

WOODBURY CENTRAL  
COMMUNITY SCHOOL DISTRICT

Moville, Iowa

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Independent Auditor's Reports  
Basic Financial Statements and Supplemental Information  
Schedule of Findings

June 30, 2007

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIALS

JUNE 30, 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>BOARD OF EDUCATION</u> <u>(Before September 2006 Election)</u>		
Joyce Kizzier	President	September 2008
Jerry Steffen	Vice President	September 2007
Don Chesley	Board Member	September 2006
Thomas Conolly	Board Member	September 2006
Brian Sadler	Board Member	September 2006
Kari Bappe	Board Member	September 2007
Marc Boothby	Board Member	September 2008

BOARD OF EDUCATION  
(After September 2006 Election)

Joyce Kizzier	President	September 2008
Jerry Steffen	Vice President	September 2007
Thomas Conolly	Board Member	September 2009
Brian Sadler	Board Member	September 2009
Kari Bappe	Board Member	September 2007
Marc Boothby	Board Member	September 2008
Chad Hayes	Board Member	September 2009

SCHOOL OFFICIALS

Thomas Cooper	Superintendent	June 30, 2007
Christen Howrey	Secretary-Treasurer	June 30, 2007
James Hanks	Attorney	Indefinite



KING, REINSCH, PROSSER & CO., L.L.P.  
Certified Public Accountants

Member Private Companies Practice Section of AICPA

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbury Central Community School District (the District), Merville, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the District at June 30, 2007 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



KING, REINSCH, PROSSER & CO., L.L.P.  
Certified Public Accountants

To the Board of Education of  
Woodbury Central Community School District

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 36 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 the District's basic financial statements. Other supplementary information included in Schedules 1 through 4 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.

January 7, 2008  
Sioux City, Iowa

*King, Reinsch, Prosser & Co., L.L.P.*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management of the Woodbury Central Community School District (the District) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2007 Financial Highlights**

- \$4,651,207 in general fund revenue
- \$4,947,151 in general fund expenses
- The District recorded an increase in net assets of \$225,372 largely due to some construction in progress of a band room addition during the beginning of fiscal year 2007, 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 \$276,226 compared to \$572,170 in fiscal year 2006. This decrease in fund balance is greatly due to the addition of one full time and one half time teacher positions as well as increased instructional spending.
- The District completed construction on a bleacher replacement project for the football field during the fiscal year ending June 30, 2007.
- The District also completed site work on a proposed future bus barn facility. The District had purchased this site in a previous fiscal year.
- 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 \$52,791 in fiscal year 2006 to \$75,349 in fiscal year 2007.

### **Using This Annual Report**

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds.

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.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

