

**WOODBURY CENTRAL COMMUNITY
SCHOOL DISTRICT**

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2006

**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, 2006

**Board of Education
(Before September 2005 Election)**

		Term Expires
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

**Board of Education
(After September 2005 Election)**

Joyce Kizzier	President	2008
Jerry Steffen	Vice President	2007
Don Chesley	Board Member	2006
Thomas Conolly	Board Member	2006
Brian Sadler	Board Member	2006
Kari Bappe	Board Member	2007
Marc Boothby	Board Member	2008

School Officials

Thomas Cooper	Superintendent	2006
Christen Howrey	Secretary-Treasurer	2006
James Hanks	Attorney	Indefinite



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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, 2006, 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, 2006 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 1, 2006, 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 34 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, 2005 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 1, 2006

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, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

This is the third 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

- ❖ \$4,641,113 in general fund revenue
- ❖ \$4,648,064 in general fund expenses
- ❖ The district recorded an increase in net assets of \$486,777 largely due to some construction in progress of an elementary remodel and addition during the beginning of fiscal year 2006, an increase in succeeding year property tax, and payment on the long-term debt associated with bond.
- ❖ The District's General Fund balance decreased to \$572,170, compared to \$579,121 in fiscal year 2005.
- ❖ The District completed construction on an elementary remodel and addition during the beginning of the fiscal year ending June 30, 2006.
- ❖ An 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 \$27,280 in fiscal year 2005 to \$52,791 in fiscal year 2006.

Overview of the Financial Statements

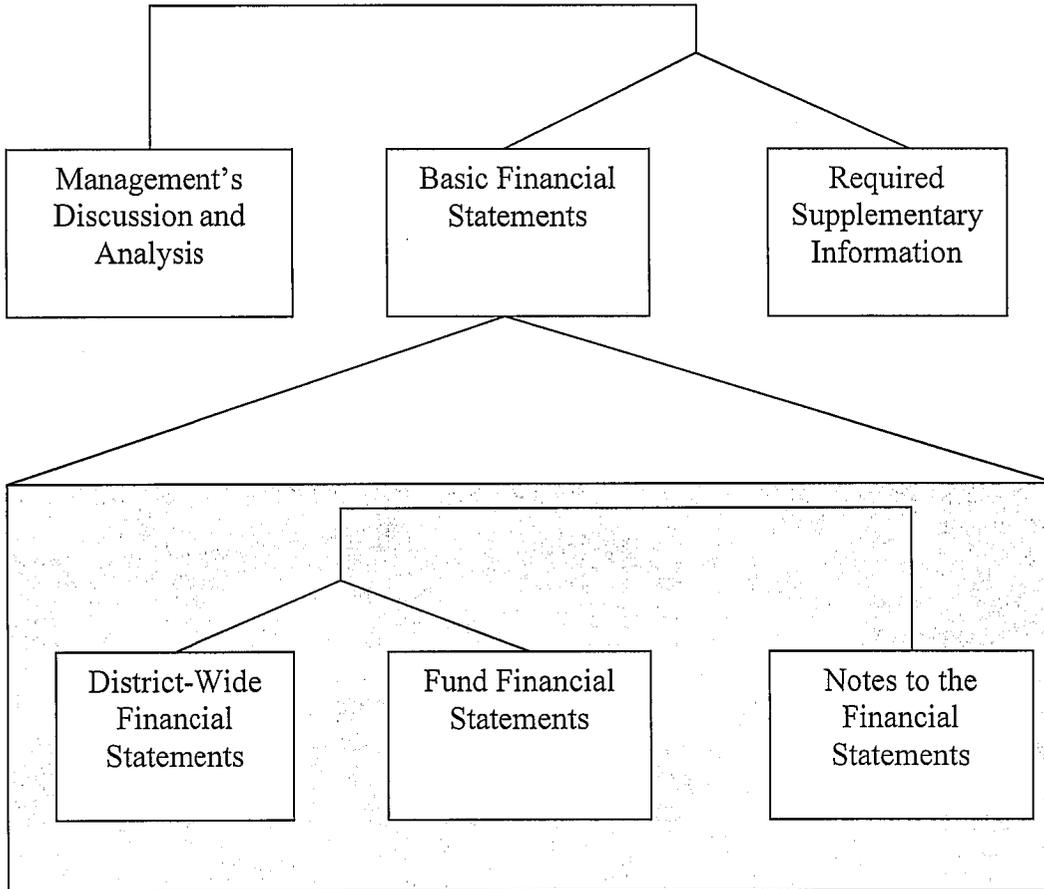
This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- ❖ 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 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 and the activity fund
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 two 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 two enterprise funds, the school nutrition fund and the activity 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 funds. 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 2005-2006 marks the third 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.

Figure A-3 Condensed Statement of Net Assets (expressed in thousands)							
	Governmental Activities		Business-Type Activities		Total School District		Total Change
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other Assets	\$ 4,438	\$ 4,111	\$ 22	\$ 18	\$ 4,460	\$ 4,129	\$ 331
Capital Assets	4,461	4,383	18	19	4,479	4,402	77
Total Assets	8,899	8,494	40	37	8,939	8,531	408
Current Liabilities	2,864	2,659			2,864	2,659	205
Long-Term Liabilities	740	1,024			740	1,024	(284)
Total Liabilities	3,604	3,683			3,604	3,683	(79)
Net Assets:							
Invested in capital assets, net of debt	3,721	3,359	18	19	3,739	3,378	361
Restricted	154	146			154	146	8
Unrestricted	1,420	1,306	22	18	1,442	1,324	118
Total net assets	\$ 5,295	\$ 4,811	\$ 40	\$ 37	\$ 5,335	\$ 4,848	\$ 487

