GLENWOOD COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

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Glenwood Community School District

Officials

Name	Title	Term Expires
	Board of Education	
	(Before September 2011 Election)	
Theresa Romens	President	2011
Linda Young	Vice President	2011
Ann Staiert	Board Member	2013
Henry Clark	Board Member	2013
Dave Blum	Board Member	2013
	(After September 2011 Election)	
Theresa Romens	President	2015
Dave Blum	Vice President	2013
Ann Staiert	Board Member	2013
Henry Clark	Board Member	2013
Craig Patzer	Board Member	2015
	School Officials	
Devin Embray	Superintendent	2012
Shirley Lundgren	District Secretary/Treasurer and Business Manager	2012
Brett Nitzschke	Attorney	2012

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, 2012, 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, 2012, 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 December 11, 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.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinions 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 eight years ended June 30, 2011 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 12, 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 PC

NOLTE, CORNMAN & JOHNSON, P.C.

December 11, 2012

GLENWOOD COMMUNITY SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

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, 2012. 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 $19,525,335 in fiscal 2011 to $20,114,193 in fiscal 2012 and expenditures increased from $18,680,184 in fiscal 2011 to $18,998,644 in fiscal 2012.

- The district's unspent balance increased from $4,232,548 to $5,588,986.

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-1

Glenwood Community School District
Annual Financial Report

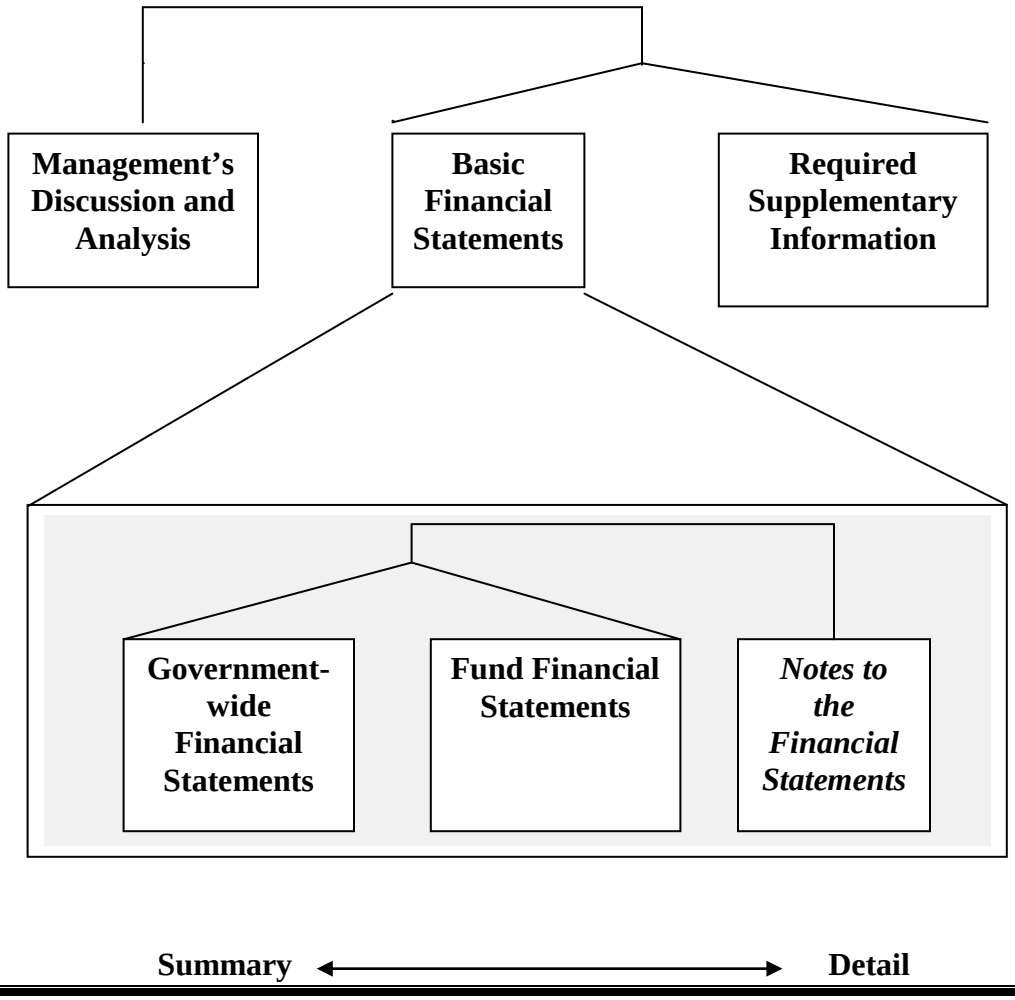


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents 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	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	$ 27,972,390	17,180,173	532,768	522,062	28,505,158	17,702,235	61.03%
Capital assets	33,435,796	33,651,980	279,354	290,585	33,715,150	33,942,565	-0.67%
Total assets	61,408,186	50,832,153	812,122	812,647	62,220,308	51,644,800	20.48%
Long-term obligations	27,523,805	19,704,179	15,242	9,604	27,539,047	19,713,783	39.69%
Other liabilities	9,942,573	9,840,960	48,027	50,312	9,990,600	9,891,272	1.00%
Total liabilities	37,466,378	29,545,139	63,269	59,916	37,529,647	29,605,055	26.77%
Net assets:							
Invested in capital assets, net of related debt	15,462,424	15,094,922	279,354	290,585	15,741,778	15,385,507	2.32%
Restricted	3,825,846	3,181,536	0	0	3,825,846	3,181,536	20.25%
Unrestricted	4,653,538	3,010,556	469,499	462,146	5,123,037	3,472,702	47.52%
Total net assets	$ 23,941,808	21,287,014	748,853	752,731	24,690,661	22,039,745	12.03%

The District's combined net assets increased by $2,650,916, or 12.03% 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 $644,310, or 20.25% 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 $1,650,335, or 47.52%.

Figure A-4
Changes in Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	$ 1,594,450	1,747,140	1,072,342	1,101,750	2,666,792	2,848,890	-6.39%
Operating grants and contributions and restricted interest	1,797,772	3,111,434	705,503	661,249	2,503,275	3,772,683	-33.65%
Capital grants and contributions and restricted interest	704,932	664,221	0	0	704,932	664,221	6.13%
General revenues:							
Property tax	7,665,777	7,833,046	0	0	7,665,777	7,833,046	-2.14%
Income surtax	668,218	0	0	0	668,218	0	100.00%
Statewide sales, services and use tax	881,200	778,111	0	0	881,200	778,111	13.25%
Unrestricted state grants	11,005,474	8,937,473	0	0	11,005,474	8,937,473	23.14%
Nonspecific program federal revenues	241,304	380,165	0	0	241,304	380,165	-36.53%
Unrestricted investment earnings	17,693	19,838	319	978	18,012	20,816	-13.47%
Other	301,776	190,094	4,408	7,261	306,184	197,355	55.14%
Total revenues	24,878,596	23,661,522	1,782,572	1,771,238	26,661,168	25,432,760	4.83%
Program expenses:							
Governmental activities:							
Instructional	13,151,757	12,933,220	0	0	13,151,757	12,933,220	1.69%
Support services	6,687,045	6,813,813	46,440	4,343	6,733,485	6,818,156	-1.24%
Non-instructional programs	0	0	1,740,010	1,669,459	1,740,010	1,669,459	4.23%
Other expenses	2,385,000	2,412,146	0	0	2,385,000	2,412,146	-1.13%
Total expenses	22,223,802	22,159,179	1,786,450	1,673,802	24,010,252	23,832,981	0.74%
Changes in net assets	2,654,794	1,502,343	(3,878)	97,436	2,650,916	1,599,779	65.71%
Net assets beginning of year	21,287,014	19,784,671	752,731	655,295	22,039,745	20,439,966	7.83%
Net assets end of year	$ 23,941,808	21,287,014	748,853	752,731	24,690,661	22,039,745	12.03%

In fiscal 2012, property tax and unrestricted state grants account for 75.05% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.73% of the revenue from business type activities.

