

**WOODBURY CENTRAL COMMUNITY
SCHOOL DISTRICT**

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2005

**WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2005
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WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

LIST OF OFFICIALS

June 30, 2005

**Board of Education
(Before September 2004 Election)**

		Term Expires
Joyce Kizzier	President	2005
Jerry Steffen	Vice President	2004
Marc Boothby	Board Member	2005
Don Chesley	Board Member	2006
Brian Sadler	Board Member	2006
Jerry Self	Board Member	2004
Thomas Conolly	Board Member	2006

**Board of Education
(After September 2004 Election)**

Joyce Kizzier	President	2005
Jerry Steffen	Vice President	2007
Marc Boothby	Board Member	2005
Don Chesley	Board Member	2006
Thomas Conolly	Board Member	2006
Brian Sadler	Board Member	2006
Kari Bappe	Board Member	2007

School Officials

Thomas Cooper	Superintendent	2005
Christen Howrey	Secretary-Treasurer	2005
James Hanks	Attorney	Indefinite



Suite 700 Terra Centre
600 Fourth Street
P.O. Box 298
Sioux City, IA 51102
712-252-5337
FAX 712-252-4855

INDEPENDENT AUDITORS' REPORT

To the Board of Education of
Woodbury Central Community School District
Menville, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Woodbury Central Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Woodbury Central Community School District's management. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Woodbury Central Community School District as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof 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 September 9, 2005, on our consideration of the Woodbury Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and page 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodbury Central Community School District's basic financial statements. The financial statements for the three years ended June 30, 2004 were audited by us or other auditors (none of which are presented herein) in accordance with the standards referred to in the second paragraph of this report. The prior auditors expressed a qualified opinion for the effects of amounts recorded in the District's General Fixed Asset Account Group, representing estimated replacement cost instead of historical cost

as required by U.S. generally accepted accounting principles, in their report dated September 12, 2003. The supplemental information, included in Schedules 1 through 5, 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.

Williams & Company, P.C.
Certified Public Accountants

Sioux City, Iowa
September 9, 2005

Management Discussion & Analysis

Management of the Woodbury Central Community School District provides this Management's Discussion and Analysis of the Woodbury Central Community School District. This narrative overview analysis of the financial activities of the Woodbury Central Community School District is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

This is the second year that requires all activities to be reported on a full accrual basis. Efforts have been made to provide a comprehensive comparison to the prior year data when such data is available.

Financial Highlights

- ❖ \$4,386,969 in general fund revenues
- ❖ \$4,380,445 in general fund expenses
- ❖ The district recorded an increase in net assets of \$295,039 largely due to construction in progress of an elementary remodel and addition during the fiscal year 2005.
- ❖ The District's General Fund balance increased to \$579,121, compared to \$572,287 in fiscal year 2004.
- ❖ The District has a construction project in progress at the fiscal year ending June 30, 2005. An addition to the elementary and remodel of the old wrestling room into elementary classrooms is being done an estimated cost to date of \$229,620.
- ❖ A slight increase in interest rates during the past fiscal year combined with more cash available for investing resulted in increased interest earnings in the General Fund from \$4,948 in fiscal year 2004 to \$27,280 in fiscal year 2005.

Overview of the Financial Statements

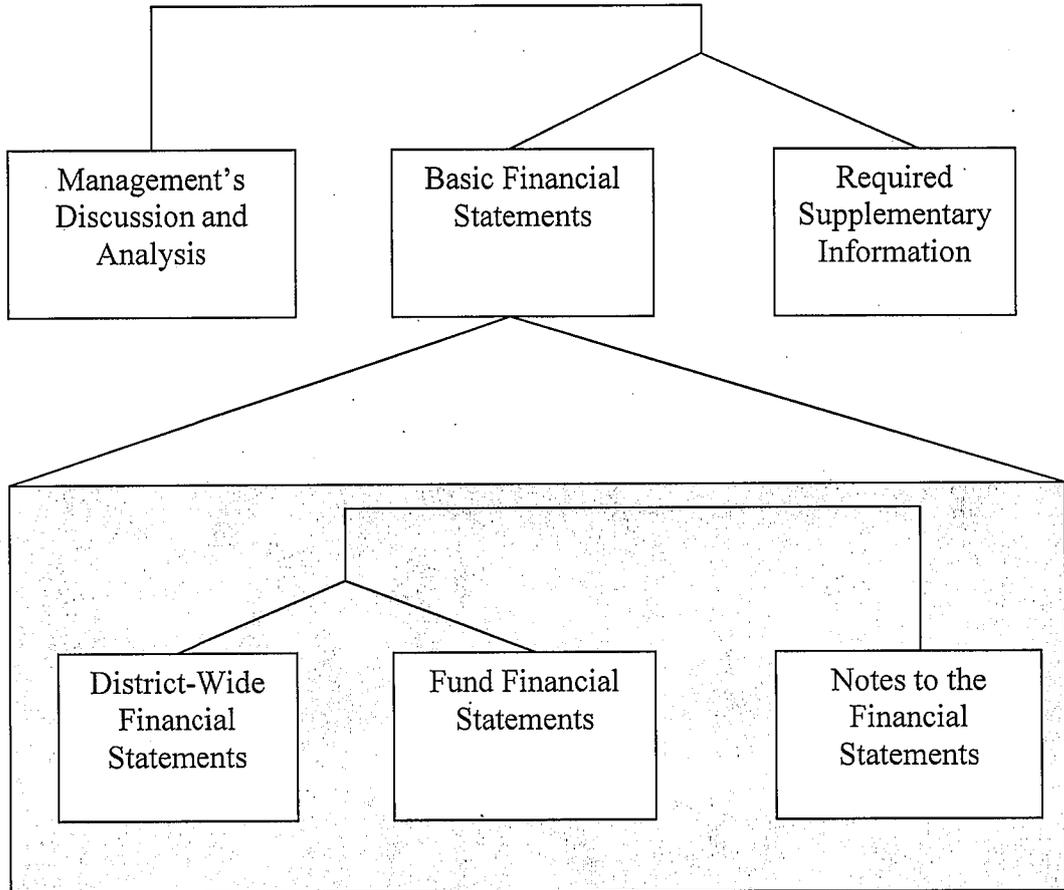
This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- ❖ The first two statements are *district-wide financial statements* (Statement of Net Assets and Statement of Activities) that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- ❖ The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the district-wide statements.
- ❖ The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.
- ❖ *Proprietary Funds* statements offer *short- and long-term* financial information about the activities the district operates *like businesses*, such as food services.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of Woodbury Central Community School District's Annual Financial Report



Summary ← -----→ Detail

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

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

	Fund Financial Statements		
	District-wide Statements	Government Funds	Proprietary Funds
Scope	Entire District	The activities of the district that are not proprietary such as special education and building maintenance	Activities the district operates similar to private businesses: school nutrition
Required financial statements	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of Cash Flows
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
Type of asset/liability	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 short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

District-wide Statements

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

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

- ❖ Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

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

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

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

Fund Financial Statements

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

- ❖ Some funds are required by state law and by bond covenants.
- ❖ The District establishes other funds to control and manage money for particular purposes, such as 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:

- ❖ *Governmental Funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements.
 - The District's governmental funds include the General Fund; Special Revenue Funds; Debt Service Fund and the Capital Projects Fund.
- ❖ *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 District-wide statements.
 - The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the school nutrition fund.
 - The District does not have any *fiduciary funds*, which are funds that are used to report for assets that belong to others. These funds include Private-Purpose Trust and Agency fund.