Comments:

Long-term liabilities decreased due to the annual pay down of the bonds set for fiscal year 2006 of \$240,000. The value of the capital assets decreased in proportion to the amount depreciated less the amount of the additions. (See Note 5 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 School District	Total School District
2006	2006	2006	2005
Revenues:			
Program revenues:			
Charges for services and sales	\$ 619	\$ 119	\$ 738
Operating grants, contributions and restricted interest	576	87	663
General Revenues:			
Taxes Levied for General Purposes	1,135		1,135
Taxes Levied for Debt Service	201		201
Taxes Levied for Specific Purposes	105		105
Income Surtax, Local Option, Mobile Home Taxes	549		549
Federal & State Aid, Unrestricted:			
General	2,355		2,355
Other			2,270
Interest Earnings	83	1	84
Miscellaneous & Other Revenues	59	1	60
Sale of Equipment & Material	28		28
Total Revenues	5,710	208	5,918
Program expenses:			
Governmental Activities:			
Instruction	3,308		3,308
Support services	1,690		1,690
Non-instructional programs	228	205	433
Total Expenses	5,226	205	5,165
Change in net assets	\$ 484	\$ 3	\$ 487
			\$ 428

District Activities

The District had total revenues of \$5,919,822 of which \$5,711,030 was for governmental activities and \$208,792 was for business-type activities.

Total revenues exceeded expenses, increasing the fund balances by \$486,777. This increase is attributable to the governmental activities.

The District's predominant expenses are related to instruction, as can be seen in figure A-6.

Figure A-5

Sources of Revenue for Fiscal Year 2006

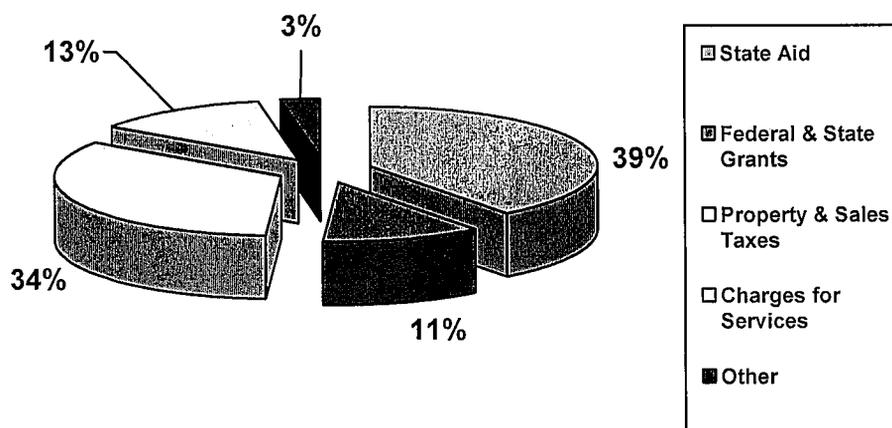
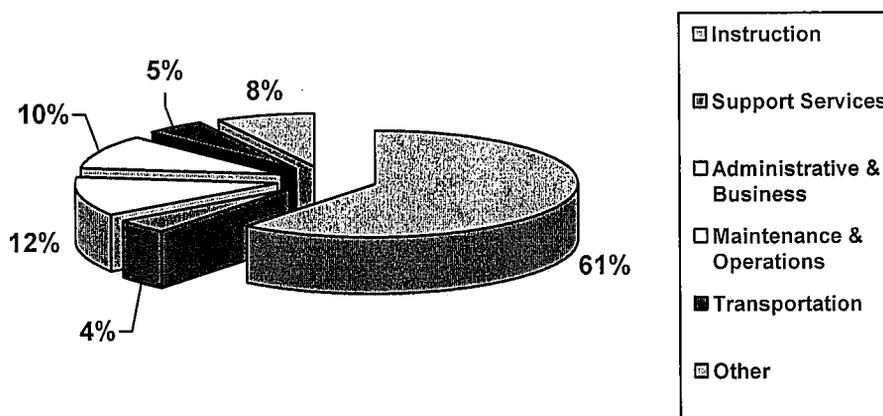


Figure A-6

Expenses for Fiscal Year 2006



Governmental Activities

Revenues for governmental activities were \$5,711,030, while total expenses amounted to \$5,226,690.

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	Total Cost	Net Cost Of	Net Cost
	Of Service	Of Service	Services	Of Services
	2006	2005	2006	2005
Instruction	\$ 3,308,436	\$ 3,146,466	\$ 2,291,086	\$ 2,219,934
Support Services	232,724	222,544	232,724	222,544
Administrative & Business	649,834	639,578	644,774	639,578
Maintenance & Operations	552,439	499,147	552,439	499,147
Transportation	255,175	253,533	255,000	245,622
Facilities Acquisition	33,709	943	33,709	943
Other	194,373	209,746	22,238	28,974
	<u>\$ 5,226,690</u>	<u>\$ 4,971,957</u>	<u>\$ 4,031,970</u>	<u>\$ 3,856,742</u>

- The cost of all governmental activities this year was \$5,226,690.
- The federal and state governments subsidized certain programs with grants and contributions of approximately \$575,848.
- Most of the District's net costs of \$4,031,970, however, were financed by District and state taxpayers.
- A major portion of governmental activities was financed with \$1,500,715 in property taxes, \$489,450 in other taxes and \$2,355,376 in 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 activity revenues exceeded expenses by \$2,437.
- Charges for services represent \$119,326 or 57% 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 \$87,379.