The District's total revenues were approximately $26.7 million of which $24.9 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 4.83% increase in revenues and a 0.74% increase in expenses. The increase in expenses was a result of the increase in negotiated salaries and benefits.

Figure A-5

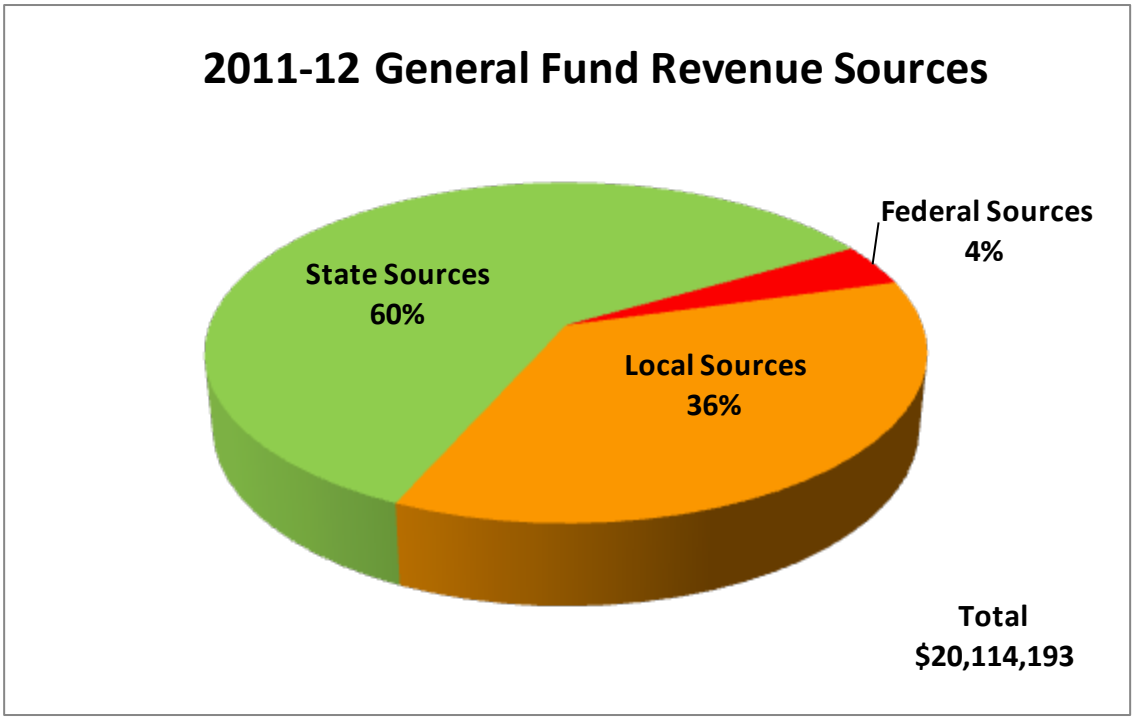
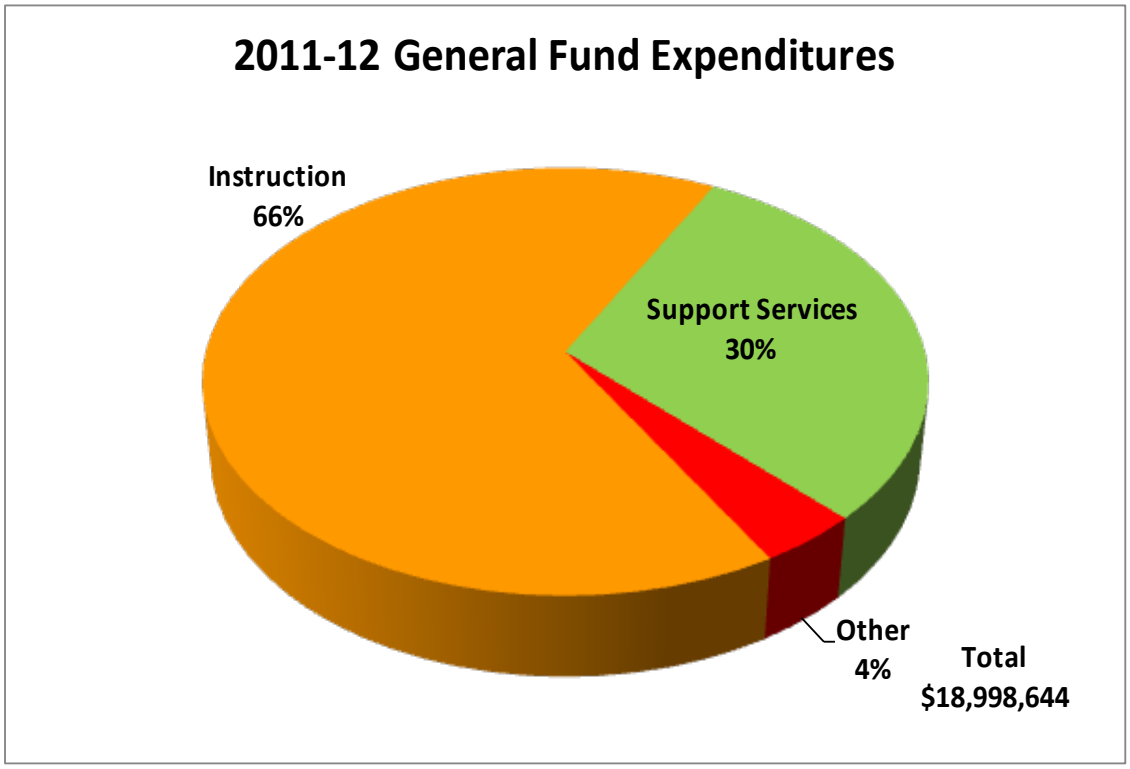


Figure A-6



Governmental Activities

Revenues for governmental activities were $24,878,596 while expenses amounted to $22,223,802.