The District is responsible for ensuring that 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 District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets. Fiscal year 2004-2005 marks the second year of District implementation of the GASB-34 financial reporting model. As a result, complete prior year comparisons are now available and will be provided in all subsequent years. Figures on the District's net assets for the previous and current reporting year are evidenced below in Figure A-3 and Changes in Net Assets in Figure A-4 are now available.

Figure A-3							
Condensed Statement of Net Assets							
(expressed in thousands)							
	Governmental Activities		Business-Type Activities		Total School District		Total Change
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other Assets	4,111	4,021	18	23	4,129	4,044	85
Capital Assets	4,383	4,311	19	26	4,402	4,337	36
Total Assets	8,494	8,332	37	49	8,531	8,381	121
Current Liabilities	2,659	2,613			2,659	2,613	46
Long-Term Liabilities	1,024	1,215			1,024	1,215	(191)
Total Liabilities	3,683	3,828			3,683	3,828	(145)
Net Assets:							
Invested in capital assets, net of debt	3,359	3,096	19	26	3,378	3,122	256
Restricted	146	144			146	144	2
Unrestricted	1,306	1,264	18	23	1,324	1,287	37
Total net assets	4,811	4,504	37	49	4,848	4,553	295

Comments:

Long-term liabilities decreased mostly due to the annual pay down of the bonds set for fiscal year 2005 of \$235,000. The value of the capital assets decreased in proportion to the amount depreciated less the amount of the additions. (See Note 4 for details).

Changes in Net Assets from Operating Results

Figure A-4				
Changes in Net Assets				
(expressed in thousand)				
	Governmental Activities	Business-Type Activities	Total District 2005	Total District 2004
Revenues:				
Program revenues:				
Charges for services and sales	606	97	703	713
Operating grants, contributions and restricted interest	509	87	596	534
General Revenues:				
Taxes Levied for General Purposes	1,125		1,125	1,232
Taxes Levied for Debt Service	205		205	182
Taxes Levied for Specific Purposes	105		105	98
Income Surtax, Local Option, Mobile Home Taxes	529		529	527
Federal & State Aid, Unrestricted:				
General	2,270		2,270	2,043
Interest Earnings	40	1	41	14
Miscellaneous & Other Revenues	19		19	27
Total Revenues	5,408	185	5,593	5,370
Program expenses:				
Instruction	3,147		3,147	3,157
Support services	1,615		1,615	1,549
Non-instructional programs	210	193	403	426
Other Expenses				
Total Expenses	4,972	193	5,165	5,132
Change in net assets	436	(8)	428	238

District Activities

The District had total revenues of \$5,592,360 of which \$5,408,041 was for governmental activities and \$184,319 was for business-type activities.

Total revenues exceeded expenses, increasing the fund balances by \$427,633. This increase is attributable to the governmental activities.

The District's predominant expenses are related to instruction, as can be seen in figure A-5.

Figure A-5

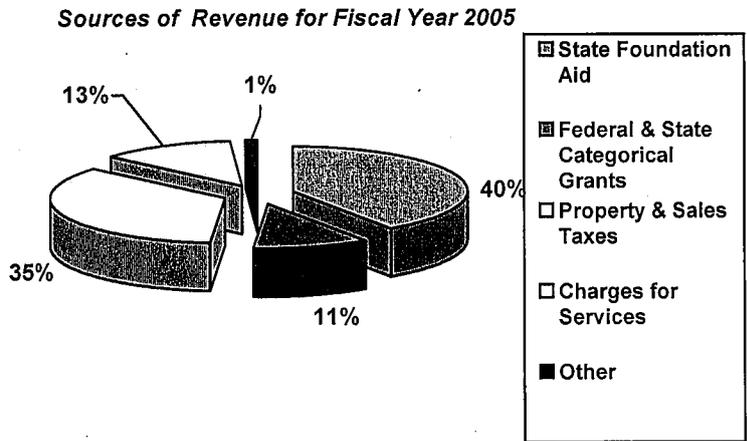
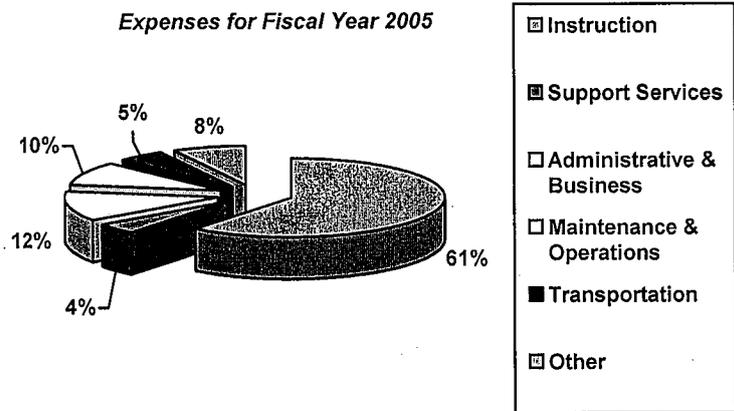


Figure A-6



Governmental Activities

Revenues for governmental activities were \$5,408,041 while total expenses amounted to \$4,971,957.

Figure A-7 presents the cost of seven major District activities: instruction, support services, administrative & business, maintenance & operations, transportation, facilities acquisition, and other. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7

<i>Net Cost of Governmental Activities</i>				
	Total Cost Of Service	Total Cost Of Service	Net Cost Of Services	Net Cost Of Services
	2005	2004	2005	2004
Instruction	3,146,466	3,157,263	2,219,934	2,251,647
Support Services	222,544	222,771	222,544	222,771
Administrative & Business	639,578	606,721	639,578	606,721
Maintenance & Operations	499,147	475,144	499,147	475,144
Transportation	253,533	244,445	245,622	243,628
Facilities Acquisition	943	36,672	943	36,672
Other	209,746	202,529	28,974	35,532
	4,971,957	4,945,545	3,856,742	3,872,115

- The cost of all governmental activities this year was \$4,971,957.
- The federal and state governments subsidized certain programs with grants and contributions of approximately \$509,352.
- Most of the District's net costs of \$3,856,742, however, were financed by District and state taxpayers.
- A major portion of governmental activities was financed with \$1,468,856 in property taxes, \$494,527 in other taxes and \$2,270,382 in federal and state aid.

Business-type Activities

Revenues of the District's business-type activities (food and nutrition services) were comprised of miscellaneous revenue (sales), federal and state reimbursements and investment earnings. (See figure A-4).

- Business-type activities expenses exceeded revenue by \$8,451.
- Charges for services represent \$97,031 or 53% of revenue. This represents the amount paid for students/staff for daily food service.
- Federal and state reimbursement for meals, including payments for free and reduced lunches, was \$86,754.

Financial Analysis of the District's Funds

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

Governmental Funds. The focus of the Woodbury Central Community School District *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources.