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 \$1,575,457, an increase of \$122,323 from the prior year. More than half this amount, \$1,402,296 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 not amended in the fiscal year leaving the total budget (for all funds) at \$6,155,272. 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: The District's assets in 2006 include the completion of an addition to the elementary and a remodel of the old wrestling room into elementary classrooms at a final cost of \$514,616. Annual depreciation for current property is \$225,335 for Governmental Activities and \$1,808 for Business-Type Activities. (For more information see Note 4 to the financial statements)

Long-term Debt: At year end, the District had \$740,000 of general obligation bonds outstanding. These bonds will be fully paid at the end of FY09. The district changed a Lease/Purchase Agreement for Copy Machines to a straight rental agreement for newer equipment. (See summary under Note 5 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 2006 was up by 29.4 students.
- The District will complete replacement of the football field bleachers and pressbox in fiscal year 2007. Potential projects for the District include construction of an addition to the main building. This will house the band room, practice/storage rooms and an office. This project will also include upgrades to the current band and choir rooms. The District may also need to make some repairs to the roof.

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, Merville, Iowa 51039.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business Type Activity	Total
ASSETS			
Cash and Pooled Investments	\$ 1,739,636	\$ 5,528	\$ 1,745,164
Receivables:			
Property Tax	29,230		29,230
Succeeding Year Property Tax	1,613,780		1,613,780
Interfund Receivable (Payable)	(4,855)	4,855	-
Due from Other Governmental Agencies	221,930		221,930
Inventories	19,372	11,363	30,735
Restricted ISCAP Assets:			
Investments	784,907		784,907
Accrued Interest Receivable	244		244
Prepaid Expenses	28,673		28,673
Land	88,204		88,204
Construction in Progress	11,080		11,080
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 4)	4,361,597	17,943	4,379,540
Total Assets	8,893,798	39,689	8,933,487
LIABILITIES			
Payables:			
Accounts Payable	103,826		103,826
Deferred Revenue:			
Succeeding Year Property Tax	1,613,780		1,613,780
Accrued Wages and Benefits	347,679		347,679
Accrued Interest Payable	1,192		1,192
ISCAP Liabilities:			
ISCAP Warrants Payable	786,000		786,000
ISCAP Unamortized Premium	5,981		5,981
ISCAP Accrued Interest Payable	194		194
Long Term Debt Due Within One Year	240,000		240,000
Long Term Debt Due in More Than One Year	500,000		500,000
Total Liabilities	3,598,652	-	3,598,652
NET ASSETS			
Investment in Capital Assets, Net of Related Debt Restricted for:	3,720,881	17,943	3,738,824
Debt Service	153,789		153,789
Unrestricted	1,420,476	21,746	1,442,222
Total Net Assets	\$ 5,295,146	\$ 39,689	\$ 5,334,835

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges for Services</u>
Governmental Activities:		
Instruction:		
Regular	\$ 2,350,938	\$ 234,600
Special Education	420,023	101,696
Vocational	164,505	
Co-curricular	372,970	277,516
Support Services:		
Student Support	145,745	
Instructional Staff Support	86,979	
General Administration	407,975	
Building Administration	200,091	5,060
Business Administration	41,768	
Operations and Maintenance	552,439	
Student Transportation	255,175	
Facilities Acquisition:		
Building Improvement Services	581	
Construction Services	33,128	
Debt Service:		
Services	400	
Interest	21,838	
Intergovernmental:		
AEA Flowthrough	172,135	
--Total governmental activities	<u>5,226,690</u>	<u>618,872</u>
Business Type Activity		
School Nutrition Fund	<u>206,355</u>	<u>119,326</u>
Total School District	<u>\$ 5,433,045</u>	<u>\$ 738,198</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		
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
\$ 325,137		\$ (1,791,201)		\$ (1,791,201)
36,314		(282,013)		(282,013)
42,087		(122,418)		(122,418)
		(95,454)		(95,454)
		(145,745)		(145,745)
		(86,979)		(86,979)
		(407,975)		(407,975)
		(195,031)		(195,031)
		(41,768)		(41,768)
		(552,439)		(552,439)
175		(255,000)		(255,000)
		(581)		(581)
		(33,128)		(33,128)
		(400)		(400)
		(21,838)		(21,838)
172,135		-		-
<u>575,848</u>	<u>-</u>	<u>(4,031,970)</u>		<u>(4,031,970)</u>
87,379	-		\$ 350	350
<u>\$ 663,227</u>	<u>\$ -</u>	<u>(4,031,970)</u>	<u>350</u>	<u>(4,031,620)</u>
		1,500,715	-	1,500,715
		489,450	-	489,450
		83,000	1,283	84,283
		2,355,376	-	2,355,376
		59,343	804	60,147
		28,426	-	28,426
		<u>4,516,310</u>	<u>2,087</u>	<u>4,518,397</u>
		484,340	2,437	486,777
		4,810,806	37,252	4,848,058
		<u>\$ 5,295,146</u>	<u>\$ 39,689</u>	<u>\$ 5,334,835</u>

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
Governmental Funds
JUNE 30, 2006

