1,000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt service levy	<u>\$ 0.19524</u>	<u>\$ 86,000</u>

IV-M-11 Student Activity Fund - During our audit concerns arose about certain expenditures paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Monies in this fund shall be used to support only the cocurricular program defined in Department of Education administrative rules (298A.8).

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281--12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that the Northeast K-Kids account and the West K-Kids accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended. The District should consider closing the Student Activity Fund and set up accounts in the General Fund for activities that are administratively maintained.

Response - The Northwest K-Kids and the West K-Kids accounts have been moved to the General Fund.

Conclusion - Response accepted.