Such information is useful in assessing the Woodbury Central Schools financing requirements. In particular, *unreserved fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Woodbury Central Schools governmental funds reported combined ending fund balances of \$1,453,134, an increase of \$43,269 from the prior year. More than half this amount, \$1,287,985, constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service and for use as inventory.

Budgetary Highlights: In accordance with the Code of Iowa, the Woodbury Central Community School District amended its budget to reflect an increase in liability insurance and increased construction costs relating to the addition and remodel of the elementary. The budget was increased by \$498,411 to make the total budget (for all funds) \$6,049,335. The district budget results versus actual results were materially within acceptable management planning parameters, (See Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances-Budget and Actual, all Governmental Fund Types in the Financial Statements and Note 1 – Budgetary Accounting).

Capital Assets: District assets in 2005 include a construction in progress of an addition to the elementary and a remodel of the old wrestling room into elementary classrooms at an estimated final cost of \$307,154. Annual depreciation for current property is \$209,536 for Governmental Activities and \$2,667 for Business-Type Activities. (For more information see Note 4 to the financial statements)

Long-term Debt: At year end, the District had \$980,000 of general obligation bonds outstanding. These bonds will be fully paid at the end of FY09. Also at year end the District had \$44,068 remaining on a Lease/Purchase Agreement for Copy Machines. This agreement will be fully paid at the end of FY08. (See summary under Note 6 to the financial statements.)

Factors Bearing on the District's Future: At the time these financial statements were prepared, the District was aware of the following existing circumstances that could affect its financial health in the future.

- The District's funding is highly dependent upon its student enrollment. Enrollment for September 2005 was up slightly by 1.2 students.
- The District will complete an addition and remodel of the elementary in fiscal year 2006. Potential projects for the District include construction or purchase of a bus barn and repairs to several roof sections.

Contacting the District's Financial Management: The financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Christen Howrey, Woodbury Central Community School District, 408 South 4th, Moline, Iowa 51039.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities	Business Type Activity	Total
ASSETS			
Cash and Pooled Investments	\$ 1,739,623	\$ 4,051	\$ 1,743,674
Receivables:			
Property Tax	18,756		18,756
Succeeding Year Property Tax	1,477,352		1,477,352
Interfund Receivable	142		142
Due from Other Governmental Agencies	156,415		156,415
Inventories	19,373	13,592	32,965
Restricted ISCAP Assets:			
Investments	699,083		699,083
Accrued Interest Receivable	285		285
Land	88,204		88,204
Construction in Progress	309,154		309,154
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 4)	3,985,764	19,751	4,005,515
Total Assets	8,494,151	37,394	8,531,545
LIABILITIES			
Payables:			
Accounts Payable	106,849		106,849
Interfund Payable		142	142
Deferred Revenue:			
Succeeding Year Property Tax	1,477,352		1,477,352
Accrued Wages and Benefits	368,214		368,214
Accrued Interest Payable	1,382		1,382
ISCAP Liabilities:			
ISCAP Warrants Payable	696,000		696,000
ISCAP Unamortized Premium	9,347		9,347
ISCAP Accrued Interest Payable	133		133
Lease Purchase Agreement	44,068		44,068
Long Term Debt Due Within One Year	240,000		240,000
Long Term Debt Due in More Than One Year	740,000		740,000
Total Liabilities	3,683,345	142	3,683,487
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	3,359,054	19,751	3,378,805
Restricted for:			
Debt Service	145,776		145,776
Unrestricted	1,305,976	17,501	1,323,477
Total Net Assets	\$ 4,810,806	\$ 37,252	\$ 4,848,058

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
Governmental Activities:		
Instruction:		
Regular	\$ 2,091,976	\$ 190,313
Special Education	488,536	107,058
Vocational	150,767	
Co-curricular	415,187	301,541
Support Services:		
Student Support	141,388	
Instructional Staff Support	81,156	
General Administration	377,984	
Building Administration	223,997	
Business Administration	37,597	
Operations and Maintenance	499,147	
Student Transportation	253,533	6,951
Facilities Acquisition:		
Building Improvement Services	388	
Construction Services	555	
Debt Service:		
Services	400	
Interest	28,574	
Intergovernmental:		
AEA Flowthrough	180,772	
Total governmental activities	<u>4,971,957</u>	<u>605,863</u>
Business Type Activity		
School Nutrition Fund	<u>192,770</u>	<u>97,031</u>
Total School District	<u>\$ 5,164,727</u>	<u>\$ 702,894</u>
General Revenues:		
Property taxes		
Other taxes		
Interest on Investments		
State aid not restricted to specific programs		
Miscellaneous		
Sale of Equipment & Material		
Total general revenues		
Change in net assets		
Net assets - beginning, as previously stated		
Prior period adjustment		
Net assets - ending		

See Accompanying Notes to Financial Statements

Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants Contributions	Capital Grants Contributions	Governmental Activities	Business Type Activity	Total
\$ 252,941		\$ (1,648,722)		\$ (1,648,722)
36,621		(344,857)		(344,857)
38,058		(112,709)		(112,709)
		(113,646)		(113,646)
		(141,388)		(141,388)
		(81,156)		(81,156)
		(377,984)		(377,984)
		(223,997)		(223,997)
		(37,597)		(37,597)
		(499,147)		(499,147)
960		(245,622)		(245,622)
		(388)		(388)
		(555)		(555)
		(400)		(400)
		(28,574)		(28,574)
180,772		-		-
<u>509,352</u>	<u>-</u>	<u>(3,856,742)</u>		<u>(3,856,742)</u>
86,754	-		\$ (8,985)	(8,985)
<u>\$ 596,106</u>	<u>\$ -</u>	<u>(3,856,742)</u>	<u>(8,985)</u>	<u>(3,865,727)</u>
		1,468,856	-	1,468,856
		494,527	-	494,527
		40,068	534	40,602
		2,270,382	-	2,270,382
		18,683	-	18,683
		310	-	310
		<u>4,292,826</u>	<u>534</u>	<u>4,293,360</u>
		436,084	(8,451)	427,633
		4,504,167	48,852	4,553,019
		(129,445)	(3,149)	(132,594)
		<u>\$ 4,810,806</u>	<u>\$ 37,252</u>	<u>\$ 4,848,058</u>

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
Governmental Funds
JUNE 30, 2005

		General
Assets		
Cash and Pooled Investments	\$	844,018
Receivables:		
Property Tax		14,713
Succeeding Year Property Tax		1,168,999
Due from Other Funds		
Due from Other Governmental Agencies		101,240
Inventories		19,373
Restricted ISCAP Assets:		
Investments		699,083
Accrued Interest Receivable		285
Total Assets		2,847,711
Liabilities		
Payables:		
Accounts Payable		25,897
Deferred Revenue - Succeeding Year Property Tax		1,168,999
Accrued Wages and Benefits		368,214
ISCAP Liabilities:		
ISCAP Warrants Payable		696,000
ISCAP Unamortized Premium		9,347
ISCAP Accrued Interest Payable		133
Total Liabilities		2,268,590
Equity		
Fund Balances:		
Reserved for:		
Debt Service		
Inventories		19,373
Unreserved for:		
Undesignated		559,748
Total Fund Balances		579,121
Total Liabilities and Equity	\$	2,847,711

