

**CLARINDA
COMMUNITY SCHOOL DISTRICT**

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

JUNE 30, 2009

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CLARINDA COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board Of Education

(Before September 2008 Election)

Scott McComb	President	2011
Seth Watkins	Vice President	2008
Dale Fulk		2009
Larry Scherf		2008
Pallin Turner		2009

(After September 2008 Election)

Seth Watkins	President	2011
Pallin Turner	Vice President	2009
Dale Fulk		2009
Brian Fine		2011
Scott McComb		2011

School Officials

Paul Honnold	Superintendent
Cindy VanFossen	District Secretary/ Treasurer

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

To the Board of Education of
Clarinda Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities and each major fund of Clarinda Community School District, Clarinda, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements 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 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 and each major fund of Clarinda Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2010 on our consideration of Clarinda Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 34 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

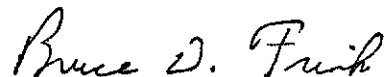
Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarinda Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRUCE D. FRINK
Certified Public Accountant

February 22, 2010

CLARINDA COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Clarinda Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$9,299,580 in fiscal 2008 to \$9,557,310 in fiscal 2009 (a 3% increase), while General Fund expenditures increased from \$9,126,296 in fiscal 2008 to \$9,763,319 in fiscal 2009 (a 7% increase).
- The increase in General Fund revenues was primarily attributable to increases in local taxes and tuition related to the Clarinda Youth Academy. Educational services increased at the Academy and by state law are included in the financial records of the District. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and special education expenditures. The unreserved General Fund balance decreased by over \$220,000.
- As of June 30, 2009, the New Market District is dissolved. Clarinda has received students and property as a result. The District received over \$119,000 from the dissolution, however, the General Fund was forced to absorb a \$15,795 loss due to a deficit balance in New Market's General Fund.
- The statewide sales and services tax replaced the local option sales tax. It currently is being used for the retirement of long-term debt.
- The District's Capital Projects Fund was used to pay an additional \$750,000 of principal on general obligation bonds. This should save the property tax payers over \$90,000 in reduced interest payments over the next three years.
- The District's resident enrollment increased by 117.9 students, primarily due to the New Market dissolution. The increase in number of students actually attending rose only 30.9 students.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clarinda Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarinda Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clarinda Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the Student Activity and Fiduciary Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

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

Figure A-1
Clarinda Community School District Annual Financial Report

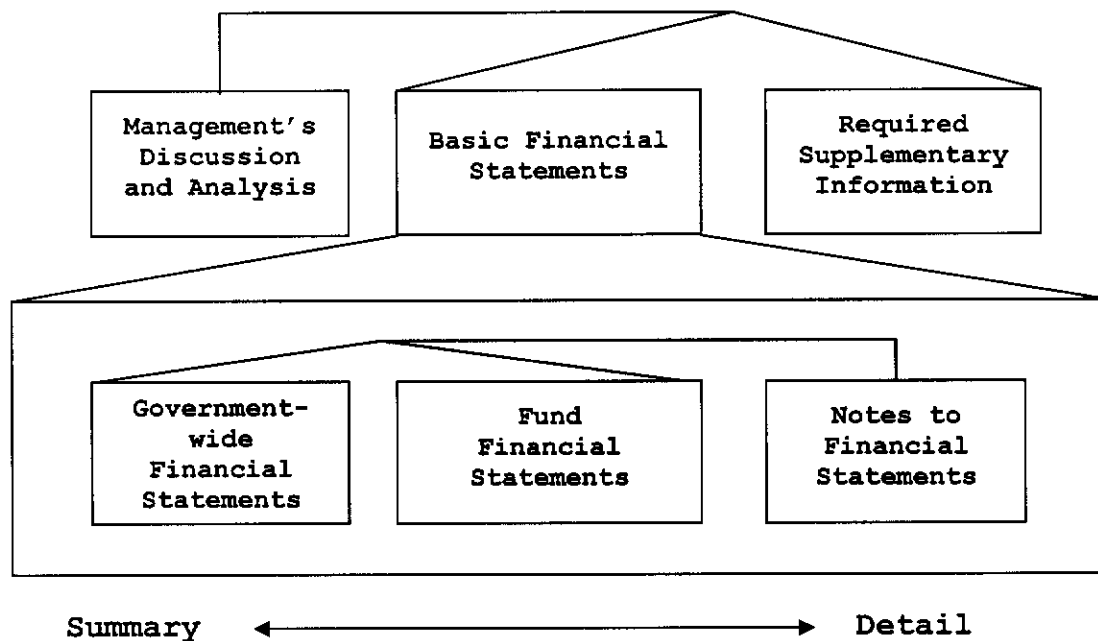


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and Cardinal Kids Zone	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long- term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and Cardinal Kids Zone programs are 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. The District has elected to treat all funds as "major" for clarity of presentation.

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to 2008.

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

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current assets	\$ 6,993	7,181	229	195	7,222	7,376	-2.09%
Capital assets	8,064	8,152	28	37	8,092	8,189	-1.18%
Total assets	15,057	15,333	257	232	15,314	15,565	-1.61%
Current liabilities	4,110	3,843	26	17	4,136	3,860	7.15%
Non-current liabilities	795	2,075	-	-	795	2,075	-61.69%
Total liabilities	4,905	5,918	26	17	4,931	5,935	-16.92%
Net Assets							
Invested in capital assets, net of related debt	7,269	6,077	28	37	7,297	6,114	19.35%
Restricted	1,548	1,688	-	-	1,548	1,688	-8.29%
Unrestricted	1,335	1,650	203	178	1,538	1,828	-15.86%
Total net assets	\$ 10,152	9,415	231	215	10,383	9,630	7.82%

The District's net assets grew by over 7% primarily due to the increase in capital assets, net of related debt.