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		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	$ 13,151,757	12,933,220	1.69%	10,735,816	9,002,284	19.26%
Support services	6,687,045	6,813,813	-1.86%	5,791,670	6,071,380	-4.61%
Other expenses	2,385,000	2,412,146	-1.13%	1,599,162	1,562,720	2.33%
Totals	$ 22,223,802	22,159,179	0.29%	18,126,648	16,636,384	8.96%

The cost financed by users of the District programs was $1,594,450.

Federal and state governments subsidized certain programs with grants and contributions totaling $2,502,704.

The net cost of governmental activities was financed with $7,665,777 in property tax, $668,218 in income surtax, $881,200 in statewide sales, services and use tax, $11,005,474 in unrestricted state grants, $241,304 in nonspecific program federal grants, $17,693 in interest income and $301,776 in other income.

Business Type Activities

Revenues of the District's business-type activities increased from $1,771,238 to $1,782,572 while expenses increased also from $1,673,802, to $1,786,450. 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 $17,440,353 an increase of $9,999,280 above last year's ending fund balances of $7,441,073.

The primary reason for the increase in combined fund balances in fiscal 2012 was due the District issued $8,570,000 of crossover refunding bonds that will be used to refund $8,120,000 of general obligation debt during the 2015 fiscal year.

Governmental Fund Highlights

- The General Fund balance increased from $4,049,504 to $5,165,053 due to an increase in revenues and a minimal increase in expenditures.

- The Capital Projects Fund balance increased from $2,465,751 to $2,754,445 due to sales tax revenues in excess of expenditures.

- The Debt Service Fund balance increased from $317,921 to $8,732,404 due to the issuance of crossover refunding bonds.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from $691,793 in fiscal 2011 to $683,577 in fiscal 2012, representing an decrease of approximately 1.19% percent. The District belongs to the Iowa Consortium for purchasing food supplies which helps lower the cost of supplies.

Kids Place Day Care program continues to be a challenge to operate as a self-sufficient program, however during the fiscal 2012 year the net assets increased from $39,221 in 2011 to $42,856 in 2012.

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 $1,115,549. The solvency ratio position of the School District is 22.92% which is over

the targeted solvency position recommended by the Iowa Association of School Boards of 5% to 10%.

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal 2012, the District had invested $33,715,150, 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 $1,104,720.

The original cost of the District's capital assets was $44.11 million. Governmental funds account for $43.51 million with the remainder of $0.60 million in the Proprietary, School Nutrition Fund and Day Care.

Figure A-8
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Land	$ 635,849	635,849	0	0	635,849	635,849	0.00%
Construction in progress	490,789	745,634	0	0	490,789	745,634	-34.18%
Buildings	31,298,099	31,413,329	0	0	31,298,099	31,413,329	-0.37%
Land improvements	306,910	42,191	0	0	306,910	42,191	627.43%
Machinery and equipment	704,149	814,977	279,354	290,585	983,503	1,105,562	-11.04%
Total	$ 33,435,796	33,651,980	279,354	290,585	33,715,150	33,942,565	-0.67%

Long-Term Debt

At year-end, the District had $27,539,047 in general obligation debt and other long-term debt outstanding. This represents an increase of approximately 39.69% percent from last year.

Figure A-9
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
General obligation bonds	$ 26,970,000	19,290,000	0	0	26,970,000	19,290,000	39.81%
Early retirement	225,384	139,173	0	0	225,384	139,173	61.95%
Compensated absences	45,700	54,539	5,533	4,071	51,233	58,610	-12.59%
Net OPEB liabiliy	282,721	220,467	9,709	5,533	292,430	226,000	29.39%
Totals	$ 27,523,805	19,704,179	15,242	9,604	27,539,047	19,713,783	39.69%

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, 2% allowable growth for FY2013 with future allowable growth unknown.
- Salary and benefit settlements that exceed the District's new money.
- Health insurance and IPERS costs continue to rise. Partial Self-Funding implemented for FY13.
- More students are open enrolled out than open enrolled in.
- Mandates of Iowa Core Curriculum.
- Passed the ISL in FY 2012 so the district will be able to expand curriculum.
- Transitional kindergarten class started FY13.
- Refunded High School First Issue Bonds that will show a savings starting in FY16.

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

Exhibit A

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	$ 17,142,066	475,806	17,617,872
Receivables:			
Property tax:			
Delinquent	56,948	0	56,948
Succeeding year	8,017,695	0	8,017,695
Income surtax	668,218	0	668,218
Accrued interest	14	0	14
Accounts	137,585	6,621	144,206
Due from other governments	1,949,864	23,479	1,973,343
Inventories	0	26,862	26,862
Capital assets, net of accumulated depreciation	33,435,796	279,354	33,715,150
TOTAL ASSETS	61,408,186	812,122	62,220,308
LIABILITIES			
Accounts payable	235,547	1,946	237,493
Salaries and benefits payable	1,564,337	27,433	1,591,770
Accrued interest payable	121,889	0	121,889
Deferred revenue:			
Succeeding year property tax	8,017,695	0	8,017,695
Other	3,105	0	3,105
Unearned revenue	0	18,648	18,648
Long-term liabilities:			
Portion due within one year:			
Bonds payable	920,000	0	920,000
Early retirement payable	225,384	0	225,384
Compensated absences payable	45,700	5,533	51,233
Portion due after one year:			
Bonds payable	26,050,000	0	26,050,000
Net OPEB liability	282,721	9,709	292,430
TOTAL LIABILITIES	37,466,378	63,269	37,529,647
NET ASSETS			
Invested in capital assets, net of related debt	15,462,424	279,354	15,741,778
Restricted for:			
Categorical funding	693,594	0	693,594
Management levy	462,291	0	462,291
Physical plant and equipment	437,401	0	437,401
School infrastructure	1,890,416	0	1,890,416
Debt service	162,628	0	162,628
Student activities	138,594	0	138,594
Other special purposes	40,922	0	40,922
Unrestricted	4,653,538	469,499	5,123,037
TOTAL NET ASSETS	$ 23,941,808	748,853	24,690,661