		General
Assets		
Cash and Pooled Investments	\$	777,510
Receivables:		
Property Tax		23,144
Succeeding Year Property Tax		1,278,091
Due from Other Funds		9,264
Due from Other Governmental Agencies		158,615
Inventories		19,372
Restricted ISCAP Assets:		
Investments		784,907
Accrued Interest Receivable		244
Prepaid Expenses		28,673
Total Assets		3,079,820
Liabilities		
Payables:		
Accounts Payable		89,705
Due to Other Funds		
Deferred Revenue - Succeeding Year Property Tax		1,278,091
Accrued Wages and Benefits		347,679
ISCAP Liabilities:		
ISCAP Warrants Payable		786,000
ISCAP Unamortized Premium		5,981
ISCAP Accrued Interest Payable		194
Total Liabilities		2,507,650
Equity		
Fund Balances:		
Reserved for:		
Debt Service		
Inventories		19,372
Unreserved for:		
Undesignated		552,798
Total Fund Balances		572,170
Total Liabilities and Equity	\$	3,079,820

See Accompanying Notes to Financial Statements

	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$	561,729	\$ 149,833	\$ 250,564	\$ 1,739,636
		3,956	2,130	29,230
		205,990	129,699	1,613,780
	(697)			8,567
	63,315			221,930
				19,372
				784,907
				244
				28,673
	624,347	359,779	382,393	4,446,339
	11,080		3,041	103,826
			13,422	13,422
		205,990	129,699	1,613,780
				347,679
				786,000
				5,981
				194
	11,080	205,990	146,162	2,870,882
		153,789		153,789
				19,372
	613,267		236,231	1,402,296
	613,267	153,789	236,231	1,575,457
\$	624,347	\$ 359,779	\$ 382,393	

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

4,460,881

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

(1,192)

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

(740,000)

Net Assets of Governmental Activities

\$ 5,295,146

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, 2006

	General
Revenue:	
Local Sources	\$ 1,684,319
State Appropriations	2,757,304
Federal Appropriations	198,690
Total Revenue	4,640,313
Expenditures:	
Governmental Activities:	
Instruction:	
Regular	2,363,040
Special Programs	420,023
Vocational	163,398
Co-curricular	100,719
Support Services:	
Student Support	145,745
Instructional Staff Support	72,562
General Administration	188,838
Building Administration	200,091
Business Administration	41,768
Operations and Maintenance	550,229
Student Transportation	229,516
Facilities Acquisition:	
Building Improvement Services	
Construction Services	
Debt Service:	
Services	
Principal	
Interest	
Intergovernmental:	
AEA Flowthrough	172,135
Total Expenditures	4,648,064
Excess (Deficiency) of Revenues Over Expenditures	(7,751)
Other Financing Sources (Uses):	
Operating Transfers In	
Operating Transfers Out	
Sale of Equipment & Material	800
Total Other Financing Sources (Uses)	800
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(6,951)
Fund Balances - Beginning of Year	579,121
Fund Balances - End of Year	\$ 572,170

See Accompanying Notes to Financial Statements

	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$	440,307	\$ 209,053	\$ 392,931	\$ 2,726,610
				2,757,304
				198,690
	440,307	209,053	392,931	5,682,604
				2,363,040
				420,023
				163,398
			278,702	379,421
				145,745
				72,562
			78,520	267,358
				200,091
				41,768
				550,229
			29,980	259,496
	581			581
	264,194			264,194
		400		400
		240,000		240,000
		20,640		20,640
				172,135
	264,775	261,040	387,202	5,561,081
	175,532	(51,987)	5,729	121,523
		60,000		60,000
	(60,000)			(60,000)
				800
	(60,000)	60,000	-	800
	115,532	8,013	5,729	122,323
	497,735	145,776	230,502	1,453,134
\$	613,267	\$ 153,789	\$ 236,231	\$ 1,575,457

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, 2006

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

Net change in fund balances - total governmental funds (page 19)	\$ 122,323
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.	88,129
Accrued Expenses not reported on modified accrual basis	190
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:	6,072
The lease purchase agreement was renewed in the current year for a standard operating lease with no purchase agreement. The statement of activities does not reflect the disposition of the capitalized asset or the purchase agreement liability. The gain recognized on the disposal during the current year was:	27,626
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:	240,000
Change in net assets of governmental activities (page 15)	<u>\$ 484,340</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
June 30, 2006

		School Nutrition Fund
Assets		
Cash and Pooled Investments		\$ 5,528
Due from Other Funds		4,855
Inventories		11,363
Property and Equipment, Net of Accumulated Depreciation		<u>17,943</u>
Total Assets		<u><u>39,689</u></u>
Net Assets		
Invested in Capital Assets		17,943
Unrestricted		<u>21,746</u>
Total Net Assets		<u><u>\$ 39,689</u></u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2006

	School Nutrition Fund
Operating Revenues:	
Sale of Lunches and Breakfasts:	
Students	\$ 112,691
Adults	6,635
Miscellaneous	804
	120,130
Total Operating Revenue	120,130
Operating Expenditures:	
Food Service Operations:	
Salaries	83,698
Benefits	9,681
Supplies	111,168
Depreciation	1,808
	206,355
Total Operating Expenses	206,355
Operating Loss	(86,225)
Non-Operating Revenues :	
Interest Income	1,283
State Lunch and Breakfast Program Claims	3,336
National School Lunch Program	64,354
Federal Food Commodities Received	19,689
	88,662
Total Non-Operating Revenues	88,662
Change in net assets	2,437
Net Assets-beginning	37,252
Net Assets-ending	\$ 39,689

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Business Type Activity
For the Year Ended June 30, 2006

	Proprietary Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 120,130
Cash payments to employees for services	(93,379)
Cash payments to suppliers for goods and services	(89,250)
Net cash used by operating activities	(62,499)
Cash flows from noncapital financing activities:	
State grants received	3,336
Federal grants received	64,354
Interfund amounts paid	(4,997)
Net cash provided by noncapital financing activities	62,693
Cash flows from investing activities:	
Interest on investments	1,283
Net decrease in cash and cash equivalents	1,477
Cash and pooled investments - beginning of year	4,051
Cash and pooled investments - end of year	5,528
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(86,225)
Depreciation Expense	1,808
Change in assets and liabilities:	
Commodities Used	19,689
Decrease in inventory	2,229
Net cash used in operating activities	(62,499)
Supplemental schedule of noncash noncapital financing activities:	
Federal food commodities received	\$ 19,689

See Accompanying Notes to Financial Statements

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2006

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, 2006

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-six 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 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, 2006

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, 2006

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, 2006 included certificates of deposits of \$16,807 with original maturity dates longer than three months.