The District paid \$750,000 of general obligation bonds two to three years earlier than originally planned. This will result in property tax savings of over \$90,000 over the next three years.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

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

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Revenues:							
Program revenues:							
Charges for service and sales	\$ 1,475	1,661	232	237	1,707	1,898	-10.06%
Operating grants, contributions and restricted interest	2,067	1,852	279	249	2,346	2,101	11.66%
General revenues:							
Property tax	3,019	2,818	-	-	3,019	2,818	7.13%
Income surtax	236	179	-	-	236	179	31.84%
Statewide/Local option sales tax	556	527	-	-	556	527	5.50%
Unrestricted state grants	3,835	3,744	-	-	3,835	3,744	2.43%
Unrestricted investment earnings	21	70	-	-	21	70	-70.00%
Other	121	1	-	-	121	1	1000.00%
Total revenues	11,330	10,852	511	486	11,841	11,338	4.44%
Program expenses:							
Governmental activities:							
Instruction	6,931	6,337	-	-	6,931	6,337	9.37%
Support Services	2,859	2,825	-	-	2,859	2,825	1.20%
Non-instructional programs	-	-	495	488	495	488	1.43%
Other expenses	803	739	-	-	803	739	8.66%
Total expenses	10,593	9,901	495	488	11,088	10,389	6.73%
Change in net assets	\$ 737	951	16	(2)	753	949	-20.65%

Property tax and unrestricted state grants account for 58% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 88% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$11,330,331 and expenses were \$10,593,374 for the year ended June 30, 2009. Capital Assets accounted for the majority of the increase in net assets.

The following table presents the total and net cost of the District's governmental activities, instruction, support services, and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

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

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 6,931	6,337	9.37%	3,921	3,342	17.32%
Support services	2,859	2,825	1.20%	2,693	2,625	2.59%
Other expenses	803	739	8.66%	437	421	3.80%
Totals	<u>\$ 10,593</u>	<u>9,901</u>	<u>6.99%</u>	<u>7,051</u>	<u>6,388</u>	<u>10.38%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$1,475,401.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,400,185.
- The net cost of governmental activities was primarily financed with \$3,018,014 in property tax and \$3,834,603 in state foundation aid.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$510,733 and expenses totaled \$495,114. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted the Clarinda 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 \$2,668,168; seventeen percent below last year's ending fund balances of \$3,204,597.

This was primarily due to the early payoff of general obligation bonds.

Governmental Fund Highlights

- The District attempted to maintain its General Fund balance by cutting expenses from portions of the budget that were not already obligated, such as supplies and maintenance items.
- The District used accumulated capital projects funds to prepay \$750,000 of general obligation bonds. Total saving in future property tax askings now exceed \$200,000 due to prepayments in the current and previous years.

Proprietary Fund Highlights

The Nutrition Fund increased slightly due to cost containment measures. The District has attempted to maintain prices at a reasonable level.

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. 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 budget may be amended during the year utilizing similar statutorily prescribed procedures. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund, Debt Service, Capital Project, Enterprise and Special Revenue Funds are not presented in the budgetary comparison on pages 34 and 35.

Legal Budgetary Highlights

The District's total actual receipts were approximately \$102,000 less than the total budgeted receipts. The most significant change resulted in the District receiving less than expected from the state government. A 1 1/2% state aid cut was extremely hurtful in the middle of the year.

Total expenditures were over \$1.6 million less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year. The District did not exceed the amounts budgeted in any of the functions. The District also did not exceed the General Fund unspent authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2009, the District has invested more than \$8.0 million (net of accumulated depreciation) in a broad range of capital assets including school buildings, athletic facilities, central kitchen, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holdings and textbooks. Total depreciation expense for the year exceeded \$380,000.

Figure A-6
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 116	116	-	-	116	116	0.00%
Land improvements	910	990	-	-	910	990	-8.08%
Buildings	6,702	6,698	-	-	6,702	6,698	0.06%
Furniture and equipment	336	348	28	37	364	385	-5.45%
Totals	\$ 8,064	8,152	28	37	8,092	8,189	-1.18%

Long-Term Debt

The District has \$370,000 of revenue bonds that will fully mature in 2011. The interest rates on this debt ranges from 4.70% to 4.80%. Payments will be made from proceeds of the statewide sales and services tax.

The District issued \$3,150,000 of general obligation bonds in 2005, of which \$425,000 is still outstanding at June 30, 2009. The bonds will fully mature in 2010, more than six years earlier than the original issue. The District repaid additional principal of \$750,000 on the debt in fiscal 2009.

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

	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-2009
General obligation bonds	\$ 425	1,585	-73.19%
Revenue bonds	370	490	-24.49%
Total	<u>\$ 795</u>	<u>2,075</u>	<u>-61.69%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District's enrollment increased due to the New Market dissolution. Future enrollment trends are uncertain. Net open enrollment in students from other districts decreased by 38 students, offsetting some of the increase.
- Iowa law requires that unsettled salary negotiations for teachers go to mandatory arbitration. Invariably arbitrated settlements are higher than current levels of allowable growth in funding (not including the budget cuts after the contracts have been settled and people have been hired).
- State aid cuts in both 2009 and 2010 will cause the District to tap existing reserves.
- Health insurance costs continue to be a concern for the District. Increased rates based on usage have brought this issue to the forefront when calculating the District's budget.
- Once again unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", and "GASB 34", to name a few.
- The District maintains an agreement with Clarinda Youth Academy to administer some of their educational programs. Continuation of this agreement will continue to assist the District.
- The New Market District dissolved as of June 30, 2009. The financial impact of this action was negative in the General Fund, but a net positive when all funds are combined.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul Honnold, Superintendent, Clarinda Community School District, 423 E Nodaway, Clarinda, IA 51632.