See Accompanying Notes to Financial Statements

Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 523,512	\$ 143,107	\$ 228,986	\$ 1,739,623
	2,669	1,374	18,756
	200,640	107,713	1,477,352
		142	142
55,175			156,415
			19,373
			699,083
			285
<u>578,687</u>	<u>346,416</u>	<u>338,215</u>	<u>4,111,029</u>
80,952			106,849
	200,640	107,713	1,477,352
			368,214
			696,000
			9,347
			133
<u>80,952</u>	<u>200,640</u>	<u>107,713</u>	<u>2,657,895</u>
	145,776		145,776
			19,373
497,735		230,502	1,287,985
<u>497,735</u>	<u>145,776</u>	<u>230,502</u>	<u>1,453,134</u>
\$ 578,687	\$ 346,416	\$ 338,215	

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds

4,383,122

Accrued interest on long term debt not reported on the modified accrual basis of accounting

(1,382)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds

(1,024,068)

Net Assets of Governmental Activities

\$ 4,810,806

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended June 30, 2005

	General
<hr/>	
Revenue:	
Local Sources	\$ 1,607,235
State Appropriations	2,628,864
Federal Appropriations	150,870
Total Revenue	<u>4,386,969</u>
Expenditures:	
Governmental Activities:	
Instruction:	
Regular	2,111,127
Special Programs	488,536
Vocational	146,508
Co-curricular	91,656
Support Services:	
Student Support	141,388
Instructional Staff Support	68,508
General Administration	167,001
Building Administration	223,997
Business Administration	37,597
Operations and Maintenance	499,483
Student Transportation	223,872
Facilities Acquisition:	
Building Improvement Services	
Construction Services	
Debt Service:	
Services	
Principal	
Interest	
Intergovernmental:	
AEA Flowthrough	180,772
Total Expenditures	<u>4,380,445</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,524</u>
Other Financing Sources (Uses):	
Operating Transfers In	
Operating Transfers Out	
Sale of Equipment & Material	310
Total Other Financing Sources (Uses)	<u>310</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	6,834
Fund Balances - Beginning of Year	572,287
Fund Balances - End of Year	<u>\$ 579,121</u>

See Accompanying Notes to Financial Statements

	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$	397,701	\$ 211,471	\$ 411,590	\$ 2,627,997
				2,628,864
				150,870
	397,701	211,471	411,590	5,407,731
				2,111,127
				488,536
				146,508
			310,159	401,815
				141,388
				68,508
			70,906	237,907
				223,997
				37,597
				499,483
				223,872
	3,814		3,200	7,014
	336,096			336,096
		400		400
		235,000		235,000
		24,752		24,752
				180,772
	339,910	260,152	384,265	5,364,772
	57,791	(48,681)	27,325	42,959
		50,000		50,000
	(50,000)			(50,000)
				310
	(50,000)	50,000	-	310
	7,791	1,319	27,325	43,269
	489,944	144,457	203,177	1,409,865
\$	497,735	\$ 145,776	\$ 230,502	\$ 1,453,134

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 19)	\$	43,269
Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year.		143,732
Accrued Expenses not reported on modified accrual basis		307
The repayment of the principal of the lease purchase agreement consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on the lease purchase agreement. The principal paid on the lease purchase agreement during the current year was:		13,776
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:		<u>235,000</u>
Change in net assets of governmental activities (page 15)	\$	<u><u>436,084</u></u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Balance Sheet
Proprietary Fund
June 30, 2005

	School Nutrition Fund
Assets	
Cash and Pooled Investments	\$ 4,051
Inventories	13,592
Property and Equipment, Net of Accumulated Depreciation	19,751
Total Assets	37,394
Liabilities	
Due to Other Funds	142
Equity	
Invested in Capital Assets	19,751
Reserved for Inventories	13,592
Unrestricted	3,909
Total Liabilities and Equity	\$ 37,394

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2005

	School Nutrition Fund
Operating Revenues:	
Sale of Lunches and Breakfasts:	
Students	\$ 87,394
Adults	9,637
	97,031
Operating Expenditures:	
Food Service Operations:	
Salaries	75,903
Benefits	8,883
Supplies	105,317
Depreciation	2,667
	192,770
Total Operating Expenses	192,770
Operating Loss	(95,739)
Non-Operating Revenues :	
Interest Income	534
State Lunch and Breakfast Program Claims	3,397
National School Lunch Program	61,218
Federal Food Commodities Received	22,139
	87,288
Total Non-Operating Revenues	87,288
Change in net assets	(8,451)
Net Assets-beginning, as previously stated	48,852
Prior Period Adjustment	(3,149)
	37,252
Net Assets-ending	\$ 37,252

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
Business Type Activity
For the Year Ended June 30, 2005

	School Nutrition Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 97,031
Cash payments to employees for services	(84,786)
Cash payments to suppliers for goods and services	(85,693)
Net cash used by operating activities	(73,448)
Cash flows from noncapital financing activities:	
State grants received	3,397
Federal grants received	61,218
Interfund amounts received	5,602
Net cash provided by noncapital financing activities	70,217
Cash flows from investing activities:	
Interest on investments	534
Net decrease in cash and cash equivalents	(2,697)
Cash and pooled investments - beginning of year	6,748
Cash and pooled investments - end of year	4,051
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(95,739)
Depreciation Expense	2,667
Change in assets and liabilities:	
Commodities Used	22,139
(Increase) in inventory	(2,515)
Net cash used in operating activities	(73,448)
Supplemental schedule of noncash noncapital financing activities:	
Federal food commodities received	\$ 22,139

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 1 – Summary of Significant Accounting Policies

The Woodbury Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic areas served includes the city of Merville, Iowa, and the predominate agricultural territory in Woodbury County. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

A. Reporting Entity

For financial reporting purposes, Woodbury Central Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Woodbury Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

These financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the District's governing body, and by financial reporting standards for governmental units are included herewith.

The Governmental Accounting Standards Board is responsible for establishing U.S. GAAP for state and local government through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in U.S. GAAP and used by the District are discussed below.

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 Woodbury County Assessor's Conference Board.

B. Basic Financial Statements- Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital project, and debt service funds are classified as governmental activities. The District's school nutrition fund is classified as a business-type activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts- invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first uses restricted resources to finance qualifying activities.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 1 – Summary of Significant Accounting Policies (Continued)

The Government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two types: governmental and proprietary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The following are the District's governmental funds.

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the General Fund consists primarily of local property taxes and state government aid.

Special Revenue Fund – Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted for specified purposes. Each of the District's Special Revenue Funds has been established to reflect restricted revenue sources provided to school districts by the Iowa State Statutes. The funds included in this category and their purposes are as follows:

Management Fund – Accounts for a levy of seventy-eight cents per thousand dollars of assessed valuation in the district for insurance premiums and unemployment compensation insurance claims.