**Figure A-1**

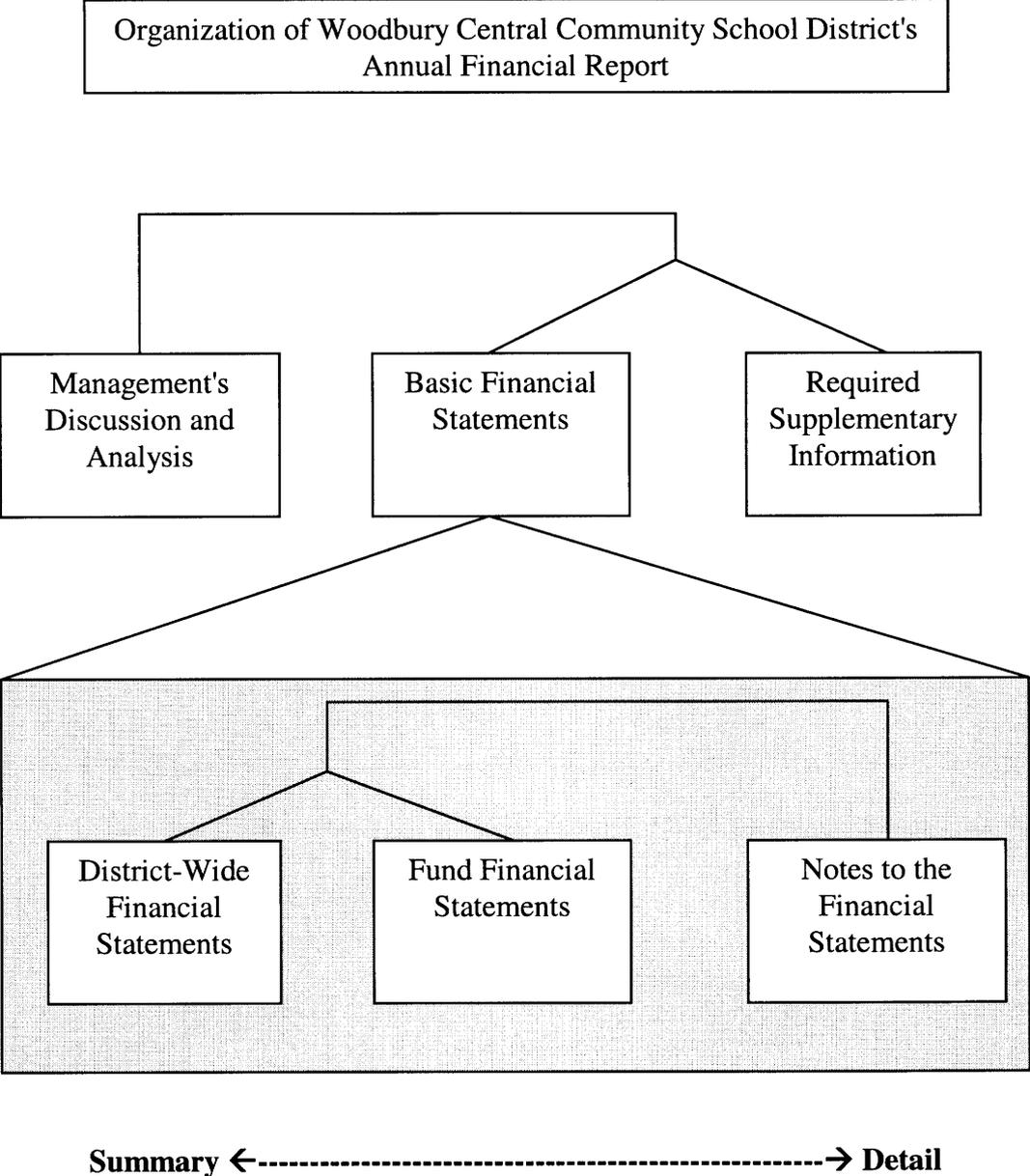


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**Reporting the District's Financial Activities**

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

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

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

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

1. Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Management Levy, Physical Plant and Equipment Levy (PPEL) Fund, Student Activity, Debt Service and Capital Projects Fund.

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

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

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

3. **Fiduciary Funds** - These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

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

The required financial statements for fiduciary funds includes a statement of fiduciary net assets.

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

### **Government-Wide Financial Analysis**

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 and 2006.

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

	Governmental Activities		Business Type Activities		Total District		Total Percentage Change
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2006-2007</u>
Current and other assets	\$ 4,341	\$ 4,438	\$ 24	\$ 22	\$ 4,365	\$ 4,460	-2.1%
Capital assets, net	4,902	4,461	16	18	4,918	4,479	9.8%
Total assets	<u>\$ 9,243</u>	<u>\$ 8,899</u>	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 9,283</u>	<u>\$ 8,939</u>	<u>3.8%</u>
Long-term liabilities	\$ 500	\$ 740	\$ -	\$ -	\$ 500	\$ 740	-32.4%
Other liabilities	3,214	2,864	9	-	3,223	2,864	12.5%
Total liabilities	<u>\$ 3,714</u>	<u>\$ 3,604</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 3,723</u>	<u>\$ 3,604</u>	<u>3.3%</u>
Net assets:							
Invested in capital assets, net of related debt	\$ 4,402	\$ 3,721	\$ 16	\$ 18	\$ 4,418	\$ 3,739	18.2%
Restricted	851	1,002	-	-	851	1,002	-15.1%
Unrestricted	276	572	15	22	291	594	-51.0%
Total net assets	<u>\$ 5,529</u>	<u>\$ 5,295</u>	<u>\$ 31</u>	<u>\$ 40</u>	<u>\$ 5,560</u>	<u>\$ 5,335</u>	<u>4.2%</u>

The largest portion of the District's net assets is the invested in capital assets (e.g., land, buildings and equipment). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