Basic Financial Statements

CLARINDA COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,505,872	210,178	2,716,050
Receivables:			
Property tax:			
Current year	46,397	-	46,397
Succeeding year	3,038,513	-	3,038,513
Income surtax	217,463	-	217,463
Due from other governments	310,914	-	310,914
Other receivables	874,188	-	874,188
Inventories	-	18,527	18,527
Capital assets, net of accumulated depreciation (note 3)	8,063,543	28,475	8,092,018
Total assets	15,056,890	257,180	15,314,070
Liabilities			
Accounts payable	919,833	-	919,833
Accrued salary and benefits	72,325	26,106	98,431
Accrued interest payable	2,477	-	2,477
Deferred revenue:			
Succeeding year property tax	3,038,513	-	3,038,513
Federal programs	77,045	-	77,045
Long term liabilities:			
Portion due within one year:			
General obligation bonds	425,000	-	425,000
Revenue bonds	130,000	-	130,000
Portion due after one year:			
Revenue bonds	240,000	-	240,000
Total liabilities	4,905,193	26,106	4,931,299
Net assets			
Invested in capital assets, net of related debt	7,268,543	28,475	7,297,018
Restricted for:			
Student Activity	173,482	-	173,482
Management	314,671	-	314,671
Debt service	94,273	-	94,273
Physical plant and equipment levy	308,755	-	308,755
Capital projects	646,268	-	646,268
Categorical funding	10,153	-	10,153
Unrestricted	1,335,552	202,599	1,538,151
Total net assets	\$ 10,151,697	231,074	10,382,771

See notes to financial statements.

CLARINDA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Service	Operating Grants, Contributions and Restricted Interest				
Functions/Programs							
Governmental activities:							
Instruction:	\$ 6,930,763	1,359,546	1,650,701		(3,920,516)	-	(3,920,516)
Support services:							
Student services	330,774	-	-		(330,774)	-	(330,774)
Instructional staff services	357,792	-	-		(357,792)	-	(357,792)
Administration services	979,626	115,855	-		(863,771)	-	(863,771)
Operation and maintenance of plant services	906,714	-	50,396		(856,318)	-	(856,318)
Transportation services	284,852	-	-		(284,852)	-	(284,852)
	2,859,758	115,855	50,396		(2,693,507)	-	(2,693,507)
Other expenditures:							
Interest on long-term debt	75,043	-	4,394		(70,649)	-	(70,649)
Long-term debt services	875	-	-		(875)	-	(875)
Facilities acquisition and construction	74,755	-	19,330		(55,425)	-	(55,425)
AEA flowthrough	342,355	-	342,355		-	-	-
Depreciation (unallocated)*	309,825	-	-		(309,825)	-	(309,825)
	802,853	-	366,079		(436,774)	-	(436,774)
Total governmental activities	10,593,374	1,475,401	2,067,176		(7,050,797)	-	(7,050,797)

CLARINDA COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues			Governmental Activities	Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest			
Business type activities:						
Non-instructional programs:						
Food service operations	495,114	231,542	279,191	-	15,619	15,619
Community service and education	-	-	-	-	-	-
	<u>495,114</u>	<u>231,542</u>	<u>279,191</u>	<u>-</u>	<u>15,619</u>	<u>15,619</u>
Total	\$ 11,088,488	1,706,943	2,346,367	(7,050,797)	15,619	(7,035,178)
General revenues:						
Property tax levied for:						
General purposes				\$ 2,314,511	-	2,314,511
Management fund				150,053	-	150,053
Capital outlay				69,623	-	69,623
Debt service				483,827	-	483,827
Income surtax				236,449	-	236,449
Statewide sales and services tax				556,301	-	556,301
Unrestricted state grants				3,834,603	-	3,834,603
Unrestricted investment earnings				20,877	-	20,877
Proceeds from New Market dissolution				119,523	-	119,523
Other				1,987	-	1,987
Total general revenues				<u>7,787,754</u>	<u>-</u>	<u>7,787,754</u>
Change in net assets				736,957	15,619	752,576
Net assets beginning of year				9,414,740	215,455	9,630,195
Net assets end of year				<u>\$ 10,151,697</u>	<u>231,074</u>	<u>10,382,771</u>

* This amount excludes the depreciation that is included in the direct expense of the various programs.
See notes to financial statements

CLARINDA COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment	Debt Service	Capital Projects	Total
Assets							
Cash and pooled investments	\$ 1,227,587	\$ 173,482	275,011	307,684	89,305	432,803	2,505,872
Receivables:							
Property tax:							
Current year	35,567	-	2,314	1,071	7,445	-	46,397
Succeeding year	2,347,818	-	150,000	72,522	468,173	-	3,038,513
Income surtax	217,463	-	-	-	-	-	217,463
Due from other governments	173,114	-	-	-	-	137,800	310,914
Other receivables	738,870	-	59,653	-	-	75,665	874,188
Total assets	\$ 4,740,419	\$ 173,482	486,978	381,277	564,923	646,268	6,993,347
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 897,526	\$ -	22,307	-	-	-	919,833
Accrued salary and benefits	72,325	-	-	-	-	-	72,325
Deferred revenue:							
Succeeding year property tax	2,347,818	-	150,000	72,522	468,173	-	3,038,513
Income surtax	217,463	-	-	-	-	-	217,463
Federal programs	77,045	-	-	-	-	-	77,045
Total liabilities	3,612,177	-	172,307	72,522	468,173	-	4,325,179
Fund balances:							
Reserved for debt services	-	-	-	-	96,750	-	96,750
Reserved for capital projects	-	-	-	-	-	646,268	646,268
Reserved for categorical funding	10,153	-	-	-	-	-	10,153
Unreserved	1,118,089	173,482	314,671	308,755	-	-	1,914,997
Total fund balances	1,128,242	173,482	314,671	308,755	96,750	646,268	2,668,168
Total liabilities and fund balances	\$ 4,740,419	173,482	486,978	381,277	564,923	646,268	6,993,347

See notes to financial statements.