Physical Plant and Equipment Levy – Accounts for a regular levy of thirty-three cents per thousand dollars of assessed valuation in the district as well as an additional special voted property tax levy of one dollar per thousand dollars of assessed valuation in the district for use in purchase of equipment and repairing and improving schoolhouse buildings and grounds.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 1 – Summary of Significant Accounting Policies (Continued)

Student Activity Fund – Accounts for student clubs and other activities not necessary to regular instruction services that are financed partly or entirely by admissions and student fund-raising activities.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term debt principal and interest.

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

PROPRIETARY FUND TYPES

Proprietary funds are used to account for the District's ongoing activities that are similar to those often found in the private sector, where the measurement focus is upon the flow of economic resources. The fund included in this category and its' purpose are as follows:

Enterprise Fund – The Enterprise Fund is used to account for operations: (a) which are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The fund included in this category and its purpose is as follows:

School Nutrition Fund – Accounts for the food service operations of the District. It is the policy of the District to treat all direct food sales as operating revenues, and to treat all investment income and state and federal aid as nonoperating revenues.

MAJOR FUNDS

Major funds are those funds whose operations have a material impact on the operation of the government on the whole. They are presented separately from the other governmental funds. The General Fund is always a major fund. This year, the Capital Projects Fund qualified for as a major fund, and the District requested that the Debt Service Fund be treated as a major fund.

D. Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 1 – Summary of Significant Accounting Policies (Continued)

Because of their flow of current financial resources measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Those revenues susceptible to accrual are property taxes, interest revenue, and intergovernmental revenue (shared revenues, grants and reimbursements from other governments). Revenue from federal and state grants and similar programs are recognized when a District has done everything necessary to establish its right to the revenue. Usually this is at the time an expenditure has been incurred for an authorized purpose.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary Fund type operating statements present increases (e.g. revenue) and decreases (e.g. expenses) in net total assets. In reporting the financial activity of its proprietary funds, 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.

Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgetary Accounting- 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 expendable trust funds and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis.

E. Assets, Liabilities, and Fund Equity

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

Cash and Temporary Cash Investments – The cash balances of most District funds are pooled and invested. For purposes of the statement of cash flows, the proprietary fund type considers 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. Cash investments not meeting the definition of cash equivalents at June 30, 2005 included certificates of deposits of \$16,337 with original maturity dates longer than three months.

Interfund Activity – Interfund balances outstanding at year-end were between the Activity Fund and the Nutrition Fund. The purpose of the balances between the Activity Fund and the Nutrition Fund was to accrue expenses that the Activity Fund paid on the Nutrition Fund's behalf.

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 to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 1 – Summary of Significant Accounting Policies (Continued)

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 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

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

Inventories – Inventory items are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities.

Property and Equipment – Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District's capitalization policy is \$1,000. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and structures	25 - 50 years
Machinery and equipment	5 - 10 years

During the year ended June 30, 2005, no interest costs were capitalized since the District's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

Proprietary Fund – Proprietary fund type property and equipment is accounted for at historical costs or estimated historical costs where historical cost is not available. Contributed fixed assets are recorded at estimated fair market value at the date received.

The Proprietary Fund uses the same capitalization policy as the rest of the District. Accumulated depreciation is reported on the Proprietary Fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives for machinery and equipment are 10-15 years.

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable as well as delinquent property tax receivable and other receivables not collected within sixty days after year end, excluding grant receivables.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences – There is no liability for unpaid accumulated vacation or sick leave since the District does have a policy in which employees are required to use it or lose it. The District does not pay this amount when employees separate from service.

Designated Fund Balance – The District has designated a portion of its fund balance for cash flow as well as providing for a potential emergency.

Note 2 – Deposits and Investments

The School District's deposits at June 30, 2005 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 School is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2005, the District had deposits with financial institutions with a carrying amount of \$1,709,564 and a bank balance of \$1,835,455. At June 30, 2005, its investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
Iowa School Cash Anticipation Program 2005-2006 Series A	\$ 699,083	6/28/06	Unrated
Iowa School Joint Investment Trust	17,724	None	Unrated
Total	<u>\$ 716,807</u>		

Note 3 – Area Education Agency

The District is required by the Code of Iowa to budget for its share of the media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$180,772 for the year ended June 30, 2005, and is recorded in the General Fund.

Note 4 – Retirement System

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 that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$166,864, \$165,125, and \$153,248 respectively, equal to the required contributions for each year.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 5 – Capital Assets

Capital Asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2005
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 88,204				\$ 88,204
Construction in Progress		\$ 309,154			309,154
Total capital assets not being depreciated	88,204	309,154			397,358
Capital assets being depreciated:					
Buildings	5,667,608	6,612			5,674,220
Improvements Other than Buildings	419,133			\$ 542	419,675
Furniture and Equipment	1,602,154	52,220	\$ 3,379	73,353	1,724,348
Total capital assets being depreciated	7,688,895	58,832	3,379	73,895	7,818,243
Less accumulated depreciation for:					
Buildings	1,980,870	100,721		51,533	2,133,124
Improvements Other than Buildings	297,248	16,727		10,988	324,963
Furniture and Equipment	1,187,990	106,806	3,379	82,975	1,374,392
Total accumulated depreciation	3,466,108	224,254	3,379	145,496	3,832,479
Total capital assets being depreciated, net	4,222,787	(165,422)	(0)	(71,601)	3,985,764
Governmental activities capital assets, net	\$ 4,310,991	\$ 143,732	\$ (0)	\$ (71,601)	\$ 4,383,122

	Balance July 1, 2004	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2005
Business-Type Activities:					
Furniture and Equipment	\$ 114,129			\$ 3,550	\$ 117,679
Less accumulated depreciation	88,562	\$ 2,667		6,699	97,928
Business-type activities capital assets, net	\$ 25,567	\$ (2,667)		\$ (3,149)	\$ 19,751

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Regular Instruction	\$ 17,162
Vocational Instruction	4,259
Co-Curricular Instruction	16,761
Instructional Staff Support	12,648
General Administration/Multi-Functional	140,077
Operations and Maintenance	3,686
Transportation	29,661
Total depreciation expense – governmental activities	<u>\$ 224,254</u>
Business-Type Activities:	
Food Service Operations	<u>\$ 2,667</u>

See Note 9 for an explanation of the prior period adjustment.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 6 – Long-Term Debt

A summary of changes in long-term debt of the year ended June 30, 2005 is as follows:

	General Obligation Bonds	Lease/ Purchase Agreement	Total
Balance beginning of year	\$ 1,215,000	\$ 57,844	\$ 1,272,844
Additions	-	-	
Deletions	(235,000)	(13,776)	(248,776)
Balance end of year	<u>\$ 980,000</u>	<u>\$ 44,068</u>	<u>\$ 1,024,068</u>

Bonded Debt

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

	Ending June 30	Principal	Interest	Total
2006		\$ 240,000	\$ 20,640	\$ 260,640
2007		240,000	15,990	255,990
2008		245,000	11,070	256,070
2009		255,000	5,217	260,217
Totals		<u>\$ 980,000</u>	<u>\$ 52,917</u>	<u>\$ 1,032,917</u>

Lease Purchase Agreement

The District purchased a copier for \$73,588 in fiscal 2003 through capital leasing arrangements in the General fund. The monthly payment is \$1,492, and the lease concludes in March 2008, at which time The District retains ownership of the copier. Future minimum lease payments are as follows:

	Ending June 30	Principal	Interest	Total
2006		\$ 14,919	\$ 2,986	\$ 17,905
2007		16,157	1,748	17,905
2008		12,992	437	13,429
Totals		<u>\$ 44,068</u>	<u>\$ 5,171</u>	<u>\$ 49,239</u>

Note 7 – Iowa Schools Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semi-annual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semi-annual period. ISCAP accounts for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co., N.A. is the trustee for the program. The accounts are reflected as restricted assets on the balance sheet. A summary of the District's participation in ISCAP as of June 30, 2005 is as follows:

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2005

Note 7 – Iowa Schools Cash Anticipation Program (ISCAP) (Continued)

Series	Warrant Date	Date Warrant Reinvested	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2004-2005A	6/30/04	6/30/05	\$ -	\$ 136	\$ -	\$ -
2005-2006A	6/28/05	6/28/06	699,083	149	696,000	133
		Totals	<u>\$ 699,083</u>	<u>\$ 285</u>	<u>\$ 696,000</u>	<u>\$ 133</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There were no ISCAP advances for the year ended June 30, 2005.

The 2004-2005A Series warrants carried an interest rate of 3.000%, and available proceeds of the warrants were invested at a rate of 2.4630%. The 2005-2006A Series warrants bear an interest rate of 3.500%, and available proceeds of the warrants are invested at a rate of 3.903%

Note 8 – Risk Financing

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended June 30, 2005 the District has elected to purchase commercial insurance to cover against the risk of loss. There were no settlements that exceeded insurance coverage during the past three years or any significant reductions in coverage.

Note 9 – Prior Period Adjustments

In prior periods, governmental and business-type fixed assets were depreciated on a straight-line-by-month basis. In the current period, the District updated its fixed asset software and depreciated its assets on a full-year basis. The resulting application of the new basis led increased accumulated depreciation in prior periods. As a result, as of June 30, 2004, governmental accumulated depreciation was understated by \$115,754, and business-type accumulated depreciation was understated by \$3,149.

Also in the current period, the District conducted a full physical inventory of its fixed assets. It found that \$3,550 in business-type fixed assets and \$48,807 in governmental fixed assets were omitted from prior periods. All these assets were fully depreciated prior to June 30, 2003.

In addition, it was discovered that a photocopier was undervalued in the records, that its purchase date was incorrectly listed as January 2000 instead of March 2003, and that the lease purchase agreement was not recorded. This led to, as of June 30, 2004, depreciation expense being understated by \$5,018, accumulated depreciation being overstated by \$19,065, governmental assets being understated by \$25,088, long-term liabilities being understated by \$57,844, and net assets being overstated by \$13,691.

Note 10 – Construction Commitments

The District entered into a construction contract as of June 30, 2005 totaling \$359,700 for the renovation and expansion of elementary classrooms. The remaining balance not in process at year end was \$105,062.

REQUIRED SUPPLEMENTAL INFORMATION

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances-
Budget and Actual (Cash Basis)-
General Fund and Proprietary Fund
Year Ended June 30, 2005

	General Fund Actual	Proprietary Fund Actual	Total Actual	Final Budget	Variance with budget Favorable (Unfavorable)
Receipts:					
Local Sources	\$ 1,671,404	\$ 97,565	\$ 1,768,969	\$ 1,787,666	\$ (18,697)
State Sources	2,619,627	3,397	2,623,024	2,733,836	(110,812)
Federal Sources	155,977	61,218	217,195	211,000	6,195
Total Revenues	<u>4,447,008</u>	<u>162,180</u>	<u>4,609,188</u>	<u>4,732,502</u>	<u>(123,314)</u>
Expenditures:					
Instruction	2,840,211	-	2,840,211	3,100,000	259,789
Support Services	1,316,906	-	1,316,906	1,390,607	73,701
Non-Instructional Programs	-	164,877	164,877	186,000	21,123
Other Expenditures	180,772	-	180,772	180,772	-
Total Expenditures	<u>4,337,889</u>	<u>164,877</u>	<u>4,502,766</u>	<u>4,857,379</u>	<u>354,613</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>109,119</u>	<u>(2,697)</u>	<u>106,422</u>	<u>(124,877)</u>	
Other Financing Sources					
Sale of Equipment & Material	<u>310</u>	<u>-</u>	<u>310</u>	<u>-</u>	
Total Other Financing Sources	<u>310</u>	<u>-</u>	<u>310</u>	<u>-</u>	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>109,429</u>	<u>(2,697)</u>	<u>106,732</u>	<u>(124,877)</u>	
Fund Balance/Retained Earnings Beginning of Year	<u>734,589</u>	<u>6,748</u>	<u>741,337</u>	<u>741,337</u>	
Fund Balance/Retained Earnings End of Year	<u>\$ 844,018</u>	<u>\$ 4,051</u>	<u>\$ 848,069</u>	<u>\$ 616,460</u>	

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as 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 District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$498,411.

There was one amendment made during the fiscal year ending June 30, 2005. The original budget by functional area, amendments, and the amended budget by functional area were as follows:

	Original Budget	Amendments	Amended Budget
Instruction	\$ 3,123,000	\$ 182,899	\$ 3,305,899
Student Support Services	1,394,400	95,607	1,490,007
Non-Instructional	193,000	2,000	195,000
Other Expenditures	840,524	217,905	1,058,429

A comparison of cash basis revenues, expenditures or expenses and changes in balance with the cash basis budget, which is legally controlled by functional areas, is presented here. Operations and ending fund balances on the cash and modified accrual or accrual basis have been reconciled as follows:

	<u>Governmental Fund Types</u>		
	<u>General</u>		<u>Modified Accrual Basis</u>
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	
Revenues	\$ 4,447,008	\$ (60,039)	\$ 4,386,969
Expenditures	4,337,889	42,556	4,380,445
Net	109,119	(102,595)	6,524
Other Financing Sources (Uses)	310	-	310
Beginning Fund Balance	734,589	(162,302)	572,287
Ending Fund Balance	\$ 844,018	\$ (265,032)	\$ 579,121

	<u>Governmental Fund Types</u>		
	<u>Special Revenue</u>		<u>Modified Accrual Basis</u>
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	
Revenues	\$ 417,429	\$ (5,839)	\$ 411,590
Expenditures	388,976	(4,711)	384,265
Net	28,453	(1,128)	27,325
Other Financing Sources (Uses)	-	-	-
Beginning Fund Balance	200,533	2,644	203,177
Ending Fund Balance	\$ 228,986	\$ 1,516	\$ 230,502

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2005

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Debt Service</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 213,988	\$ (2,517)	\$ 211,471
Expenditures	260,152	-	260,152
Net	(46,164)	(2,517)	(48,681)
Other Financing Sources (Uses)	50,000	-	50,000
Beginning Fund Balance	139,271	5,186	144,457
Ending Fund Balance	<u>\$ 143,107</u>	<u>\$ 2,669</u>	<u>\$ 145,776</u>