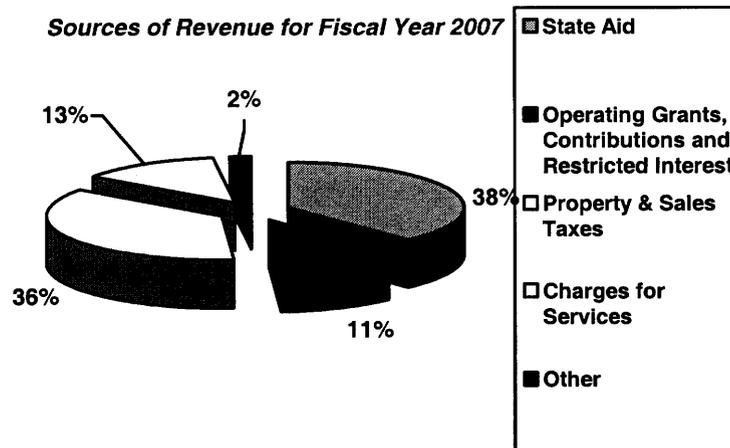
Figure A-4 shows the change in net assets for the years ended June 30, 2007 and 2006.

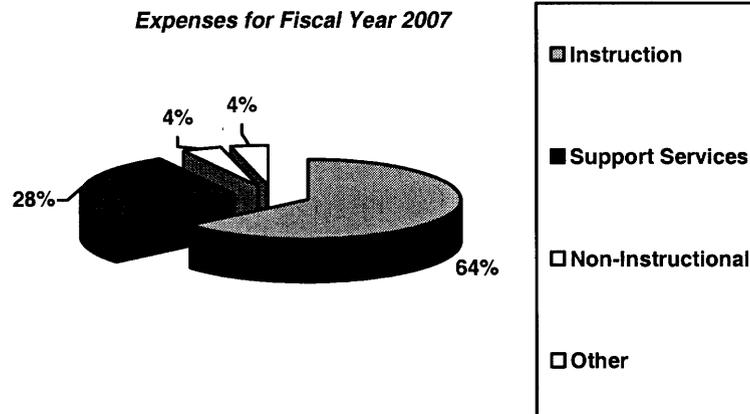
Figure A-4 (In Thousands)  
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Percentage Change
	2007	2006	2007	2006	2007	2006	2006-2007
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 656	\$ 619	\$ 133	\$ 119	\$ 789	\$ 738	6.9%
Operating grants, contributions and restricted interest	588	576	92	87	680	663	2.6%
<b>General revenues:</b>							
Property tax	2,187	1,990	-	-	2,187	1,990	9.9%
Unrestricted state grants	2,304	2,355	-	-	2,304	2,355	-2.2%
Unrestricted investment earnings	118	83	1	1	119	84	41.7%
Other	1	87	-	1	1	88	-98.9%
<b>Total revenues</b>	<b>\$ 5,854</b>	<b>\$ 5,710</b>	<b>\$ 226</b>	<b>\$ 208</b>	<b>\$ 6,080</b>	<b>\$ 5,918</b>	<b>2.7%</b>
<b>Program expenses:</b>							
Instruction	\$ 3,738	\$ 3,308	\$ -	\$ -	\$ 3,738	\$ 3,308	13.0%
Support services	1,643	1,690	-	-	1,643	1,690	-2.8%
Non-instructional programs	-	-	235	205	235	205	14.6%
Other expenses	239	228	-	-	239	228	4.8%
<b>Total expenses</b>	<b>\$ 5,620</b>	<b>\$ 5,226</b>	<b>\$ 235</b>	<b>\$ 205</b>	<b>\$ 5,855</b>	<b>\$ 5,431</b>	<b>7.8%</b>
<b>Change in net assets</b>	<b>\$ 234</b>	<b>\$ 484</b>	<b>\$ (9)</b>	<b>\$ 3</b>	<b>\$ 225</b>	<b>\$ 487</b>	<b>-53.8%</b>

Property tax and unrestricted state grants account for 73.9 percent of the total revenue (73.4 percent in 2006). The District's expenses primarily relate to instruction and support services, which account for 91.9 percent of the total expenses (92.0 percent in 2006).

Figure A-5





**Governmental Activities** - Revenues for governmental activities were \$5,853,661 and expenses were \$5,619,545.

The following table presents the total and net cost of the District's major governmental activities for the years ended June 30, 2007 and 2006.