CLARINDA COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)		\$ 2,668,168
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Income surtax receivable at June 30, 2009 is not recognized as income until received in the governmental funds, however it is shown as a revenue in the Statement of Activities.		217,463
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		8,063,543
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.		(2,477)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
General obligation bonds payable	\$ (425,000)	
Revenue bonds payable	<u>(370,000)</u>	<u>(795,000)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 10,151,697</u>

CLARINDA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment	Debt Service	Capital Projects	Total
Revenues:							
Local sources:							
Local tax	\$ 2,471,099	-	150,053	69,623	483,827	556,301	3,730,903
Tuition	1,344,751	-	-	-	-	-	1,344,751
Other	164,946	239,713	19,985	30,212	3,964	19,330	478,150
State sources	4,902,702	-	137	62	430	-	4,903,331
Federal sources	673,812	-	-	-	-	-	673,812
Total revenues	9,557,310	239,713	170,175	99,897	488,221	575,631	11,130,947
Expenditures:							
Instruction:	6,672,357	233,223	25,183	-	-	-	6,930,763
Support services:							
Student services	330,774	-	-	-	-	-	330,774
Instructional staff services	357,792	-	-	-	-	-	357,792
Administration services	979,626	-	-	-	-	-	979,626
Operation and maintenance of plant services	783,462	-	123,252	-	-	-	906,714
Transportation services	296,953	-	-	-	-	-	296,953
	2,748,607	-	123,252	-	-	-	2,871,859

CLARINDA COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General	Student Activity	Management Levy	Physical Plant and Equipment	Debt Service	Capital Projects	Total
Other expenditures:							
Long-term debt:							
Principal	-	-	-	-	1,280,000	-	1,280,000
Interest	-	-	-	-	77,292	-	77,292
Services	-	-	-	-	875	-	875
Facilities acquisition and construction	-	-	-	64,035	-	219,720	283,755
AEA flowthrough	342,355	-	-	-	-	-	342,355
	<u>342,355</u>	<u>-</u>	<u>-</u>	<u>64,035</u>	<u>1,358,167</u>	<u>219,720</u>	<u>1,984,277</u>
Total expenditures	<u>9,763,319</u>	<u>233,223</u>	<u>148,435</u>	<u>64,035</u>	<u>1,358,167</u>	<u>219,720</u>	<u>11,786,899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(206,009)</u>	<u>6,490</u>	<u>21,740</u>	<u>35,862</u>	<u>(869,946)</u>	<u>355,911</u>	<u>(655,952)</u>
Other financing sources (uses):							
Proceeds (disbursements) from New Market dissolution	(15,795)	-	59,653	-	-	75,665	119,523
Operating transfers in	-	-	-	-	871,097	-	871,097
Operating transfers out	-	-	-	-	-	(871,097)	(871,097)
	<u>(15,795)</u>	<u>-</u>	<u>59,653</u>	<u>-</u>	<u>871,097</u>	<u>(795,432)</u>	<u>119,523</u>
Net change in fund balances	(221,804)	6,490	81,393	35,862	1,151	(439,521)	(536,429)
Fund balances beginning of year	<u>1,350,046</u>	<u>166,992</u>	<u>233,278</u>	<u>272,893</u>	<u>95,599</u>	<u>1,085,789</u>	<u>3,204,597</u>
Fund balances end of year	<u>\$ 1,128,242</u>	<u>173,482</u>	<u>314,671</u>	<u>308,755</u>	<u>96,750</u>	<u>646,268</u>	<u>2,668,168</u>

See notes to financial statements.

CLARINDA 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, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ (536,429)

**Amounts reported for governmental activities in the Statement of
 Activities are different because:**

Income surtaxes not collected for several months after the District's
 fiscal year ends are not considered "available" revenues in the
 governmental funds and are included as deferred revenues. They are,
 however, recorded as revenues in the statement of activities
 This represents the change from FY2008 to FY2009

79,861

Capital outlays to purchase or build capital assets are reported in
 governmental funds as expenditures. However, those costs are not
 reported in the Statement of Net Activities 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	\$ 286,250	
Depreciation expense	<u>(374,974)</u>	(88,724)

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.

2,249

Repayment of long-term liabilities is an expenditure in the
 governmental funds, but the repayment reduces long-term liabilities
 in the Statement of Net Assets. Current year repayments are as follows:

Repaid	<u>1,280,000</u>
--------	------------------

Change in net assets of governmental activities (Exhibit B) \$ 736,957

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Statement of Net Assets
Proprietary Funds

June 30, 2009

	<u>School Nutrition</u>	<u>Cardinals Kids Zone</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 194,712	15,466	210,178
Inventories	18,527	-	18,527
Capital assets, net of accumulated depreciation	<u>28,475</u>	<u>-</u>	<u>28,475</u>
Total assets	<u>241,714</u>	<u>15,466</u>	<u>257,180</u>
Liabilities			
Accrued salary and benefits	<u>26,106</u>	<u>-</u>	<u>26,106</u>
Net assets			
Invested in capital assets, net of related debt	28,475	-	28,475
Unrestricted	<u>187,133</u>	<u>15,466</u>	<u>202,599</u>
	<u>215,608</u>	<u>15,466</u>	<u>231,074</u>
Total net assets	<u>\$ 215,608</u>	<u>15,466</u>	<u>231,074</u>

See notes to financial statements.