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit B

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern-mental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	$ 7,999,451	496,758	313,281	0	(7,189,412)	0	(7,189,412)
Special	3,054,927	780,034	50,731	0	(2,224,162)	0	(2,224,162)
Other	2,097,379	254,438	520,699	0	(1,322,242)	0	(1,322,242)
	13,151,757	1,531,230	884,711	0	(10,735,816)	0	(10,735,816)
Support services:							
Student	645,964	0	0	0	(645,964)	0	(645,964)
Instructional staff	842,172	0	119,618	0	(722,554)	0	(722,554)
Administration	2,335,414	0	424	0	(2,334,990)	0	(2,334,990)
Operation and maintenance of plant	1,688,302	0	0	704,932	(983,370)	0	(983,370)
Transportation	1,175,193	63,220	7,181	0	(1,104,792)	0	(1,104,792)
	6,687,045	63,220	127,223	704,932	(5,791,670)	0	(5,791,670)
Long-term debt interest	823,361	0	0	0	(823,361)	0	(823,361)
Other expenditures:							
AEA flowthrough	785,838	0	785,838	0	0	0	0
Depreciation(unallocated)*	775,801	0	0	0	(775,801)	0	(775,801)
	1,561,639	0	785,838	0	(775,801)	0	(775,801)
Total governmental activities	22,223,802	1,594,450	1,797,772	704,932	(18,126,648)	0	(18,126,648)
Business Type activities:							
Support services:							
Nutrition services	18,928	0	0	0	0	(18,928)	(18,928)
Daycare services	27,512	0	0	0	0	(27,512)	(27,512)
Non-instructional programs:							
Nutrition services	1,151,244	610,027	547,249	0	0	6,032	6,032
Daycare services	579,317	452,163	158,254	0	0	31,100	31,100
Marketing class	7,468	7,835	0	0	0	367	367
Culinary class	1,981	2,317	0	0	0	336	336
Total business type activities	1,786,450	1,072,342	705,503	0	0	(8,605)	(8,605)
Total	$ 24,010,252	2,666,792	2,503,275	704,932	(18,126,648)	(8,605)	(18,135,253)
General Revenues:							
Property tax levied for:							
General purposes					$ 6,154,984	0	6,154,984
Debt service					1,360,408	0	1,360,408
Capital outlay					150,385	0	150,385
Income surtax					668,218	0	668,218
Statewide sales, services and use tax					881,200	0	881,200
Unrestricted state grants					11,005,474	0	11,005,474
Nonspecific program federal grants					241,304	0	241,304
Unrestricted investment earnings					17,693	319	18,012
Other					301,776	4,408	306,184
Total general revenues					20,781,442	4,727	20,786,169
Change in net assets					2,654,794	(3,878)	2,650,916
Net assets beginning of year					21,287,014	752,731	22,039,745
Net assets end of year					$ 23,941,808	748,853	24,690,661

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

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit C

GLENWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	$ 5,668,621	1,927,457	8,717,841	785,012	17,098,931
Receivables:					
Property tax:					
Delinquent	36,465	1,611	14,563	4,309	56,948
Succeeding year	5,772,333	162,532	1,382,830	700,000	8,017,695
Income surtax	668,218	0	0	0	668,218
Accrued interest	0	0	0	14	14
Accounts	136,890	0	0	695	137,585
Due from other governments	1,119,337	830,527	0	0	1,949,864
Total assets	$ 13,401,864	2,922,127	10,115,234	1,490,030	27,929,255
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 228,818	5,150	0	1,579	235,547
Salaries and benefits payable	1,564,337	0	0	0	1,564,337
Deferred revenue:					
Succeeding year property tax	5,772,333	162,532	1,382,830	700,000	8,017,695
Income surtax	668,218	0	0	0	668,218
Other	3,105	0	0	0	3,105
Total liabilities	8,236,811	167,682	1,382,830	701,579	10,488,902
Fund balances:					
Restricted for:					
Categorical funding	693,594	0	0	0	693,594
Debt service	0	0	8,732,404	0	8,732,404
Construction	0	426,628	0	0	426,628
School infrastructure	0	1,890,416	0	0	1,890,416
Physical plant and equipment	0	437,401	0	0	437,401
Management levy purposes	0	0	0	649,857	649,857
Student activities	0	0	0	138,594	138,594
Other special purposes	40,922	0	0	0	40,922
Unassigned	4,430,537	0	0	0	4,430,537
Total fund balances	5,165,053	2,754,445	8,732,404	788,451	17,440,353
Total liabilities and fund balances	$ 13,401,864	2,922,127	10,115,234	1,490,030	27,929,255

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit D

GLENWOOD COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances of governmental funds(page 22)	$	17,440,353
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.		33,435,796
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		43,135
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.		(121,889)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		668,218
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.		(27,523,805)
Net assets of governmental activities(page 20)	$	23,941,808

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit E

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	$ 5,504,873	1,031,585	1,360,408	650,111	8,546,977
Tuition	1,249,364	0	0	0	1,249,364
Other	480,312	2,098	10,010	348,014	840,434
State sources	12,145,775	704,932	0	0	12,850,707
Federal sources	722,896	0	0	0	722,896
Total revenues	20,103,220	1,738,615	1,370,418	998,125	24,210,378
EXPENDITURES:					
Current:					
Instruction:					
Regular	7,599,072	74,411	0	233,067	7,906,550
Special	3,054,927	0	0	0	3,054,927
Other	1,787,785	0	0	309,594	2,097,379
	12,441,784	74,411	0	542,661	13,058,856
Support services:					
Student	643,567	0	0	0	643,567
Instructional staff	738,804	79,673	0	0	818,477
Administration	1,971,551	196,031	45,669	53,139	2,266,390
Operation and maintenance of plant	1,391,752	10,740	0	149,904	1,552,396
Transportation	1,025,348	43,283	0	66,139	1,134,770
	5,771,022	329,727	45,669	269,182	6,415,600
Capital outlay	0	759,783	0	0	759,783
Long-term debt:					
Principal	0	0	890,000	0	890,000
Interest and fiscal charges	0	0	806,132	0	806,132
	0	0	1,696,132	0	1,696,132
Other expenditures:					
AEA flowthrough	785,838	0	0	0	785,838
Total expenditures	18,998,644	1,163,921	1,741,801	811,843	22,716,209
Excess(deficiency) of revenues over(under) expenditures	1,104,576	574,694	(371,383)	186,282	1,494,169
Other financing sources(uses):					
Proceeds from the sale of assets	5,245	0	0	0	5,245
Transfers in	5,728	733,202	286,000	0	1,024,930
Transfers out	0	(1,019,202)	0	(5,728)	(1,024,930)
Refunding debt issued	0	0	8,570,000	0	8,570,000
Discount on bond issuance	0	0	(70,134)	0	(70,134)
Total other financing sources(uses)	10,973	(286,000)	8,785,866	(5,728)	8,505,111
Net change in fund balances	1,115,549	288,694	8,414,483	180,554	9,999,280
Fund balances beginning of year	4,049,504	2,465,751	317,921	607,897	7,441,073
Fund balances end of year	$ 5,165,053	2,754,445	8,732,404	788,451	17,440,353

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit F

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, 2012

Net change in fund balances - total governmental funds(page 24)		$ 9,999,280
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are 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	$ 853,048	
Depreciation expense	(1,069,232)	(216,184)
Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds		668,218
Net change in Internal Service Funds charged back against expenditures made for the flex benefit program at an entitiy-wide basis.		40,335
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.		
Issued	(8,570,000)	
Repaid	890,000	(7,680,000)
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.		(17,229)
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	(86,211)	
Compensated absences	8,839	
Other postemployment benefits	(62,254)	(139,626)
Changes in net assets of governmental activities(page 21)		$ 2,654,794