Figure A-6 (In Thousands)  
Total and Net Cost of Governmental Activities

	Total Cost of Services		Percent Change		Net Cost of Services		Percent Change	
	2007	2006	2006-2007		2007	2006	2006-2007	
Instruction	\$ 3,738	\$ 3,308	13.0%		\$ 2,682	\$ 2,291	17.1%	
Support services	1,643	1,690	-2.8%		1,643	1,685	-2.5%	
Other expenses	239	228	4.8%		52	56	-7.1%	
Totals	\$ 5,620	\$ 5,226	7.5%		\$ 4,377	\$ 4,032	8.6%	

- The cost financed by users of the District's programs was \$655,542 (\$618,872 in 2006).
- Federal and state governments subsidized certain programs with grants and contributions totaling \$587,601 (\$575,848 in 2006).
- The net cost of governmental activities was financed with \$2,187,089 in property and other taxes (\$1,990,165 in 2006) and \$2,303,652 in unrestricted state grants (\$2,355,376 in 2006).

**Business Type Activities** - Revenues for business type activities were \$208,102 (\$208,792 in 2006) and expenses were \$216,846 (\$206,355 in 2006). The District's business type activities consist of the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **Governmental Fund Analysis**

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,128,259, below last year's ending fund balances of \$1,575,457. The District's proprietary fund reported end of year net assets of \$30,945, below last year's ending net assets of \$39,689.

### **Governmental Fund Highlights**

The District's General Fund maintains a financial position with \$276,226 in its fund balance. The General Fund balance decreased \$295,944 from last year due primarily to increased teacher salaries and increased instructional spending.

The Capital Projects Fund had \$603,846 in facilities acquisitions primarily the band room addition and a bleacher project.

### **Proprietary Fund Highlights**

Revenues for business type activities were \$226,411 and expenses were \$235,155. The District's business type activities included the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

## **Budgetary Highlights**

The District's actual receipts were \$182,878 more than budgeted receipts due primarily to under estimating revenues from local sources.

The District's actual disbursements exceeded budgeted amounts in the non-instructional program function.

The District does attempt to budget as closely as possible to what management believes actual receipts and expenditures will be. Ideally, management attempts to exceed all revenue budgets and under spend all expenditure budgets.

## **Capital Assets and Debt Administration**

*Capital Assets* - At June 30, 2007, the District had invested \$4,918,206, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$246,386.

The original cost of the District's capital assets was \$9,227,291. Governmental funds account for \$9,109,387, with the remainder of \$117,904 accounted for in the Proprietary, School Nutrition Fund.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total District</u>		<u>Percent</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Land	\$ 88	\$ 88	\$ -	\$ -	\$ 88	\$ 88	0.0%
Land improvements	92	112	-	-	92	112	-17.9%
Construction in progress	234	11	-	-	234	11	2,027.2%
Buildings and improvements	4,164	3,896	-	-	4,164	3,896	6.9%
Machinery and equipment	324	354	16	18	340	372	-8.6%
Totals	<u>\$ 4,902</u>	<u>\$ 4,461</u>	<u>\$ 16</u>	<u>\$ 18</u>	<u>\$ 4,918</u>	<u>\$ 4,479</u>	<u>9.8%</u>

Long-Term Debt - At June 30, 2007, the District had \$500,000 bonds payable. Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

**Economic Factors Bearing on the District's Future**

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

- The District's funding is highly dependent upon its student enrollment. Enrollment for September was down by 23 students.
- The District will complete the addition of a band room to the main building in fiscal year 2008. Potential projects for the District include a camera security system added to the main building. The District may also have some upcoming repairs to the roof.