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Capital Projects</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 401,361	\$ (3,660)	\$ 397,701
Expenditures	266,758	73,152	339,910
Net	134,603	(76,812)	57,791
Other Financing Sources (Uses)	(50,000)	-	(50,000)
Beginning Fund Balance	438,909	51,035	489,944
Ending Fund Balance	<u>\$ 523,512</u>	<u>\$ (25,777)</u>	<u>\$ 497,735</u>

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Total</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 5,479,786	\$ (72,055)	\$ 5,407,731
Expenditures	5,253,775	110,997	5,364,772
Net	226,011	(183,052)	42,959
Other Financing Sources (Uses)	310	-	310
Beginning Fund Balance	1,513,302	(103,437)	1,409,865
Ending Fund Balance	<u>\$ 1,739,623</u>	<u>\$ (286,489)</u>	<u>\$ 1,453,134</u>

	<u>Proprietary Fund Type-Enterprise</u>		
	<u>Cash Basis</u>	<u>Total</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 162,180	\$ 22,139	\$ 184,319
Expenditures	164,877	30,032	194,909
Net	(2,697)	(7,893)	(10,590)
Beginning Fund Balance	6,748	42,104	48,852
Ending Retained Earnings	<u>\$ 4,051</u>	<u>\$ 34,211</u>	<u>\$ 38,262</u>

SUPPLEMENTAL INFORMATION

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund
Year Ended June 30, 2005

Schedule 1

Revenues:

Local Sources:

Local Tax:

Property Tax	\$ 1,124,728
Instructional Support from Income Taxes	106,183
Utility Tax Replacement Excise Taxes	22,185
Mobile Home Tax	4,570
	1,257,666

Other Local Sources:

Interest on Investments	27,280
Tuition from Other Districts	256,956
Preschool Tuition	14,610
Transportation Fees	6,951
Miscellaneous	43,772
	349,569
	1,607,235

State Sources:

Foundation Aid-District's Share	2,219,601
Instructional Support State Aid	14,045
Teachers Compensation Allocation	50,061
Educational Excellence Program:	
Phase I	40,371
Phase II	48,105
Iowa Early Intervention Block Grant	36,621
AEA Flow-Through	180,772
Other State Aid	39,288
	2,628,864

Federal Sources:

Title I Grants to Local Educational Agencies	53,217
Teacher Quality Program	19,906
Safe and Drug-Free Schools and Communities	2,542
Vocational Education - Basic Grants to States	36,499
Other	38,706
	150,870

Total Revenue	\$ 4,386,969
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Expenditures:

Instruction:

Regular Program Instruction:

Salaries	\$ 1,486,074
Employee Benefits	327,512
Contractual Services	118,076
General Supplies	121,832
Equipment-Additional	54,469
Other	3,164
	2,111,127

Continued

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund - Continued
Year Ended June 30, 2005

Schedule 1 (Continued)

Expenditures (continued):

Instruction (continued):

Special Education Instruction:

Salaries	318,300
Employee Benefits	70,964
Contractual Services	88,911
General Supplies	9,518
Equipment-Additional	118
Other	725
	488,536

Vocational Program Instruction:

Salaries	120,341
Employee Benefits	16,675
Contractual Services	4,235
General Supplies	4,881
Equipment-Additional	376
	146,508

Co-curricular Program Instruction and Sports:

Salaries	75,596
Employee Benefits	11,387
General Supplies	4,673
	91,656

Total Instruction

\$ 2,837,827

Support Services:

Student Support Services:

Salaries	\$ 114,212
Employee Benefits	25,621
General Supplies	1,542
Other	13
	141,388

Instructional Staff Support Services:

Salaries	53,197
Employee Benefits	9,911
General Supplies	5,400
	68,508

General Administration:

Salaries	91,524
Employee Benefits	21,878
Contractual Services	21,223
General Supplies	6,792
Other	25,584
	167,001

Continued

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund - Continued
Year Ended June 30, 2005

Schedule 1 (Continued)

Expenditures (continued):

Support Services (continued):

Building Administration:

Salaries	183,087
Employee Benefits	39,055
General Supplies	1,579
Other	276
	223,997

Business Administration Services:

Salaries	30,003
Employee Benefits	7,594
	37,597

Operation and Maintenance Services:

Salaries	230,555
Employee Benefits	50,769
Contractual Services	60,368
General Supplies	151,451
Equipment-Additional	6,340
	499,483

Student Transportation:

Salaries	117,626
Employee Benefits	15,904
Contractual Services	38,299
General Supplies	44,997
Other	7,046
	223,872

Total Support Services

\$ 1,361,846

Other Expenditures:

AEA Flow-Through	180,772
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Total Expenditures 4,380,445

Excess of Revenues Over Expenditures 6,524

Other Financing Sources:

Sale of Equipment & Material	310
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Excess of Revenues and other Sources Over Expenditures 6,834

Balance Beginning of Year 572,287

Balance End of Year \$ 579,121

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2005

Schedule 2

	Special Revenue Funds			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets:				
Cash and Pooled Investments	\$ 84,242	\$ 61,658	\$ 83,086	\$ 228,986
Receivables:				
Property Tax - Current Year	958		416	1,374
Property Tax - Succeeding Year	75,000		32,713	107,713
Due from Other Funds		142		142
Total Assets	<u>160,200</u>	<u>61,800</u>	<u>116,215</u>	<u>338,215</u>
Liabilities:				
Deferred Revenue - Succeeding Year Property Tax	75,000		32,713	107,713
Total Liabilities	<u>75,000</u>	<u>-</u>	<u>32,713</u>	<u>107,713</u>
Fund Balances:				
Unreserved, undesignated fund balance	85,200	61,800	83,502	230,502
Total Liabilities and Equity	<u>\$ 160,200</u>	<u>\$ 61,800</u>	<u>\$ 116,215</u>	<u>\$ 338,215</u>

**WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2005**

Schedule 3

	Special Revenue Funds			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenue:				
Local Sources:				
Property Taxes	\$ 73,234		\$ 31,946	\$ 105,180
Utility Tax Replacement Excise Taxes	1,445		627	2,072
Mobile Home Taxes	300		130	430
Other Local Sources:				
Interest on Investments	597	\$ 286	768	1,651
Student Activities		301,541		301,541
Miscellaneous	716			716
Total Revenue	76,292	301,827	33,471	411,590
Expenditures:				
Instruction:				
Co-curricular		310,159		310,159
Support Services:				
General Administration	70,906			70,906
Facilities Acquisition:				
Building Improvement Services			3,200	3,200
Total Expenditures	70,906	310,159	3,200	384,265
Deficiency of Revenues over Expenditures	5,386	(8,332)	30,271	27,325
Fund Balances - Beginning of Year	79,814	70,132	53,231	203,177
Fund Balances - End of Year	\$ 85,200	\$ 61,800	\$ 83,502	\$ 230,502

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Schedule of Individual Student Activity Account Activity
For the Year Ended June 30, 2005