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit G

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	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	$ 396,512	56,874	19,608	2,812	475,806	43,135
Receivables:						
Accounts	983	5,638	0	0	6,621	0
Due from other governments	13,910	9,569	0	0	23,479	0
Inventories	26,862	0	0	0	26,862	0
Total current assets	438,267	72,081	19,608	2,812	532,768	43,135
Non-current assets:						
Capital assets:						
Capital assets, net of accumulated depreciation	276,834	2,520	0	0	279,354	0
Total assets	715,101	74,601	19,608	2,812	812,122	43,135
Liabilities						
Current liabilities:						
Accounts payable	1,094	852	0	0	1,946	0
Salaries and benefits payable	7,798	19,635	0	0	27,433	0
Unearned revenue	16,147	2,501	0	0	18,648	0
Long-term liabilities:						
Compensated absences	2,303	3,230	0	0	5,533	0
Net OPEB liability	4,182	5,527	0	0	9,709	0
Total liabilities	31,524	31,745	0	0	63,269	0
Net assets						
Invested in capital assets	276,834	2,520	0	0	279,354	0
Unrestricted	406,743	40,336	19,608	2,812	469,499	43,135
Total net assets	$ 683,577	42,856	19,608	2,812	748,853	43,135

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit H

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	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	$ 610,027	452,163	7,835	2,317	1,072,342	0
Miscellaneous	4,408	0	0	0	4,408	165,255
TOTAL OPERATING REVENUES	614,435	452,163	7,835	2,317	1,076,750	165,255
OPERATING EXPENSES:						
Support services:						
Services	16,604	205	0	0	16,809	0
Supplies	2,324	27,307	0	0	29,631	0
	18,928	27,512	0	0	46,440	0
Non-instructional programs:						
Salaries	410,755	430,829	0	0	841,584	0
Benefits	96,274	90,709	0	0	186,983	124,920
Services	508	559	0	0	1,067	0
Supplies	608,298	56,191	7,468	1,981	673,938	0
Depreciation	35,019	469	0	0	35,488	0
Other	390	0	0	0	390	0
	1,151,244	578,757	7,468	1,981	1,739,450	124,920
TOTAL OPERATING EXPENSES	1,170,172	606,269	7,468	1,981	1,785,890	124,920
OPERATING INCOME(LOSS)	(555,737)	(154,106)	367	336	(709,140)	40,335
NON-OPERATING REVENUES(EXPENSES):						
State sources	9,119	0	0	0	9,119	0
Federal sources	538,130	158,254	0	0	696,384	0
Interest on investments	272	47	0	0	319	0
Loss on asset disposal	0	(560)	0	0	(560)	0
TOTAL NON-OPERATING REVENUES(EXPENSES)	547,521	157,741	0	0	705,262	0
Excess(Deficiency) of revenues (under) expenditures	(8,216)	3,635	367	336	(3,878)	40,335
Net assets beginning of year	691,793	39,221	19,241	2,476	752,731	2,800
Net assets end of year	$ 683,577	42,856	19,608	2,812	748,853	43,135

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit I

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	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	$ 610,434	0	0	0	610,434	0
Cash received from miscellaneous operating activities	4,408	445,349	7,835	2,317	459,909	165,255
Cash payments to employees for services	(503,858)	(518,771)	0	0	(1,022,629)	(124,920)
Cash payments to suppliers for goods or services	(555,806)	(83,954)	(7,468)	(1,981)	(649,209)	0
Net cash provided by(used in) operating activities	(444,822)	(157,376)	367	336	(601,495)	40,335
Cash flows from non-capital financing activities:						
State grants received	9,119	0	0	0	9,119	0
Federal grants received	483,867	156,279	0	0	640,146	0
Net cash provided by non-capital financing activities	492,986	156,279	0	0	649,265	0
Cash flows from capital and related financing activities:						
Purchase of capital assets	(24,817)	0	0	0	(24,817)	0
Cash flows from investing activities:						
Interest on investments	272	47	0	0	319	0
Net increase(decrease) in cash and cash equivalents	23,619	(1,050)	367	336	23,272	40,335
Cash and cash equivalents at beginning of year	372,893	57,924	19,241	2,476	452,534	2,800
Cash and cash equivalents at end of year	$ 396,512	56,874	19,608	2,812	475,806	43,135
Reconciliation of operating income(loss) to net cash used in operating activities:						
Operating income(loss)	$ (555,737)	(154,106)	367	336	(709,140)	40,335
Adjustments to reconcile operating loss to net cash used in operating activities:						
Commodities consumed	63,600	0	0	0	63,600	0
Depreciation	35,019	469	0	0	35,488	0
Decrease in inventories	7,624	0	0	0	7,624	0
Increase in accounts receivable	(425)	(1,995)	0	0	(2,420)	0
Increase in accounts payable	1,094	308	0	0	1,402	0
Increase(Decrease) in salary and benefits payable	1,809	(1,509)	0	0	300	0
Increase(Decrease) in compensated absences	(10)	1,472	0	0	1,462	0
Increase in other postemployment benefits	1,372	2,804	0	0	4,176	0
Increase (Decrease) in unearned revenue	832	(4,819)	0	0	(3,987)	0
Net cash used in operating activities	$ (444,822)	(157,376)	367	336	(601,495)	40,335

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at $63,600.

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit J

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Private Purpose Trust
	Scholarship
ASSETS	
Cash and pooled investments	$ 2,909
LIABILITIES	
Total liabilities	0
NET ASSETS	
Restricted for scholarships	$ 2,909

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit K

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Contributions	$ 91
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	3,075
Change in net assets	(2,984)
Net assets beginning of year	5,893
Net assets end of year	$ 2,909

SEE NOTES TO FINANCIAL STATEMENTS.

(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.

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - restricted and then unassigned fund balances.

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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, 2012. 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, 2012 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, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	$ 286,000
General	Management Levy	3,500
Capital Projects: Middle School Remodel	Capital Projects: Building Projects	733,202
General	Special Revenue: Student Activity	2,228
Total		$ 1,024,930

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 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, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 635,849	0	0	635,849
Construction in progress	745,634	548,956	803,801	490,789
Total capital assets not being depreciated	1,381,483	548,956	803,801	1,126,638
Capital assets being depreciated:				
Buildings	37,518,133	636,626	0	38,154,759
Land improvements	286,566	288,664	0	575,230
Machinery and equipment	3,549,217	182,603	78,553	3,653,267
Total capital assets being depreciated	41,353,916	1,107,893	78,553	42,383,256
Less accumulated depreciation for:				
Buildings	6,104,804	751,856	0	6,856,660
Land improvements	244,375	23,945	0	268,320
Machinery and equipment	2,734,240	293,431	78,553	2,949,118
Total accumulated depreciation	9,083,419	1,069,232	78,553	10,074,098
Total capital assets being depreciated, net	32,270,497	38,661	0	32,309,158
Governmental activities capital assets, net	$ 33,651,980	587,617	803,801	33,435,796

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	$ 611,088	24,817	30,906	604,999
Less accumulated depreciation	320,503	35,488	30,346	325,645
Business type activities capital assets, net	$ 290,585	(10,671)	560	279,354

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 72,440
Support services:	
Instructional staff	46,697
Administration	913
Operation and maintenance of plant	97,706
Transportation	75,675
	293,431
Unallocated depreciation	775,801
Total governmental activities depreciation expense	$ 1,069,232
Business type activities:	
Food services	$ 35,019
Day care	469
Total business type activities depreciation expense	$ 35,488