**Contacting the District's Financial Management**

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

# **BASIC FINANCIAL STATEMENTS**

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<u>ASSETS</u>			
Cash and cash equivalents:			
ISCAP	\$ 939,513	\$ -	\$ 939,513
Other	1,433,772	13,191	1,446,963
Receivables:			
Property tax:			
Current year	20,905	-	20,905
Succeeding year	1,663,442	-	1,663,442
Accrued interest:			
ISCAP	7,653	-	7,653
Interfund receivables	28,391	-	28,391
Due from other governments	199,180	-	199,180
Inventories	19,373	11,234	30,607
Prepaid expenses	28,820	-	28,820
Capital assets, net of accumulated depreciation	<u>4,901,845</u>	<u>16,361</u>	<u>4,918,206</u>
Total assets	<u>\$ 9,242,894</u>	<u>\$ 40,786</u>	<u>\$ 9,283,680</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 200,773	\$ 71	200,844
Salaries and benefits payable	387,884	-	387,884
Interfund payables	12,709	9,770	22,479
Accrued interest	842	-	842
Deferred revenue - succeeding year property tax	1,663,442	-	1,663,442
ISCAP warrants payable	941,000	-	941,000
ISCAP unamortized premiums	6,982	-	6,982
Long-term liabilities:			
Portion due within one year:			
General obligation capital loan notes	245,000	-	245,000
Portion due after one year:			
General obligation capital loan notes	<u>255,000</u>	<u>-</u>	<u>255,000</u>
Total liabilities	<u>\$ 3,713,632</u>	<u>\$ 9,841</u>	<u>\$ 3,723,473</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 4,401,845	\$ 16,361	4,418,206
Restricted for:			
Capital projects	454,234	-	454,234
Other special revenue purposes	235,815	-	235,815
Debt service	161,142	-	161,142
Unrestricted	<u>276,226</u>	<u>14,584</u>	<u>290,810</u>
Total net assets	<u>\$ 5,529,262</u>	<u>\$ 30,945</u>	<u>\$ 5,560,207</u>
Total liabilities and net assets	<u>\$ 9,242,894</u>	<u>\$ 40,786</u>	<u>\$ 9,283,680</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>
<b>FUNCTIONS/PROGRAMS:</b>			
Governmental activities:			
Instruction:			
Regular instruction	\$ 2,763,197	\$ 157,546	\$ 345,083
Special instruction	508,087	143,390	46,554
Other instruction	<u>466,375</u>	<u>354,606</u>	<u>8,901</u>
	<u>\$ 3,737,659</u>	<u>\$ 655,542</u>	<u>\$ 400,538</u>
Support services:			
Student services	\$ 162,592	\$ -	\$ -
Instructional staff services	86,852	-	-
Administration services	613,371	-	-
Operation and maintenance of plant services	560,669	-	-
Transportation services	<u>219,030</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,642,514</u>	<u>\$ -</u>	<u>\$ -</u>
Other expenses:			
Long-term debt interest	\$ 51,909	\$ -	\$ -
Services	400	-	-
AEA flow through	<u>187,063</u>	<u>-</u>	<u>187,063</u>
	<u>\$ 239,372</u>	<u>\$ -</u>	<u>\$ 187,063</u>
Total governmental activities	<u>\$ 5,619,545</u>	<u>\$ 655,542</u>	<u>\$ 587,601</u>
Business type activities:			
Non-instructional programs:			
Food service operations	\$ 216,846	\$ 132,962	\$ 73,792
Total business type activities	<u>\$ 216,846</u>	<u>\$ 132,962</u>	<u>\$ 73,792</u>
Total	<u>\$ 5,836,391</u>	<u>\$ 788,504</u>	<u>\$ 661,393</u>
<b>GENERAL REVENUES:</b>			
Property and other tax levied for:			
General purposes			
Management levy			
Capital projects (local option sales tax)			
Physical plant and equipment levy			
Debt service			
Unrestricted state grants			
Unrestricted investment earnings			
Sale of equipment			
Other			
Total general revenues			
Change in net assets			
Net assets beginning of year			
Net assets end of year			