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2009

	School Nutrition	Cardinals Kids Zone	Total
Operating revenue:			
Local sources:			
Charges for services	\$ 231,542	-	231,542
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	138,811	-	138,811
Benefits	66,192	-	66,192
Services	1,345	-	1,345
Supplies	279,105	-	279,105
Depreciation	9,661	-	9,661
	495,114	-	495,114
Other enterprise operations:			
Supplies	-	-	-
Total operating expenses	495,114	-	495,114
Operating (loss)	(263,572)	-	(263,572)
Non-operating revenues:			
Interest on investments	1,615	-	1,615
Loss on disposal of capital assets	(782)	-	(782)
State sources	5,872	-	5,872
Federal sources	272,486	-	272,486
	279,191	-	279,191
Change in net assets	15,619	-	15,619
Net assets beginning of year	199,989	15,466	215,455
Net assets end of year	\$ 215,608	15,466	231,074

See notes to financial statements.

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>	<u>Cardinals Kids Zone</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from sale of services	\$ 231,542	-	231,542
Cash payments to employees for services	(195,525)	-	(195,525)
Cash payments to suppliers for goods or services	(246,516)	-	(246,516)
Net cash (used by) operating activities	<u>(210,499)</u>	<u>-</u>	<u>(210,499)</u>
Cash flows from non-capital financing activities:			
State grants received	5,872	-	5,872
Federal grants received	<u>246,299</u>	<u>-</u>	<u>246,299</u>
Net cash provided by non-capital financing activities	<u>252,171</u>	<u>-</u>	<u>252,171</u>
Cash flows from capital financing activities:			
Acquisition of fixed assets	<u>(1,917)</u>	<u>-</u>	<u>(1,917)</u>
Cash flows from investing activities:			
Interest on investments	<u>1,615</u>	<u>-</u>	<u>1,615</u>
Net increase in cash and cash equivalents	41,370	-	41,370
Cash and cash equivalents beginning of year	<u>153,342</u>	<u>15,466</u>	<u>168,808</u>
Cash and cash equivalents end of year	<u>\$ 194,712</u>	<u>15,466</u>	<u>210,178</u>
Reconciliation of operating (loss) to net cash used by operating activities:			
Operating (loss)	\$ (263,572)	-	(263,572)
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:			
Depreciation	9,661	-	9,661
Commodities used	26,187	-	26,187
Decrease in inventory	7,747	-	7,747
Increase in accrued salary and benefits	<u>9,478</u>	<u>-</u>	<u>9,478</u>
	<u>\$ (210,499)</u>	<u>-</u>	<u>(210,499)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$26,187.

See notes to financial statements.

CLARINDA COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

	Private Purpose Trusts	Agency
Assets		
Cash and pooled investments	\$ 38,346	10,983
Liabilities		
Other payables	-	10,983
Net Assets		
Reserved for special purposes	\$ 38,346	-

See notes to financial statements.

CLARINDA COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trust
Additions:	
Local sources:	
Interest on investments	\$ 288
Contributions	<u>4,004</u>
Total additions	<u>4,292</u>
Deductions:	
Support services:	
Other	<u>5,425</u>
Total deductions	<u>5,425</u>
Change in net assets	(1,133)
Net assets beginning of year	<u>39,479</u>
Net assets end of year	<u>\$ 38,346</u>

See notes to financial statements.

CLARINDA COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Clarinda 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. The geographic area served includes the City of Clarinda, Iowa, and agricultural territory in Page County. 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, Clarinda Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Clarinda 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 does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Page County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the 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 service.

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 and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has elected to treat all funds as major for clarity of reporting purposes.

The District reports the following major governmental funds:

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

The Student Activity Fund is used to account for extra curricular activities conducted on behalf of the students.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

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

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

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 major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition and Cardinal Kids Zone Funds. These funds are used to account for the food service and out of classroom education operations of the District.

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

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

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

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 with 60 days after year end.

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the 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 non-negotiable certificates of deposit which are stated at cost.

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

Property Tax Receivable - Property tax in governmental funds 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Property, furniture and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for employees with annual contracts corresponding to the current school year, which are payable in July, 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 in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied as well as unspent federal program revenues.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2009.

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

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2009 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 and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$1,883,381</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk - The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 115,863	-	-	115,863
Capital assets being depreciated:				
Land Improvements	1,588,407	-	-	1,588,407
Buildings	11,056,226	209,000	-	11,265,226
Furniture and Equipment	1,233,931	77,250	-	1,311,181
Total capital assets being depreciated	13,878,564	286,250	-	14,164,814
Less accumulated depreciation for:				
Land Improvements	598,300	79,420	-	677,720
Buildings	4,357,912	205,284	-	4,563,196
Furniture and Equipment	885,948	90,270	-	976,218
Total accumulated depreciation	5,842,160	374,974	-	6,217,134
Total capital assets being depreciated, net	8,036,404	(88,724)	-	7,947,680
Governmental activities, capital assets, net	\$ 8,152,267	(88,724)	-	8,063,543
Business type activities:				
Furniture and equipment	\$ 115,228	1,917	2,113	115,032
Less accumulated depreciation	78,227	9,661	1,331	86,557
Business type activities capital assets, net	\$ 37,001	(7,744)	782	28,475
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 65,149
Unallocated				309,825
				374,974
Business Type activities:				
Food service operations				\$ 9,661

(4) General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	3.550%	<u>\$42,772</u>	<u>425,000</u>	<u>467,772</u>

The District called \$750,000 of bonds due in 2011 and 2012 and paid them during the current fiscal year.