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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2006

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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, 2006 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

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, 2006, 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.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2006

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

Note 2 – Deposits and Investments

The School District's deposits at June 30, 2006 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, 2006, the District had deposits with financial institutions with a carrying amount of \$1,026,795 and a bank balance of \$1,716,910. At June 30, 2006, its investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
Iowa School Cash Anticipation Program 2006-2007 Series A	\$ 784,907	6/28/07	Unrated
Iowa School Joint Investment Trust	18,417	None	Unrated
Total	\$ 803,324		

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 \$172,135 for the year ended June 30, 2006, and is recorded in the General Fund.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2006

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, 2006 2005, and 2004 were \$172,374, \$166,864, and \$165,125 respectively, equal to the required contributions for each year.

Note 5 – Capital Assets

Capital Asset activity for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 88,204			\$ 88,204
Construction in Progress	309,154	\$ 142,480	\$ 440,554	11,080
Total capital assets not being depreciated	397,358	142,480	440,554	99,284
Capital assets being depreciated:				
Buildings	5,674,220	467,655		6,141,875
Improvements Other than Buildings	419,675	36,283		455,958
Furniture and Equipment	1,724,348	107,600	105,221	1,726,727
Total capital assets being depreciated	7,818,243	611,538	105,221	8,324,560
Less accumulated depreciation for:				
Buildings	2,133,124	113,022		2,246,146
Improvements Other than Buildings	324,963	18,541		343,504
Furniture and Equipment	1,374,392	93,772	94,851	1,373,313
Total accumulated depreciation	3,832,479	225,335	94,851	3,962,963
Total capital assets being depreciated, net	3,985,764	386,203	(10,370)	4,361,597
Governmental activities capital assets, net	\$ 4,383,122	\$ 528,683	\$ (450,924)	\$ 4,460,881
	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Business-Type Activities:				
Furniture and Equipment	\$ 117,679			\$ 117,679
Less accumulated depreciation	97,928	\$ 1,808		99,736
Business-type activities capital assets, net	\$ 19,751	\$ (1,808)		\$ 17,943

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2006

Note 5 – Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:

Regular Instruction	\$ 17,232
Vocational Instruction	4,527
Co-Curricular Instruction	19,197
Instructional Staff Support	14,417
General Administration/Multi-Functional	140,617
Operations and Maintenance	3,686
Transportation	<u>25,659</u>

Total depreciation expense – governmental activities \$ 225,335

Business-Type Activities:

Food Service Operations	<u>\$ 1,808</u>
-------------------------	-----------------

Note 6 – Long-Term Debt

A summary of changes in long-term debt of the year ended June 30, 2006 is as follows:

	General Obligation Bonds	Lease/ Purchase Agreement	Total
Balance beginning of year	\$ 980,000	\$ 44,068	\$ 1,024,068
Additions	-	-	-
Deletions	(240,000)	(44,068)	(284,068)
Balance end of year	<u>\$ 740,000</u>	<u>\$ -</u>	<u>\$ 740,000</u>

Bonded Debt

In February 2003, the District completed a general obligation bond issue for \$1,435,000. It requires semi-annual payments every December and June through June 2009, and the average interest rate over the life of the issue is 2.28%. The District's assets were pledged in the event of default on the bonds. Future property tax proceeds will be used to make payments on the issue.

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

	Ending June 30	Principal	Interest	Total
2007		\$ 240,000	\$ 15,990	\$ 255,990
2008		245,000	11,070	256,070
2009		255,000	5,217	260,217
Totals		<u>\$ 740,000</u>	<u>\$ 32,277</u>	<u>\$ 772,277</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2006

Note 6 – Long-Term Debt (Continued)

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 was \$1,492. In December 2005 the District elected to terminate the capital lease and rent newer equipment with an operating lease.

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, 2006 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Date Warrant Reinvested</u>	<u>Investments</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2006-2007A	6/28/06	6/28/07	\$ 784,907	\$ 244	\$ 786,000	\$ 194

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 was one ISCAP advance for the year of \$100,000 in September 2005, and it was repaid in October 2005.

The 2006-2007A Series warrants bear an interest rate of 4.500%, and available proceeds of the warrants are invested at a rate of 5.676%

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, 2006 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.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2006

Note 9 – Operating Leases

In December 2005, the District committed to a new non-cancelable operating lease for two copiers. The minimum monthly payment under the new lease is \$1,485. Future minimum operating lease commitments are as follows:

Year Ending June 30,	PPEL Fund
2007	\$ 17,820
2008	17,820
2009	17,820
2010	17,820
2011	<u>7,425</u>
Totals	<u>\$ 78,705</u>

Rent expenditures were \$10,395 for the year ended June 30, 2006.