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
\$ (2,260,568)	\$ -	\$ (2,260,568)
(318,143)	-	(318,143)
<u>(102,868)</u>	<u>-</u>	<u>(102,868)</u>
\$ <u>(2,681,579)</u>	\$ <u>-</u>	\$ <u>(2,681,579)</u>
\$ (162,592)	\$ -	\$ (162,592)
(86,852)	-	(86,852)
(613,371)	-	(613,371)
(560,669)	-	(560,669)
<u>(219,030)</u>	<u>-</u>	<u>(219,030)</u>
\$ <u>(1,642,514)</u>	\$ <u>-</u>	\$ <u>(1,642,514)</u>
\$ (51,909)	\$ -	\$ (51,909)
(400)	-	(400)
<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>(52,309)</u>	\$ <u>-</u>	\$ <u>(52,309)</u>
\$ <u>(4,376,402)</u>	\$ <u>-</u>	\$ <u>(4,376,402)</u>
\$ -	\$ (10,092)	\$ (10,092)
\$ -	\$ (10,092)	\$ (10,092)
\$ <u>(4,376,402)</u>	\$ <u>(10,092)</u>	\$ <u>(4,386,494)</u>
\$ 1,382,514	\$ -	\$ 1,382,514
92,666	-	92,666
468,285	-	468,285
37,267	-	37,267
206,357	-	206,357
2,303,652	-	2,303,652
118,346	1,348	119,694
100	-	100
<u>1,331</u>	<u>-</u>	<u>1,331</u>
\$ <u>4,610,518</u>	\$ <u>1,348</u>	\$ <u>4,611,866</u>
\$ 234,116	\$ (8,744)	\$ 225,372
<u>5,295,146</u>	<u>39,689</u>	<u>5,334,835</u>
\$ <u>5,529,262</u>	\$ <u>30,945</u>	\$ <u>5,560,207</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and pooled investments:					
ISCAP	\$ 939,513	\$ -	\$ -	\$ -	\$ 939,513
Other	534,337	493,960	159,326	246,149	1,433,772
Receivables:					
Property tax:					
Current year	16,567	-	2,658	1,679	20,904
Succeeding year	1,293,757	-	236,987	132,698	1,663,442
Accrued interest:					
ISCAP	7,653	-	-	-	7,653
Due from other funds	28,391	-	-	-	28,391
Due from other governments	131,140	68,041	-	-	199,181
Inventory	19,373	-	-	-	19,373
Prepaid expenses	28,820	-	-	-	28,820
	<u>2,999,551</u>	<u>562,001</u>	<u>398,971</u>	<u>380,526</u>	<u>4,341,049</u>
<b>Total assets</b>	<b>\$ 2,999,551</b>	<b>\$ 562,001</b>	<b>\$ 398,971</b>	<b>\$ 380,526</b>	<b>\$ 4,341,049</b>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 93,702	\$ 107,071	\$ -	\$ -	\$ 200,773
Salaries and benefits payable	387,884	-	-	-	387,884
Due to other funds	-	696	-	12,013	12,709
Deferred revenue:					
Succeeding year property tax	1,293,757	-	236,987	132,698	1,663,442
ISCAP warrants payable	941,000	-	-	-	941,000
ISCAP unamortized premiums	6,982	-	-	-	6,982
Total liabilities	<u>2,723,325</u>	<u>107,767</u>	<u>236,987</u>	<u>144,711</u>	<u>3,212,790</u>
	<u>2,723,325</u>	<u>107,767</u>	<u>236,987</u>	<u>144,711</u>	<u>3,212,790</u>
Fund balances:					
Reserved for debt service	\$ -	\$ -	\$ 161,984	\$ -	\$ 161,984
Unreserved	276,226	454,234	-	235,815	966,275
Total fund balances	<u>276,226</u>	<u>454,234</u>	<u>161,984</u>	<u>235,815</u>	<u>1,128,259</u>
	<u>276,226</u>	<u>454,234</u>	<u>161,984</u>	<u>235,815</u>	<u>1,128,259</u>
<b>Total liabilities and fund balances</b>	<b>\$ 2,999,551</b>	<b>\$ 562,001</b>	<b>\$ 398,971</b>	<b>\$ 380,526</b>	<b>\$ 4,341,049</b>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS

TO THE STATEMENT OF NET ASSETS

JUNE 30, 2007

Total fund balances of governmental funds	\$ 1,128,259
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,901,845
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(500,000)
Accrued interest payable on long-term debt is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	<u>(842)</u>
Net assets of governmental activities	<u>\$ 5,529,262</u>

## WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

## GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 1,382,514	\$ 468,285	\$ 206,357	\$ 129,933	\$ 2,187,089
Tuition	231,250	-	-	-	231,250
Other	142,196	26,528	8,059	363,015	539,798
State sources	2,760,637	-	169	106	2,760,912
Federal sources	134,510	-	-	-	134,510
Total revenues	<u>\$ 4,651,107</u>	<u>\$ 494,813</u>	<u>\$ 214,585</u>	<u>\$ 493,054</u>	<u>\$ 5,853,559</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 2,646,504	\$ -	\$ -	\$ -	\$ 2,646,504
Special instruction	485,550	-	-	-	485,550
Other instruction	105,761	-	-	339,703	445,464
	<u>\$ 3,237,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,703</u>	<u>\$ 3,577,518</u>
Support services:					
Student services	\$ 151,574	\$ -	\$ -	\$ -	\$ 151,574
Instructional staff services	83,174	-	-	-	83,174
Administration services	506,516	-	-	83,145	589,661
Operation and maintenance of plant services	535,530	-	-	-	535,530
Transportation services	209,210	-	-	-	209,210
	<u>\$ 1,486,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,145</u>	<u>\$ 1,569,149</u>
Other expenditures:					
Facilities and equipment acquisition	\$ -	\$ 603,846	\$ -	\$ 70,622	\$ 674,468
Services	-	-	400	-	400
Principal	-	-	240,000	-	240,000
Interest	36,269	-	15,990	-	52,259
AEA flow through	187,063	-	-	-	187,063
	<u>\$ 223,332</u>	<u>\$ 603,846</u>	<u>\$ 256,390</u>	<u>\$ 70,622</u>	<u>\$ 1,154,190</u>
Total expenditures	<u>\$ 4,947,151</u>	<u>\$ 603,846</u>	<u>\$ 256,390</u>	<u>\$ 493,470</u>	<u>\$ 6,300,857</u>
(Deficiency) excess of revenue (under) over expenditures	\$ (296,044)	\$ (109,033)	\$ (41,805)	\$ (416)	\$ (447,298)
Other financing sources (uses):					
Sale of equipment	\$ 100	\$ -	\$ -	\$ -	\$ 100
Operating transfers in	-	-	50,000	-	50,000
Operating transfers out	-	(50,000)	-	-	(50,000)
Total other financing sources (uses)	<u>\$ 100</u>	<u>\$ (50,000)</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 100</u>
Net change in fund balances	\$ (295,944)	\$ (159,033)	\$ 8,195	\$ (416)	\$ (447,198)
Fund balances beginning of year	<u>572,170</u>	<u>613,267</u>	<u>153,789</u>	<u>236,231</u>	<u>1,575,457</u>
Fund balances end of year	<u>\$ 276,226</u>	<u>\$ 454,234</u>	<u>\$ 161,984</u>	<u>\$ 235,815</u>	<u>\$ 1,128,259</u>

See notes to financial statements.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES ANDCHANGES IN FUND BALANCES - GOVERNMENTAL FUNDSTO THE STATEMENT OF ACTIVITIESYEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	\$ (447,198)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are capitalized in the Statement of Net Assets and are expensed over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 685,543	
Depreciation expense	<u>(244,579)</u>	440,964

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

240,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due.

<u>350</u>
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Change in net assets of governmental activities	<u><u>\$ 234,116</u></u>
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WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICTSTATEMENT OF NET ASSETS - PROPRIETARY FUNDJUNE 30, 2007

	<u>School Nutrition</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 13,191
Inventories	11,234
Capital assets, net of accumulated depreciation	<u>16,361</u>
Total assets	<u>\$ 40,786</u>
<b>LIABILITIES:</b>	
Accounts payable	\$ 71
Due to other funds	<u>9,770</u>
Total liabilities	<u>\$ 9,841</u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	\$ 16,361
Unrestricted	<u>14,584</u>
Total net assets	<u>\$ 30,945</u>
Total liabilities and net assets	<u>\$ 40,786</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -PROPRIETARY FUNDYEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ <u>132,962</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 94,301
Benefits	10,976
Repairs and maintenance	116
Supplies	122,033
Other	5,922
Depreciation	<u>1,807</u>
Total operating expenses	\$ <u>235,155</u>
Operating loss	\$ <u>(102,193)</u>
Non-operating revenues:	
Interest income	\$ 1,348
State sources	4,294
Federal sources	69,498
Commodities received	<u>18,309</u>
Total non-operating revenues	\$ <u>93,449</u>
Change in net assets	\$ (8,744)
Net assets beginning of year	<u>39,689</u>
Net assets end of year	<u>\$ 30,945</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICTSTATEMENT OF CASH FLOWS - PROPRIETARY FUNDYEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 132,962
Cash paid to employees for services	(105,277)
Cash paid to suppliers for goods or services	<u>(109,562)</u>
Net cash used by operating activities	<u>\$ (81,877)</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 4,294
Federal grants received	69,498
Cash received from the General Fund	<u>14,625</u>
Net cash provided by non-capital financing activities	<u>\$ 88,417</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ (225)</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 1,348</u>
Net change in cash and cash equivalents	\$ 7,663
Cash and cash equivalents beginning of year	<u>5,528</u>
Cash and cash equivalents end of year	<u>\$ 13,191</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (102,193)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,807
Decrease in inventories	129
Increase in accounts payable	71
Commodities used	<u>18,309</u>
Net cash used by operating activities	<u>\$ (81,877)</u>

## Non-cash investing, capital and financing activities:

During the year ended June 30, 2007, the District received \$18,309 of federal commodities.