(5) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
Balance beginning of year	\$1,585,000	490,000	2,075,000
Additions	-	-	-
Reductions	<u>1,160,000</u>	<u>120,000</u>	<u>1,280,000</u>
Balance end of year	<u>\$ 425,000</u>	<u>370,000</u>	<u>795,000</u>

(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, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$318,317, \$287,755, and \$266,289 respectively, equal to the required contributions for each year.

(7) Risk Management

Clarinda Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance, except as described in the following paragraph. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$342,355 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Revenue Bonds Payable

Details of the District's June 30, 2009 School Infrastructure Sales and Services Tax Revenue bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	4.80%	\$14,640	130,000	144,640
2011	4.80	<u>5,760</u>	<u>240,000</u>	<u>245,760</u>
Total		<u>\$20,400</u>	<u>370,000</u>	<u>390,400</u>

(10) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$871,097</u>

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

(10) Commitment

The District approved a contract for \$71,773 for tuck pointing buildings that was to be done after July 1, 2009.

Required Supplementary Information

CLARINDA COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$ 5,553,804	233,157	5,786,961	5,797,460	5,797,460	(10,499)
State sources	4,903,331	5,872	4,909,203	5,131,575	5,131,575	(222,372)
Federal sources	673,812	272,486	946,298	815,000	815,000	131,298
Total revenues	<u>11,130,947</u>	<u>511,515</u>	<u>11,642,462</u>	<u>11,744,035</u>	<u>11,744,035</u>	<u>(101,573)</u>
Expenditures/Expenses						
Instruction	6,930,763	-	6,930,763	6,933,745	6,933,745	2,982
Support services	2,871,859	-	2,871,859	4,245,211	4,245,211	1,373,352
Non-instructional programs	-	495,114	495,114	677,606	677,606	182,492
Other expenditures	1,984,277	-	1,984,277	2,097,570	2,097,570	113,293
Total expenditures/expenses	<u>11,786,899</u>	<u>495,114</u>	<u>12,282,013</u>	<u>13,954,132</u>	<u>13,954,132</u>	<u>1,672,119</u>
Excess of revenues over expenditures/expenses	(655,952)	16,401	(639,551)	(2,210,097)	(2,210,097)	1,570,546
Other financing sources (uses)	<u>119,523</u>	<u>-</u>	<u>119,523</u>	<u>-</u>	<u>-</u>	<u>119,523</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(536,429)	16,401	(520,028)	(2,210,097)	(2,210,097)	1,690,069
Balance beginning of year	<u>3,204,597</u>	<u>215,455</u>	<u>3,420,052</u>	<u>3,572,075</u>	<u>3,572,075</u>	<u>(152,023)</u>
Balance end of year	<u>\$ 2,668,168</u>	<u>231,856</u>	<u>2,900,024</u>	<u>1,361,978</u>	<u>1,361,978</u>	<u>1,538,046</u>

See accompanying independent auditor's report.

CLARINDA COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

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

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

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

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted in any of the functions. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
DISTRICT-WIDE ACCOUNTS				
Paperback Books	\$ 137	5,473	5,272	338
Field Trips	860	1,869	1,869	860
Athletic Booster Club	-	1,956	1,956	-
Wrestling Boosters	68	1,774	1,824	18
Band Booster Club	252	8,162	8,217	197
Partners in Education	2,433	8,198	6,086	4,545
Student Activity Interest	5,060	6,794	7,060	4,794
Elementary Track Program	2	191	190	3
Gate Receipts	56,630	7,447	39,013	25,064
	<u>65,442</u>	<u>41,864</u>	<u>71,487</u>	<u>35,819</u>
HIGH SCHOOL CLUBS AND ORGANIZATIONS				
Drama	1,190	3,810	-	5,000
Music Resale	496	1,251	1,264	483
Activity Tickets	7,106	8,082	15,188	-
Annual	4,756	2,864	2,030	5,590
Concessions	7,920	40,477	41,820	6,577
Cheerleaders	4,366	7,338	8,214	3,490
Honor Society	315	685	-	1,000
Student Council	1,939	1,089	913	2,115
Spanish Club	33	-	-	33
AFS Students	178	-	-	178
Thespian Club	3,040	8,911	10,257	1,694
Weightlifting Club	4,007	1,245	1,975	3,277
FFA	8,094	26,465	23,801	10,758
FCCLA	1,103	9,128	9,814	417
Activities Resale	837	8,233	7,674	1,396
Alternative HS Concessions	294	-	-	294
Class of 2007	291	-	291	-
Class of 2008	1,926	7,633	9,559	-
Class of 2009	2,525	4,262	4,838	1,949
Class of 2010	1,784	3,230	1,690	3,324
Class of 2011	-	2,926	1,452	1,474
REACH Leadership Team	392	-	-	392
	<u>52,592</u>	<u>137,629</u>	<u>140,780</u>	<u>49,441</u>
HIGH SCHOOL ATHLETICS				
Cross Country	801	699	-	1,500
Golf	354	1,146	-	1,500
Boys Basketball	645	3,355	-	4,000
Football	1,901	6,099	-	8,000
Baseball	(171)	4,171	-	4,000