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 19,290,000	8,570,000	890,000	26,970,000	920,000
Early Retirement	139,173	225,384	139,173	225,384	225,384
Compensated Absences	54,539	45,700	54,539	45,700	45,700
Net OPEB liability	220,467	62,254	0	282,721	0
Total	$ 19,704,179	8,903,338	1,083,712	27,523,805	1,191,084

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business type activities:					
Compensated Absenses	$ 4,071	5,533	4,071	5,533	5,533
Net OPEB liability	5,533	4,176	0	9,709	0
Total	$ 9,604	9,709	4,071	15,242	5,533

General Obligation Bonds Payable

On March 15, 2012, the District issued $8,570,000 of general obligation refunding bonds, with interest rates ranging from 0.60% to 2.30%, for a crossover refunding of a portion of the general obligation bonds issued June 15, 2006. The District entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities were placed in an escrow account for the express purpose of paying the $8,120,000 principal of the refunded general obligation bonds when they become callable on May 1, 2015 and the interest from March 16, 2012 to and including May 1, 2015 on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished. The present value of savings of the crossover refunding is $562,727.

Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year	Bond Issue of May 1, 2006			Bond Issue of June 15, 2006		
Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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		-	-	4.00	625,000	306,357
2018-2022		-	-	4.00-4.10	3,515,000	1,134,146
2023-2027		-	-	4.10	3,380,000	353,625
Total		$ 395,000	14,319		$ 9,390,000	3,234,559

Bond Issue of June 1, 2007			Bond Issue of March 16, 2009		
Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
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	380,000	239,200	4.40	75,000	45,312
4.00	2,170,000	953,400	4.40-4.60	405,000	175,438
4.00	3,430,000	495,600	4.70-4.90	500,000	60,250
	$ 7,375,000	2,787,400		$ 1,240,000	489,731

Bond Issue of March 1, 2012			Total	
Interest Rates	Principal	Interest	Principal	Interest
0.60 %	$ 0	137,207	$ 920,000	884,436
0.60	0	137,207	960,000	846,878
0.60	0	137,207	1,000,000	810,238
0.60-0.70	720,000	136,158	1,760,000	768,908
0.80-0.90	735,000	131,078	1,815,000	721,947
1.00-1.90	3,840,000	523,373	9,930,000	2,786,357
2.00-2.30	3,275,000	163,719	10,585,000	1,073,194
	$ 8,570,000	1,365,949	$ 26,970,000	7,891,958

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, 2012, totaled $139,173.

(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 5.38% of their annual salary and the District is required to contribute 8.07% of annual covered payroll. Contribution requirements are established by State statute. The District’s contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were $983,431, $828,719 and $783,050, 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, 2012, 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	10,170
Adjustment to annual required contribution	(8,740)
Annual OPEB cost	105,430
Contributions made	(39,000)
Increase in net OPEB obligation	66,430
Net OPEB obligation beginning of year	226,000
Net OPEB obligation end of year	$ 292,430

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, 2012.

For the year ended June 30, 2012, the District contributed $39,000 to the medical and dental plan. Plan members eligible for benefits contributed $48,000, or 45% 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, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$ 163,402	61.8 %	$ 144,402
2011	104,598	22.0	226,000
2012	105,430	37.0	226,000

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, 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 $9,245,446 and the ratio of the UAAL to covered payroll was 7.83%. As of June 30, 2012, 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, 2012 were $1,829,061.

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 $785,838 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Construction Commitments

The District has entered into various contracts for various projects within the District. As of June 30, 2012, costs of $490,789 had been incurred against the contracts. The balance remaining at June 30, 2012 will be paid as work on the projects progresses.

(11) Categorical Funding

The District's restricted balance for categorical funding at June 30, 2012 is comprised of the following programs:

Program	Amount
Dropout and Dropout Prevention	$ 279,212
Talented and gifted	77,739
Salary improvement program	97,547
Professional development, educator quality	48,377
Four-year-old preschool state aid	136,834
Market factor	13,040
Iowa core curriculum	40,845
Total	$ 693,594

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, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 10,636,775	1,077,069	11,713,844	12,415,961	12,415,961	(702,117)
State sources	12,850,707	9,119	12,859,826	12,822,249	12,822,249	37,577
Federal sources	722,896	696,384	1,419,280	881,000	881,000	538,280
Total revenues	24,210,378	1,782,572	25,992,950	26,119,210	26,119,210	(126,260)
Expenditures/Expenses:						
Instruction	13,058,856	0	13,058,856	18,367,116	18,367,116	5,308,260
Support services	6,415,600	46,440	6,462,040	7,892,811	7,892,811	1,430,771
Non-instructional programs	0	1,740,010	1,740,010	2,275,299	2,275,299	535,289
Other expenditures	3,241,753	0	3,241,753	4,493,660	4,493,660	1,251,907
Total expenditures/expenses	22,716,209	1,786,450	24,502,659	33,028,886	33,028,886	8,526,227
Excess(deficiency) of revenues over(under) expenditures/expenses	1,494,169	(3,878)	1,490,291	(6,909,676)	(6,909,676)	8,399,967
Other financing sources(uses), net	8,505,111	0	8,505,111	0	0	8,505,111
Excess(deficiency) of revenues over(under) expenditures/expenses	9,999,280	(3,878)	9,995,402	(6,909,676)	(6,909,676)	16,905,078
Balance beginning of year	7,441,073	752,731	8,193,804	8,030,708	8,030,708	163,096
Balance end of year	$ 17,440,353	748,853	18,189,206	1,121,032	1,121,032	17,068,174

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012

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 (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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
2012	July 1, 2010	0	724,000	724,000	0.00	9,245,446	7.83

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.

SUPPLEMENTARY INFORMATION

Schedule 1

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	$ 645,548	139,464	785,012
Receivables:			
Property tax:			
Delinquent	4,309	0	4,309
Succeeding year	700,000	0	700,000
Accrued interest		14	14
Accounts	0	695	695
Total assets	$ 1,349,857	140,173	1,490,030
Liabilities and fund balances			
Liabilities:			
Accounts payable	$ 0	1,579	1,579
Deferred revenue:			
Succeeding year property tax	700,000	0	700,000
Total liabilities	700,000	1,579	701,579
Fund balances:			
Restricted for:			
Management levy purposes	649,857	0	649,857
Student activities	0	138,594	138,594
Total fund balances	649,857	138,594	788,451
Total liabilities and fund balances	$ 1,349,857	140,173	1,490,030

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 2

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	$ 650,111	0	650,111
Other	34,216	313,798	348,014
Total revenues	684,327	313,798	998,125
EXPENDITURES:			
Current:			
Instruction:			
Regular	233,067	0	233,067
Other	0	309,594	309,594
Support services:			
Administration	53,139	0	53,139
Operation and maintenance of plant	149,704	200	149,904
Transportation	66,139	0	66,139
Total expenditures	502,049	309,794	811,843
Excess of revenues over expenditures	182,278	4,004	186,282
OTHER FINANCING USES:			
Transfer out	(3,500)	(2,228)	(5,728)
Net change in fund balances	178,778	1,776	180,554
Fund balances beginning of year	471,079	136,818	607,897
Fund balances end of year	$ 649,857	138,594	788,451