REQUIRED SUPPLEMENTAL INFORMATION

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances-
Budget and Actual (Cash Basis)-
Governmental Funds and Proprietary Fund
Year Ended June 30, 2006

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Final Budget	Variance with budget Favorable (Unfavorable)
Receipts:					
Local Sources	\$ 2,688,544	\$ 108,079	\$ 2,796,623	\$ 2,762,459	\$ 34,164
State Sources	2,752,652	3,336	2,755,988	2,717,375	38,613
Federal Sources	154,962	64,354	219,316	256,000	(36,684)
Total Revenues	<u>5,596,158</u>	<u>175,769</u>	<u>5,771,927</u>	<u>5,735,834</u>	<u>36,093</u>
Expenditures:					
Instruction	3,316,477	-	3,316,477	3,411,000	94,523
Support Services	1,512,647	-	1,512,647	1,569,500	56,853
Non-Instructional Programs	-	174,292	174,292	210,000	35,708
Other Expenditures	767,821	-	767,821	964,772	196,951
Total Expenditures	<u>5,596,945</u>	<u>174,292</u>	<u>5,771,237</u>	<u>6,155,272</u>	<u>384,035</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(787)</u>	<u>1,477</u>	<u>690</u>	<u>(419,438)</u>	
Other Financing Sources					
Sale of Equipment & Material	<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>	
Total Other Financing Sources	<u>800</u>	<u>-</u>	<u>800</u>	<u>-</u>	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	13	1,477	1,490	(419,438)	
Fund Balance/Retained Earnings					
Beginning of Year	<u>1,739,623</u>	<u>4,051</u>	<u>1,743,674</u>	<u>1,066,549</u>	
Fund Balance/Retained Earnings End of Year	<u>\$ 1,739,636</u>	<u>\$ 5,528</u>	<u>\$ 1,745,164</u>	<u>\$ 647,111</u>	

See Accompanying Notes to Required Supplemental Information

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2006

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.

There were no amendments made during the fiscal year ending June 30, 2006. The original budget by functional area was as follows:

	Original Budget
Instruction	\$ 3,411,000
Student Support Services	1,569,500
Non-Instructional	210,000
Other Expenditures	964,772

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:

Governmental Fund Types			
	General		Modified Accrual Basis
	Cash Basis	Accrual Adjustments	
		\$	
Revenues	4,549,790	90,523	4,640,313
Expenditures	4,617,098	30,966	4,648,064
Net	(67,308)	59,557	(7,751)
Other Financing Sources (Uses)	800	-	800
Beginning Fund Balance	844,018	(264,897)	579,121
Ending Fund Balance	\$ 777,510	\$ (205,340)	\$ 572,170

Governmental Fund Types			
	Special Revenue		Modified Accrual Basis
	Cash Basis	Accrual Adjustments	
		\$	
Revenues	405,739	(12,808)	392,931
Expenditures	384,161	3,041	387,202
Net	21,578	(15,849)	5,729
Other Financing Sources (Uses)	-	-	-
Beginning Fund Balance	228,986	1,516	230,502
Ending Fund Balance	\$ 250,564	\$ (14,333)	\$ 236,231

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2006

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Debt Service</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 207,766	\$ 1,287	\$ 209,053
Expenditures	261,040	-	261,040
Net	(53,274)	1,287	(51,987)
Other Financing Sources (Uses)	60,000	-	60,000
Beginning Fund Balance	143,107	2,669	145,776
Ending Fund Balance	<u>\$ 149,833</u>	<u>\$ 3,956</u>	<u>\$ 153,789</u>

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Capital Projects</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 432,863	\$ 7,444	\$ 440,307
Expenditures	334,646	(69,871)	264,775
Net	98,217	77,315	175,532
Other Financing Sources (Uses)	(60,000)	-	(60,000)
Beginning Fund Balance	523,512	(25,777)	497,735
Ending Fund Balance	<u>\$ 561,729</u>	<u>\$ 51,538</u>	<u>\$ 613,267</u>

	<u>Governmental Fund Types</u>		
	<u>Cash Basis</u>	<u>Total</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 5,596,158	\$ 86,446	\$ 5,682,604
Expenditures	5,596,945	(35,864)	5,561,081
Net	(787)	122,310	121,523
Other Financing Sources (Uses)	800	-	800
Beginning Fund Balance	1,739,623	(286,489)	1,453,134
Ending Fund Balance	<u>\$ 1,739,636</u>	<u>\$ (164,179)</u>	<u>\$ 1,575,457</u>

	<u>Proprietary Fund Type-Enterprise</u>		
	<u>Cash Basis</u>	<u>Total</u>	<u>Modified Accrual Basis</u>
		<u>Accrual Adjustments</u>	
Revenues	\$ 175,769	\$ 33,023	\$ 208,792
Expenditures	174,292	32,063	206,355
Net	1,477	960	2,437
Beginning Fund Balance	4,051	33,201	37,252
Ending Retained Earnings	<u>\$ 5,528</u>	<u>\$ 34,161</u>	<u>\$ 39,689</u>

SUPPLEMENTAL INFORMATION

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund
Year Ended June 30, 2006

Schedule 1

Revenues:

Local Sources:

Local Tax:

Property Tax	\$ 1,135,150
Instructional Support from Income Taxes	93,102
Utility Tax Replacement Excise Taxes	43,935
Mobile Home Tax	3,668
	1,275,855

Other Local Sources:

Interest on Investments	52,791
Tuition from Other Districts	278,298
Preschool Tuition	15,010
Miscellaneous	62,365
	408,464
	1,684,319

State Sources:

Foundation Aid-District's Share	2,304,797
Instructional Support State Aid	13,638
Teachers Compensation Allocation	58,321
Educational Excellence Program:	
Phase I	39,816
Phase II	47,881
Revenue in Lieu of Taxes - Military Credit	4,744
Iowa Early Intervention Block Grant	36,314
AEA Flow-Through	172,135
Other State Aid	79,658
	2,757,304

Federal Sources:

Title I Grants to Local Educational Agencies	45,779
Teacher Quality Program	20,306
Safe and Drug-Free Schools and Communities	2,350
Vocational Education - Basic Grants to States	37,027
Other	93,228
	198,690

Total Revenue

4,640,313

Expenditures:

Instruction:

Regular Program Instruction:

Salaries	1,616,268
Employee Benefits	361,818
Contractual Services	141,194
General Supplies	152,792
Equipment-Additional	87,952
Other	3,016
	3,016
	\$ 2,363,040

Continued

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund - Continued
Year Ended June 30, 2006

Schedule 1 (Continued)

Expenditures (continued):

Instruction (continued):

Special Education Instruction:

Salaries	\$	280,521
Employee Benefits		63,550
Contractual Services		67,133
General Supplies		7,718
Other		1,101
		420,023

Vocational Program Instruction:

Salaries		124,298
Employee Benefits		22,694
Contractual Services		2,549
General Supplies		8,806
Equipment-Additional		5,051
		163,398

Co-curricular Program Instruction and Sports:

Salaries		81,705
Employee Benefits		11,374
General Supplies		6,036
Other		1,604
		100,719
		3,047,180

Total Instruction

Support Services:

Student Support Services:

Salaries		115,713
Employee Benefits		27,786
General Supplies		1,507
Other		739
		145,745

Instructional Staff Support Services:

Salaries		55,105
Employee Benefits		7,473
General Supplies		9,984
		72,562

General Administration:

Salaries		96,887
Employee Benefits		24,416
Contractual Services		30,164
General Supplies		6,677
Other		30,694
		188,838

Continued

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund - Continued
Year Ended June 30, 2006

Schedule 1 (Continued)

Expenditures (continued):	
Support Services (continued):	
Building Administration:	
Salaries	\$ 163,692
Employee Benefits	35,697
General Supplies	642
Other	60
	200,091
Business Administration Services:	
Salaries	32,508
Employee Benefits	8,985
Other	275
	41,768
Operation and Maintenance Services:	
Salaries	236,006
Employee Benefits	62,476
Contractual Services	83,978
General Supplies	167,057
Other	712
	550,229
Student Transportation:	
Salaries	113,342
Employee Benefits	14,726
Contractual Services	39,355
General Supplies	52,909
Other	9,184
	229,516
Total Support Services	1,428,749
Other Expenditures:	
AEA Flow-Through	172,135
Total Expenditures	4,648,064
Excess of Revenues Over Expenditures	(7,751)
Other Financing Sources:	
Sale of Equipment & Material	800
Excess of Revenues and other Sources Over Expenditures	(6,951)
Balance Beginning of Year	579,121
Balance End of Year	\$ 572,170

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2006

Schedule 2

	Special Revenue Funds			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets:				
Cash and Pooled Investments	\$ 82,992	\$ 78,973	\$ 88,599	\$ 250,564
Receivables:				
Property Tax - Current Year	1,485		645	2,130
Property Tax - Succeeding Year	92,499		37,200	129,699
Total Assets	<u>176,976</u>	<u>78,973</u>	<u>126,444</u>	<u>382,393</u>
Liabilities:				
Accounts Payable		3,041		3,041
Due to Other Funds		-		-
Deferred Revenue - Succeeding Year Property Tax	92,499		37,200	129,699
Total Liabilities	<u>92,499</u>	<u>3,041</u>	<u>37,200</u>	<u>132,740</u>
Fund Balances:				
Unreserved, undesignated fund balance	84,477	62,510	89,244	236,231
Total Liabilities and Equity	<u>\$ 176,976</u>	<u>\$ 65,551</u>	<u>\$ 126,444</u>	<u>\$ 368,971</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, 2006

Schedule 3

	Special Revenue Funds			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenue:				
Local Sources:				
Property Taxes	\$ 72,811		\$ 31,762	\$ 104,573
Utility Tax Replacement Excise Taxes	2,782		1,208	3,990
Mobile Home Taxes	290		126	416
Other Local Sources:				
Interest on Investments	1,610	\$ 1,896	2,493	5,999
Student Activities		277,516		277,516
Miscellaneous	304		133	437
Total Revenue	77,797	279,412	35,722	392,931
Expenditures:				
Instruction:				
Co-curricular		278,702		278,702
Support Services:				
General Administration	78,520			78,520
Student Transportation			29,980	29,980
Total Expenditures	78,520	278,702	29,980	387,202
Deficiency of Revenues over Expenditures	(723)	710	5,742	5,729
Fund Balances - Beginning of Year	85,200	61,800	83,502	230,502
Fund Balances - End of Year	\$ 84,477	\$ 62,510	\$ 89,244	\$ 236,231

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Schedule of Individual Student Activity Account Activity
For the Year Ended June 30, 2006