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HIGH SCHOOL ATHLETICS (continued)				
Boys Track	1,112	2,388	-	3,500
Boys Tennis	990	-	180	810
Wrestling	922	2,578	-	3,500
Girls Basketball	1,242	2,758	-	4,000
Volleyball	330	3,670	-	4,000
Softball	576	3,424	-	4,000
Girls Track	1,621	1,879	-	3,500
Girls Tennis	607	393	-	1,000
Athletic Director	9,751	8,249	-	18,000
	<u>20,681</u>	<u>40,809</u>	<u>180</u>	<u>61,310</u>
MIDDLE SCHOOL CLUBS AND ORGANIZATIONS				
Activity Tickets	3,850	3,902	7,752	-
Teachers	20	-	-	20
Science Fair	492	162	177	477
Music Resale	693	3,251	2,964	980
Yearbook	1,003	1,645	2,148	500
Student Council	1,776	3,806	3,803	1,779
Fiesta Bowl	42	-	-	42
Kirsch Vocational Fundraising	228	-	-	228
Activities Resale	1,229	3,864	2,803	2,290
IAMLE Conference	275	-	-	275
	<u>9,608</u>	<u>16,630</u>	<u>19,647</u>	<u>6,591</u>
MIDDLE SCHOOL ATHLETICS				
Track	241	1,259	-	1,500
Boys Basketball	980	720	-	1,700
Football	1,609	891	-	2,500
Wrestling	525	475	-	1,000
Girls Basketball	448	1,052	-	1,500
Volleyball	977	523	-	1,500
	<u>4,780</u>	<u>4,920</u>	<u>-</u>	<u>9,700</u>
ELEMENTARY SCHOOL ORGANIZATIONS				
Teachers	3,500	1,077	658	3,919
Jump Rope For Heart	188	3,704	3,680	212
	<u>3,688</u>	<u>4,781</u>	<u>4,338</u>	<u>4,131</u>
Total	<u>\$ 156,791</u>	<u>246,633</u>	<u>236,432</u>	<u>166,992</u>

See accompanying independent auditor's report.

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Fiduciary Net Assets
Private Purpose Trust Funds

June 30, 2009

	Y-Teen Scholarship	Evelyn Warren Memorial	HS Teachers Scholarship Fund	CEA Scholarship	Port Stitt Estate	Swanson Fund	P. Mascher Memorial Scholarship	Spinler Memorial Scholarship	Vernon Baker Scholarship	Total
Cash and pooled investments	\$ 2,028	73	169	714	73	569	\$ 629	503	33,588	38,346
	\$ 2,028	73	169	714	73	569	\$ 629	503	33,588	38,346
Net Assets										
Reserved for scholarships	\$ 2,028	73	169	714	73	569	\$ 629	503	33,588	38,346
	\$ 2,028	73	169	714	73	569	\$ 629	503	33,588	38,346

See accompanying independent auditor's report.

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Changes in Fiduciary Net Assets
Private Purpose Trusts

Year ended June 30, 2009

	Y-Teen Scholarship	Evelyn Warren Memorial	HS Teachers Scholarship Fund	CEA Scholarship	Port Stitt Estate	Swanson Fund
Additions: Local sources: Interest on investments Contributions	\$ 21 - 21	- - -	- 2,088 2,088	- 166 166	- - -	- - -
Deductions: Instruction: Regular instruction: Other	600 600	- -	4,000 4,000	600 600	- -	- -
Change in net assets	(579)	-	(1,912)	(434)	-	-
Net assets beginning of year	2,607	73	2,081	1,148	73	569
Net assets end of year	\$ 2,028	73	169	714	73	569

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Changes in Fiduciary Net Assets
Private Purpose Trusts

Year ended June 30, 2009

	P. Mascher Memorial Scholarship	Spinler Memorial Scholarship	Sperry Scholarship	Vernon Baker Scholarship	Total
Additions:					
Local sources:					
Interest on investments	-	-	-	267	288
Contributions	-	-	-	1,750	4,004
	-	-	-	2,017	4,292
Deductions:					
Instruction:					
Regular instruction:	-	-	225	-	5,425
Other	-	-	225	-	5,425
Change in net assets	-	-	(225)	2,017	(1,133)
Net assets beginning of year	629	503	225	31,571	39,479
Net assets end of year	\$ 629	503	-	33,588	38,346

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Fiduciary Net Assets
Agency Funds

June 30, 2009

	<u>Nurse's Fund</u>	<u>American Field Service</u>	<u>Bossingham Fund</u>	<u>Ed Butler Memorial Fund</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 7,615	572	2,317	479	10,983
	<u>\$ 7,615</u>	<u>572</u>	<u>2,317</u>	<u>479</u>	<u>10,983</u>
Liabilities					
Other payables	\$ 7,615	572	2,317	479	10,983
	<u>\$ 7,615</u>	<u>572</u>	<u>2,317</u>	<u>479</u>	<u>10,983</u>

See accompanying independent auditor's report.

CLARINDA COMMUNITY SCHOOL DISTRICT

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

	<u>Nurse's Fund</u>	<u>American Field Service</u>	<u>Bossingham Fund</u>	<u>Ed Butler Memorial Fund</u>	<u>Total</u>
Balance beginning of year	\$ 7,335	572	2,052	442	10,401
Additions:					
Contributions	500	-	2,000	600	3,100
Deductions:					
Miscellaneous	220	-	1,735	563	2,518
Balance end of year	<u>\$ 7,615</u>	<u>572</u>	<u>2,317</u>	<u>479</u>	<u>10,983</u>

See accompanying independent auditor's report.