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

Schedule 3

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET FOR CAPITAL PROJECT ACCOUNTS
JUNE 30, 2012

	Capital Projects Fund			
	Middle School Remodel	Statewide Sales & Services Tax	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	$ 426,628	1,059,889	440,940	1,927,457
Receivables:				
Succeeding year	0	0	162,532	162,532
Delinquent	0	0	1,611	1,611
Due from other governments	0	830,527	0	830,527
Total assets	$ 426,628	1,890,416	605,083	2,922,127
Liabilities and fund balances				
Liabilities:				
Accounts payable	$ 0	0	5,150	5,150
Deferred revenue				
Succeeding year property tax	0	0	162,532	162,532
Total liabilities	0	0	167,682	167,682
Fund balances:				
Restricted for:				
Construction	426,628	0	0	426,628
School infrastructure	0	1,890,416	0	1,890,416
Physical plant and equipment	0	0	437,401	437,401
Total fund balances	426,628	1,890,416	437,401	2,754,445
Total liabilities and fund balances	$ 426,628	1,890,416	605,083	2,922,127

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 4

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2012

	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	881,200	150,385	1,031,585
Other	393	260	1,056	389	2,098
State sources	0	0	704,932	0	704,932
Total revenues	393	260	1,587,188	150,774	1,738,615
EXPENDITURES:					
Current:					
Instruction:					
Regular	0	0	74,411	0	74,411
Support services:					
Instructional staff	0	0	79,673	0	79,673
Adminstration	0	0	196,031	0	196,031
Operation and maintenance of plant	0	0	0	10,740	10,740
Transportation	0	0	0	43,283	43,283
Capital Outlay	280,776	0	479,007	0	759,783
Total expenditures	280,776	0	829,122	54,023	1,163,921
Excess(Deficiency) of revenues over(under) expenditures	(280,383)	260	758,066	96,751	574,694
OTHER FINANCING SOURCES(USES):					
Transfers in	733,202	0	0	0	733,202
Transfers out	0	(733,202)	(286,000)	0	(1,019,202)
Total other financing sources(uses)	733,202	(733,202)	(286,000)	0	(286,000)
Net change in fund balances	452,819	(732,942)	472,066	96,751	288,694
Fund balances beginning of year	(26,191)	732,942	1,418,350	340,650	2,465,751
Fund balances end of year	$ 426,628	0	1,890,416	437,401	2,754,445

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi-tures	Balance Change	Balance End of Year
Talent Show MS	$ 1,351	947	186	0	2,112
Speech MS	2,733	558	296	0	2,995
Speech HS	3,520	66	1,916	0	1,670
Music MS	2,044	0	0	0	2,044
Musical HS	780	1,970	1,094	0	1,656
Vocal Music HS	11,015	19,440	17,080	0	13,375
Show Choir	3,862	2,000	2,432	0	3,430
Band Trip	6,052	6,440	3,898	0	8,594
Band HS	8,130	17,914	15,353	0	10,691
Athletics	25,697	104,326	116,042	0	13,981
MS Athletics	(7,706)	36,550	28,587	0	257
Cross County - Boys	1,668	7,211	6,226	0	2,653
Cross County - Girls	494	0	494	0	0
Basketball - Boys	189	1,104	761	0	532
Football	245	575	672	0	148
Soccer - Boys	1,166	990	810	0	1,346
Baseball	0	277	0	0	277
Track - Boys	2,130	3,957	1,748	0	4,339
Tennis - Boys	1,959	0	1,401	0	558
Wrestling	1,238	850	1,111	0	977
Basketball - Girls	56	1,433	885	0	604
Volleyball	1,974	941	567	0	2,348
Soccer - Girls	841	288	561	0	568
Softball	1,388	1,867	1,174	0	2,081
Softball Complex	1,045	0	0	0	1,045
Track - Girls	941	1,970	579	0	2,332
Annual HS	6,286	11,889	5,730	0	12,445
Annual MS	4,083	8,749	8,623	0	4,209
National Art	1,796	350	1,492	0	654
HS Newspaper	5,385	2,354	1,717	0	6,022
Black and Gold	6,064	6,027	5,689	0	6,402
Cheerleaders HS	3,110	11,008	9,849	0	4,269
Chess Club HS	349	0	0	0	349
Class of 2012	1,533	75	1,590	0	18
Class of 2013	75	13,665	13,299	0	441
Class of 2014	32	40	0	0	72
Dance Team	1,089	7,674	5,367	0	3,396
FFA	8,898	1,379	6,468	0	3,809
FCA	96	0	0	0	96
Fragments	0	1,664	1,394	0	270

Schedule 5

Account	Balance Beginning of Year	Revenues	Expendi-tures	Balance Change	Balance End of Year
Foreign Language	1,363	2,696	2,848	0	1,211
FCCLA	6,705	18,620	20,721	0	4,604
SADD	54	714	27	0	741
Builders Club	2,207	3,249	5,050	0	406
Student Council MS	4,309	2,285	2,833	0	3,761
Media Book Club	509	0	420	0	89
Key Club	2,577	1,809	3,386	0	1,000
Student Council HS	3,433	4,744	5,710	0	2,467
NHS	74	0	0	0	74
Special 21	155	331	15	0	471
HS Peer Helpers	484	946	1,373	0	57
MS Peer Helpers	323	1,256	991	0	588
Vending HS	711	600	1,277	0	34
Weight Room	26	0	0	0	26
Northeast K-Kids	374	0	0	(374)	0
West Elementary	1,906	0	52	(1,854)	0
Total	$ 136,818	313,798	309,794	(2,228)	138,594

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

Schedule 6

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities: Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
ASSETS:			
Cash and pooled investments	$ 38,445	4,690	43,135
LIABILITIES:	0	0	0
NET ASSETS	$ 38,445	4,690	43,135

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 7

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012

	Governmental Activities: Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
OPERATING REVENUES:			
Local sources:			
Miscellaneous	$ 141,745	23,510	165,255
TOTAL OPERATING REVENUE	141,745	23,510	165,255
OPERATING EXPENSES:			
Support services:			
Administration:			
Benefits	103,300	21,620	124,920
TOTAL OPERATING EXPENSES	103,300	21,620	124,920
Change in net assets	38,445	1,890	40,335
Net assets beginning of year	0	2,800	2,800
Net assets end of year	$ 38,445	4,690	43,135

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

Schedule 8

GLENWOOD COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

	Governmental Activities: Internal Service Funds		
	Partially Self-funded Health Insurance	Flex Benefit	Total
Cash flows from operating activities:			
Cash received from miscellaneous	$ 141,745	23,510	165,255
Cash payments to suppliers for goods or services	(103,300)	(21,620)	(124,920)
Net cash provided by operating activities	38,445	1,890	40,335
Net increase in cash and cash equivalents	38,445	1,890	40,335
Cash and cash equivalents at beginning of year	0	2,800	2,800
Cash and cash equivalents at end of year	$ 38,445	4,690	43,135