Schedule 4

	Balance June 30, 2005	Revenues	Expenditures	Transfers	Balance June 30, 2006
General	\$ (4,708)	\$ 2,223	\$ 6,839	\$ 9,284	\$ (40)
Juice Machine	(700)	31	566	1,235	-
Miscellaneous	(89)			89	-
Reserve for Contingencies	13,510	1,702	663		14,549
Interest	7,413	1,463		(292)	8,584
Educational Extras	3,126	951	731		3,346
School Play	(3,285)			3,285	-
Speech	(896)		561	1,457	-
Band	4,255	10,784	8,834	731	6,936
Vocal Music	(433)		580	1,013	-
Instrumental Music	(1,236)	10	1,171	2,397	-
Athletics	(271)	95,536	101,563	(2,438)	(8,736)
Weight Room	3,407	11,391	8,467	47	6,378
Student Council	1,338	2,178	2,468	90	1,138
Wildcat Products	524	650	231		943
Class of 2004	(27)			27	-
Class of 2005	(827)			827	-
Class of 2006	(786)	620	476	642	-
Class of 2007	(115)	10,444	9,619	(278)	432
Class of 2008	(108)		20		(128)
Class of 2009	-	368	199		169
Library	622	37	246		413
Drill Team	2,277	4,558	4,178	150	2,807
Cheerleaders	(28)	7,430	6,578	276	1,100
Cheerleaders Cash for Change	24			(24)	-
Student Trips	946	7,871	8,285	414	946
Swing Choir	97	10,139	9,691	2,293	2,838
School Gardens	260				260
Miscellaneous Resale	3,920	13,194	12,064	(130)	4,920
Middle School	(1,908)	15,789	13,251	(84)	546
Middle School Music	406				406
CAT Shop	(2,485)	9,825	8,306		(966)
Industrial Arts	(780)	655	2,282	710	(1,697)
Concessions	13,410	25,074	35,123	(479)	2,882
Yearbook	1,619	6,529	8,880	121	(611)
Elementary Fundraiser	8,658	12,981	13,300	(5)	8,334
Books	6,135	17,918	46	(24,007)	-
Spanish Club	71		26		45
SHIP Grant	(25)		445	470	-
Pop Machines	-	994	2,576	1,582	-
Petty Cash	50				50
Color Guard	603		88		515
Theatre Fund	4,790	5,768	8,279	(806)	1,473
School Cents	3,118	578	127	(445)	3,124
Moville Food Pantry	585				585
Fine Arts	25				25
Art Club	306				306
Character Education	(1,070)	938	1,716	1,848	-
Talented and Gifted	-	353	197		156
Wellness	82	430	30		482
	\$ 61,800	\$ 279,412	\$ 278,702	\$ -	\$ 62,510

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Comparison of Taxes and Intergovernmental Revenues and Receipts
For the Years Ended June 30, 2006, 2005, 2004, 2003

Schedule 5

	Modified Accrual Basis of Accounting			
	2006	2005	2004	2003
Local Sources:				
Property Taxes	\$ 1,434,533	\$ 1,434,739	\$ 1,458,157	\$ 1,465,221
Utility Tax Replacement Excise Taxes	55,336	28,280	53,275	51,451
Mobile Home Taxes	4,855	5,837	5,571	6,230
Instructional Support from Income Taxes	93,102	106,183	99,378	97,003
Local Sales and Services Taxes	396,348	388,344	421,938	363,112
	<u>1,984,174</u>	<u>1,963,383</u>	<u>2,038,319</u>	<u>1,983,017</u>
State Sources:				
State Foundation Aid	2,304,797	2,219,601	1,953,322	1,867,791
Teachers Compensation Allocation	58,321	50,061	45,969	39,821
Lunch and Breakfast Program Claims	3,336	3,397	2,862	3,285
Educational Excellence Program:				
Phase I	39,816	40,371	40,079	41,350
Phase II	47,881	48,105	47,339	47,292
Phase III	-	-	-	11,751
Revenue in Lieu of Taxes - Military Credit	5,991	-	-	-
Instructional Support State Aid	13,638	14,045	13,143	14,007
Iowa Early Intervention Block Grant	36,314	36,621	36,428	35,768
AEA Flow-Through	172,135	180,772	166,997	177,821
Other State Aid	79,658	39,288	11,300	22,060
	<u>2,761,887</u>	<u>2,632,261</u>	<u>2,317,439</u>	<u>2,260,946</u>
Federal Sources:				
Title I	45,779	53,217	59,526	59,653
Safe and Drug Free Schools and Communities	2,350	2,542	5,771	3,022
Innovative Education Program Strategies (Title VI Program)	-	-	3,690	3,075
Vocational Education - Grants to States	37,027	36,499	35,734	51,300
National School Lunch Fund	64,354	61,218	60,616	58,130
Food Distribution	19,689	22,139	17,308	33,154
Federal Teacher Quality Program	20,306	19,906	19,685	21,146
Other Federal Aid	93,228	38,706	57,570	25,678
	<u>282,733</u>	<u>234,227</u>	<u>259,900</u>	<u>255,158</u>
Total	<u>\$ 5,028,794</u>	<u>\$ 4,829,871</u>	<u>\$ 4,615,658</u>	<u>\$ 4,499,121</u>



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**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, 2006, and have issued our report thereon dated September 1, 2006. 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, 2006 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-06.

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-06 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 1, 2006

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

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-06 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.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006

Part III: Other Findings Related to Statutory Reporting:

- III-A-06 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, 2006.
- III-B-06 Certified Budget – Disbursements for the year ended June 30, 2006 did not exceed amounts budgeted.
- III-C-06 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-06 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-06 Business Transactions – There were no business transactions between the District and District officials or employees during the year ended June 30, 2006.
- III-F-06 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-06 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- III-H-06 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- III-I-06 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-06 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 the state's established deadline in the succeeding year.
- Response – Future Certified Annual Reports will be filed by the deadline.
- Conclusion – Response accepted.