Schedule 4

	Balance June 30, 2004	Revenues	Expenditures	Transfers	Balance June 30, 2005
General	\$ (2,916)	\$ 6,322	\$ 12,006	\$ 3,892	\$ (4,708)
Juice Machine	(61)	80	719		(700)
Miscellaneous	(89)				(89)
Reserve for Contingencies	14,571	337	1,398		13,510
Interest	6,764	649			7,413
Educational Extras	1,891	1,760	525		3,126
School Play	(3,285)				(3,285)
Speech	(608)	7	903	608	(896)
Band	8,003	16,944	23,375	2,683	4,255
Vocal Music	(603)		433	603	(433)
Instrumental Music	(1,017)	34	1,270	1,017	(1,236)
Athletics	4,187	117,875	122,079	(254)	(271)
Weight Room	1,636	13,367	11,877	281	3,407
Student Council	471	1,816	949		1,338
Wildcat Products	730		206		524
Class of 2004	(27)				(27)
Class of 2005	(345)	450	892	(40)	(827)
Class of 2006	(29)	8,286	10,945	1,902	(786)
Class of 2007	(36)		30	(49)	(115)
Class of 2008	-	339	447		(108)
Library	592	30			622
Drill Team	2,143	7,640	7,729	223	2,277
Cheerleaders	3,105	12,098	13,858	(1,373)	(28)
Cheerleaders Cash for Change	-	24			24
Student Trips	946	1,750		(1,750)	946
Swing Choir	(1,256)	12,555	8,582	(2,620)	97
School Gardens	260				260
Miscellaneous Resale	2,760	8,212	9,390	2,338	3,920
Middle School	1,179	5,442	8,311	(218)	(1,908)
Middle School Music	406				406
CAT Shop	887	10,391	12,153	(1,610)	(2,485)
Industrial Arts	(604)	870	1,657	611	(780)
Concessions	8,032	29,303	22,787	(1,138)	13,410
Concessions Cash for Change	(300)	300			-
Yearbook	2,170	7,740	8,291		1,619
Elementary Fundraiser	8,841	15,124	15,317	10	8,658
Books	6,289	6,134		(6,288)	6,135
Spanish Club	273	840	1,042		71
SHIP Grant	(25)				(25)
Pop Machines	-	956	1,475	519	-
Petty Cash	50				50
Color Guard	243	500		(140)	603
Theatre Fund	3,456	9,868	9,150	616	4,790
School Cents	452	2,877	211		3,118
Moville Food Pantry	585				585
Fine Arts	25				25
Art Club	306				306
Character Education	-	799	2,046	177	(1,070)
Wellness	80	108	106		82
	<u>\$ 70,132</u>	<u>\$ 301,827</u>	<u>\$ 310,159</u>	<u>\$ -</u>	<u>\$ 61,800</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Comparison of Taxes and Intergovernmental Revenues and Receipts
For the Years Ended June 30, 2005, 2004, 2003, 2002

Schedule 5

	Modified Accrual Basis of Accounting			
	2005	2004	2003	2002
Local Sources:				
Property Taxes	\$ 1,434,739	\$ 1,458,157	\$ 1,465,221	\$ 1,488,837
Utility Tax Replacement Excise Taxes	28,280	53,275	51,451	35,861
Mobile Home Taxes	5,837	5,571	6,230	5,452
Instructional Support from Income Taxes	106,183	99,378	97,003	96,195
Local Sales and Services Taxes	388,344	421,938	363,112	372,731
	<u>1,963,383</u>	<u>2,038,319</u>	<u>1,983,017</u>	<u>1,999,076</u>
State Sources:				
State Foundation Aid	2,219,601	1,953,322	1,867,791	2,012,753
School Improvement and Technology	-	-	-	12,617
Teachers Compensation Allocation	50,061	45,969	39,821	39,937
Lunch and Breakfast Program Claims	3,397	2,862	3,285	3,375
Educational Excellence Program:				
Phase I	40,371	40,079	41,350	41,350
Phase II	48,105	47,339	47,292	50,435
Phase III	-	-	11,751	28,821
Instructional Support State Aid	14,045	13,143	14,007	15,402
Iowa Early Intervention Block Grant	36,621	36,428	35,768	39,928
AEA Flow-Through	180,772	166,997	177,821	180,332
Other State Aid	39,288	11,300	22,060	3,527
	<u>2,632,261</u>	<u>2,317,439</u>	<u>2,260,946</u>	<u>2,428,477</u>
Federal Sources:				
Title I	53,217	59,526	59,653	63,453
Safe and Drug Free Schools and Communities	2,542	5,771	3,022	4,399
Innovative Education Program Strategies (Title VI Program)	-	3,690	3,075	3,254
Vocational Education - Grants to States	36,499	35,734	51,300	50,402
National School Lunch Fund	61,218	60,616	58,130	57,563
Food Distribution	22,139	17,308	33,154	19,509
Federal Teacher Quality Program	19,906	19,685	21,146	12,744
Other Federal Aid	38,706	57,570	25,678	15,020
	<u>234,227</u>	<u>259,900</u>	<u>255,158</u>	<u>226,344</u>
Total	<u>\$ 4,829,871</u>	<u>\$ 4,615,658</u>	<u>\$ 4,499,121</u>	<u>\$ 4,653,897</u>

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
Woodbury Central Community School District

We have audited the financial statements of the WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT as of and for the year ended June 30, 2005, and have issued our report thereon dated September 9, 2005. 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.

Compliance:

As part of obtaining reasonable assurance about whether the Woodbury Central Community School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 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.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Woodbury Central Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Woodbury Central Community School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-05.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe II-A-05 is a material weakness.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of Woodbury Central Community School District and other parties to whom the Woodbury Central Community School District may report. 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 Woodbury Central Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Sioux City, Iowa
September 9, 2005

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions 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 non-compliance, which is material to the financial statements.

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

REPORTABLE CONDITIONS:

II-A-05 Financial Accounting – Segregation of Duties

- A. Observation – The School District accountant is involved in almost all phases of the finance operations, including check preparation, preparation of journal entries, as well as financial reporting and statements. We did note that the accountant is not involved with the receipt of any cash or checks and that invoices/claims are not paid until reviewed by the superintendent. We also noted that the financial reporting is under the direction of the superintendent.

Recommendation – With a limited number of personnel, segregation of duties is difficult. The School District has implemented management review procedures which we feel aid in improving the internal controls of the School District. However, we comment that this weakness exists and the duties of the accountant should be continually monitored by management.

Response – The District feels that additional personnel would not be cost effective. However, management will continue to monitor transactions on a regular basis.

Conclusion – Response accepted.

Part III: Other Findings Related to Statutory Reporting:

- III-A-05 Official Depositories – A resolution naming official depositories has been approved by the District. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

- III-B-05 Certified Budget – Disbursements for the year ended June 30, 2005 did not exceed amounts budgeted.
- III-C-05 Questionable Disbursements – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-D-05 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.
- III-E-05 Business Transactions – There were no business transactions between the District and District officials or employees during the year ended June 30, 2005.
- III-F-05 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.
- III-G-05 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- III-H-05 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- III-I-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- III-J-05 Certified Annual Report – The Certified Annual Report was not filed with the Department of Education on a timely basis. We noted no significant deficiencies in the amounts reported.
- Recommendation – The Certified Annual Report must be filed by September 15 of the succeeding year.
- Response – Future Certified Annual Reports will be filed by the deadline.
- Conclusion – Response accepted.