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 9

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Edmundson Scholarship	Science Initiative Scholarship	Superintendent Scholarship	Total
ASSETS				
Cash and pooled investments	$ 386	2,000	523	2,909
LIABILITIES	$ 0	0	0	0
NET ASSETS				
Restricted for scholarships	$ 386	2,000	523	2,909

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

Schedule 10

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
YEAR ENDED JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund						
	Edmundson Scholarship	Buffington Scholarship	Pepsi Scholarship	Freedom Scholarship	Science Initiative Scholarship	Superintendent Scholarship	Total
ADDITIONS:							
Local sources:							
Contributions	$ 0	0	91	0	0	0	91
DEDUCTIONS:							
Instruction:							
Regular:							
Scholarships awarded	500	1,200	250	525	0	600	3,075
Changes in net assets	(500)	(1,200)	(159)	(525)	0	(600)	(2,984)
Net assets beginning of year	886	1,200	159	525	2,000	1,123	5,893
Net assets end of year	$ 386	0	0	0	2,000	523	2,909

SEE ACCOMPANYING INDEPENDENT AUDITOR’S REPORT.

Schedule 11

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

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	$ 8,546,977	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	1,249,364	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	840,434	885,810	1,300,061	1,113,740	1,511,760	1,219,101	738,487	599,906	495,963
Intermediate sources	0	0	0	800	3,730	907	0	3,340	0
State sources	12,850,707	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	722,896	848,964	1,611,897	643,223	395,323	402,579	508,779	886,886	834,825
Total	$ 24,210,378	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	$ 7,906,550	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	3,054,927	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	2,097,379	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	643,567	598,761	547,965	519,312	471,484	456,478	427,469	253,499	590,896
Instructional staff	818,477	1,203,002	715,612	395,714	408,062	442,057	377,647	470,012	423,069
Adminstration	2,266,390	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	1,552,396	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	1,134,770	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	0	18,293
Non-instructional programs	0	0	0	15,783	0	0	0	193	2,100
Capital outlays	759,783	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	890,000	860,000	830,000	745,000	1,091,140	848,978	806,900	730,000	695,000
Interest and fiscal charges	806,132	818,129	857,701	817,501	860,050	532,392	327,949	221,687	248,611
Other expenditures:									
AEA flow-through	785,838	849,426	833,393	739,912	684,987	621,697	580,112	551,814	547,349
Total	$ 22,716,209	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, 2012

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 12	$ 85,860
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 12	401,782 *
SUMMER FOOD PROGRAM FOR CHILDREN	10.559	FY 12	50,488
			538,130
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 12	22,185
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-G	161,578
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-GC	42,968
			204,546 **
TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	84.013	FY 12	7,696
SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES- NATIONAL PROGRAMS (COMMUNITY SERVICE FOR EXPELLED/SUSPENDED STUDENTS)	84.184	FY 11	764
SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES- NATIONAL PROGRAMS (COMMUNITY SERVICE FOR EXPELLED/SUSPENDED STUDENTS)	84.184	FY 12	3,701
			4,465
ENHANCING EDUCATION THROUGH TECHNOLOGY	84.318	FY 12	2,400
ADVANCED PLACEMENT PROGRAM	84.330	FY 12	308
MATH AND SCIENCE PARTNERSHIPS	84.366	FY 12	2,064
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 12	50,196
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 12	13,722
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 11	24,173 **
EDUCATION JOBS FUND	84.410	FY 11	235,261
EDUCATION JOBS FUND	84.410	FY 12	6,043
			241,304

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT(CONTINUED):			
IOWA WESTERN COMMUNITY COLLEGE:			
CAREER AND TECHNICAL - BASIC GRANTS TO STATES	84.048	FY 11	11,966
LOESS HILLS AEA 13:			
SPECIAL EDUCATION CLUSTER PROGRAM:			
SPECIAL EDUCATION - GRANTS TO STATE(PART B)	84.027	FY 12	108,229
SPECIAL EDUCATION - GRANTS TO STATE(PART B) - HIGH COST CLAIM	84.027	FY 12	48,413
SPECIAL EDUCATION - GRANTS TO STATE(IDEA SUBGRANTS)	84.027	FY 12	3,414
			160,056
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES GRANT	93.558	FY 12	19,547
CHILD CARE AND DEVELOPMENT BLOCK GRANT - WRAP AROUND GRANT	93.575	FY 12	13,410
CHILD CARE MANDATROY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND	93.596	FY 12	103,112
TOTAL			$ 1,419,280

* - Includes $63,600 of non-cash awards.
** - The total for the Title I cluster is $228,719

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.

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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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 11, 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

The management of Glenwood Community School District is responsible for establishing and maintaining effective 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 Sample 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-12 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-12 to be a significant deficiency.

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, 2012 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 GlenwoodCommunity 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 PC

NOLTE, CORNMAN & JOHNSON, P.C.

December 11, 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, 2012. 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, 2012.

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-12 to be a material weakness.

Glenwood Community School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the District's response, we did not audit Glenwood Community School District's response and, accordingly, we express no opinion on it.

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 PC

NOLTE, CORNMAN & JOHNSON, P.C.

December 11, 2012

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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:

- 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 84.389 - 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.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-12 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. Also vouchers are processed, disbursements are recorded and checks are prepared by the same person. We also noted that one individual has the ability to modify pay rates, process the payroll and generate payroll checks and direct deposits.

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-12 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, 2012

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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: 2012
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 84.389 - ARRA - Title I Grants to Local Educational Agencies, Recovery Act
Federal Award Year: 2011 and 2012
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-12 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. Also vouchers are processed, disbursements are recorded and checks are prepared by the same person. We also noted that one individual has the ability to modify pay rates, process the payroll and generate payroll checks and direct deposits.

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.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 Certified Budget - District disbursements for the year ended June 30, 2012, did not exceed the amount budgeted.

IV-B-12 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-12 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-12 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 Aistrope, Bus Driver Son of owner of Aistrope Agency Inc.	Property Insurance	$354,626
Dave Blum, Board Member Co-Owner of Blum Brother Construction	Construction	$63,107

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.

In accordance with the Chapter 279.7A of the Code of Iowa, the above transaction with Dave Blum does not appear to represent a conflict of interest, as the District received bids for the construction work performed by Blum Brother Construction.

IV-E-12 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-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-12 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-12 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-12 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-12 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-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-12 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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 1,418,350
Revenues/Transfers in:		
Sales tax revenues	$ 881,200	
Other local revenues	1,056	
School infrastructure supplemental amount	704,932	1,587,188
		3,005,538
Expenditures/transfers out:		
School infrastructure construction	431,915	
Equipment	186,054	
Other	211,153	
Transfers to other funds		
Debt service fund	286,000	1,115,122
Ending balance		$ 1,890,416

For the year ended June 30, 2012, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	$ 0.58000	$ 286,000