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Six Years

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	\$ 3,730,903	3,508,295	3,329,578	3,214,315	3,133,655
Tuition	1,344,751	1,535,721	1,340,106	1,289,544	1,211,801
Other	478,150	584,130	549,427	418,243	470,490
State sources	4,903,331	4,642,737	4,687,776	4,231,693	3,973,876
Federal sources	673,812	565,423	552,471	608,309	487,546
Total	<u>\$ 11,130,947</u>	<u>10,836,306</u>	<u>10,459,358</u>	<u>9,762,104</u>	<u>9,277,368</u>
Expenditures:					
Instruction	\$ 6,930,763	6,337,303	6,319,374	6,028,470	6,061,203
Support services:					
Student	330,774	308,591	301,676	286,289	314,785
Instructional staff	357,792	357,533	345,284	180,067	61,141
Administration	979,626	940,816	905,626	865,768	722,024
Operation and maintenance of plant	906,714	901,997	814,612	802,665	717,553
Transportation	296,953	325,122	291,716	267,205	233,413
Other expenditures:					
Facilities acquisition	283,755	9,050	164,834	79,298	423,414
Debt Service:					
Principal	1,280,000	945,000	495,000	450,000	350,000
Interest and service charges	78,167	113,424	131,865	166,473	306,487
AEA flowthrough	342,355	308,916	306,881	277,459	269,609
Total	<u>\$ 11,786,899</u>	<u>10,547,752</u>	<u>10,076,868</u>	<u>9,403,694</u>	<u>9,459,629</u>

See accompanying independent auditor's report.

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
Department of Agriculture:			
Iowa Department of Education:			
Team Nutrition	10.574	FY09	\$ 138
School Nutrition Cluster Programs:			
National School Breakfast Program	10.553	FY09	41,337
Fresh Fruit and Vegetable Program	10.582	FY09	37,900
Food Distribution (non-cash item)	10.555	FY09	26,187
National School Lunch Program	10.555	FY09	166,924
			<u>272,348</u>
Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1197-D-09	347,906
Title I Grants to Local Educational Agencies	84.010	1197-G-09	115,040
Title I Grants to Local Educational Agencies	84.010	1197-GC-09	1,134
			<u>464,080</u>
ARRA - State Fiscal Stabilization Fund (SFSF)			
Education State Grants, Recovery Act	84.394	FY09	78,322
Safe and Drug-Free Schools and Communities -			
States Grants	84.186	FY09	3,166
Grants for Assessments and Related Activities	84.369	FY09	7,482
Improving Teacher Quality - States Grants	84.367	FY09	57,637
Special Education - State Program Improvement Grant			
for Children With Disabilities	84.323	FY09	977
Iowa Western Community College			
Vocational Education - Basic Grants to States	84.048	FY09	11,711
Loess Hills Area Education Agency 13			
Special Education - Grants to States	84.027	FY09	<u>50,437</u>
Total			<u>\$ 946,298</u>

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

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

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
Clarinda 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 Clarinda Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 22, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clarinda Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clarinda Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clarinda 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Clarinda Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Clarinda Community School District's financial statements that is more than inconsequential will not be prevented or detected by Clarinda Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood a material misstatement of financial statements will not be prevented or detected by Clarinda Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiencies described above, we believe items II-A-09 and II-B-09 are material weaknesses.

Compliance and Other Matters

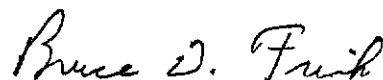
As part of obtaining reasonable assurance about whether Clarinda Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have 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. We noted one immaterial instance of non-compliance to be included 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, 2009 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.

Clarinda 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 Clarinda 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 Clarinda Community School District and other parties to whom Clarinda Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clarinda 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.



BRUCE D. FRINK
Certified Public Accountant

February 22, 2010

BRUCE D. FRINK

Certified Public Accountant

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

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
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- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of
Clarinda Community School District:

Compliance

We have audited the compliance of Clarinda Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Clarinda 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 Clarinda Community School District's management. Our responsibility is to express an opinion on Clarinda 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 Clarinda 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 Clarinda Community School District's compliance with those requirements.

In our opinion Clarinda Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Clarinda 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 Clarinda 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 Clarinda Community School District's internal control over compliance.

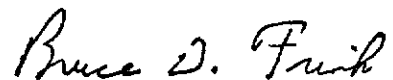
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a material weakness.

Clarinda Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Clarinda 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 Clarinda Community School District and other parties to whom Clarinda Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



BRUCE D. FRINK
Certified Public Accountant

February 22, 2010

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The District's major program was as follows:
 - CFDA Number 84.010 - Title I Grants to Local Education Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clarinda Community School District did not qualify as a low-risk auditee.

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties - One important aspect of the internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although the District does a fine job of dividing incompatible duties among existing personnel, the District Secretary still has the ability to override the system without the knowledge of any other personnel.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has large number of required duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response - We will continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel.

Conclusion - Response accepted.

II-B-09 Auditor Drafting of the Financial Statements and Related Footnote Disclosures

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCY:

CFDA Number: 84.010 Title I Grants to Local Education Agencies

Agency Number: 1197-G-09, 1197-GC-09, 1197-D-09

Federal Award Year: 2009

US Department of Education

Passed through Iowa Department of Education

III-A-09 Segregation of Duties over Federal Funds - The District did not properly segregate custody, record-keeping and reconciling functions for funds, including those related to Federal programs.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has large number of required duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response - We will continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - Expenditures for the year ended June 30, 2009 did not exceed the certified budget amounts in any of the four functions.

IV-B-09 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-09 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-09 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-E-09 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-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-09 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

CLARINDA COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

IV-H-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education one day late. We noted no significant deficiencies in the amounts reported.

Recommendation - We realize that the inclusion of the financial records of the dissolved New Market Community School District and the accompanying additional communication with the Department of Education to ensure proper reporting caused delays in submitting the report on a timely basis. We also realize that this matter is now a moot point as all financial matters regarding the New Market dissolution have been completed. The District should in the future avoid the late filing of the certified annual report.

Response - We have not filed late in the past nor would we have this year except for the unsettled New Market matter.

Conclusion - Response accepted.

IV-I-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

IV-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$ -
Statewide sales and services tax revenue	556,301
Expenditures/transfers out:	
Debt service for school infrastructure:	
General obligation debt	<u>556,301</u>
Ending balance	\$ <u>-</u>