See notes to financial statements.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS - FIDUCIARY FUND

JUNE 30, 2007

	<u>Agency</u>
<b>ASSETS:</b>	
Other receivables	\$ <u>5,912</u>
Total assets	\$ <u><u>5,912</u></u>
<b>LIABILITIES:</b>	
Due to other funds	\$ <u>5,912</u>
Total liabilities	\$ <u>5,912</u>
<b>NET ASSETS:</b>	
Unrestricted	\$ <u>-</u>
Total net assets	\$ <u>-</u>
Total liabilities and net assets	\$ <u><u>5,912</u></u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Woodbury Central Community School District (the 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 predominant agricultural territory in Woodbury County in Iowa. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity - For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The GASB 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 District has no component units which meet the GASB criteria.

B. Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Invested in Capital Assets, Net of Related Debt - Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets plus unspent bond proceeds.

Restricted Net Assets - Result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - Consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The Capital Projects Fund is used to account for certain costs, primarily construction, repairs and/or remodeling of school property.

The District reports the following major proprietary fund:

The District's proprietary fund consists of the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations.

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

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

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

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

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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

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

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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost.

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

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the legally enforceable claim date, which is the date that the tax asking is certified by the Board of Education. Current year delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1-1/2 percent per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$1,000 and estimated useful lives in excess of two years.

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

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

Salaries and Benefits Payable - 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 FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements 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 in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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

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

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, actual receipts from federal sources were less than budgeted amounts. Expenditures in the instruction, non-instructional programs and other expenditures functions exceeded the amounts budgeted.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 2 - CASH AND INVESTMENTS:

The District's deposits in banks at June 30, 2007 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 ensure there will be no loss of public funds.

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

At June 30, 2007, the District had cash and investments as follows:

Cash	\$ 1,410,110
Certificates of deposit	17,511
Iowa School Joint Investment Trust	<u>19,342</u>
	<u>\$ 1,446,963</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

NOTE 3 - INTERFUND TRANSFERS:

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	<u>\$ 50,000</u>

The above transfer was made in order to provide for a portion of the District's principal and interest payments on long-term debt.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:

The detail of interfund receivables and payables at June 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 696
General Fund	Management Levy	8,960
General Fund	Student Activity Fund	3,053
General Fund	School Nutrition Fund	9,770
General Fund	Agency Fund	<u>5,912</u>
		<u>\$ 28,391</u>

The due from and due to other funds balance at June 30, 2007 are generally the result of the General Fund paying/accruing certain expenses on behalf of the other funds.

NOTE 5 - IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP):

The District participates in the Iowa School 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 are maintained 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. NA 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, 2007 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</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	\$ -	\$ 7,653	\$ -	\$ -
2007-2008A	6/28/07	6/27/08	<u>939,513</u>	<u>-</u>	<u>941,000</u>	<u>-</u>
Total			<u>\$ 939,513</u>	<u>\$ 7,653</u>	<u>\$ 941,000</u>	<u>\$ -</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 5 - IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP) (CONTINUED):

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 percent of the warrant amount. There was one ISCAP advance for the year of \$100,000 in September 2006, and it was repaid in October 2006.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2006-07A	4.500%	5.676%
2007-08A	4.500%	5.455%

NOTE 6 - CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 88,204	\$ -	\$ -	\$ 88,204
Construction in progress	<u>11,080</u>	<u>233,875</u>	<u>11,080</u>	<u>233,875</u>
Total capital assets not being depreciated	<u>\$ 99,284</u>	<u>\$ 233,875</u>	<u>\$ 11,080</u>	<u>\$ 322,079</u>
Capital assets being depreciated:				
Land improvements	\$ 455,958	\$ -	\$ -	\$ 455,958
Buildings and improvements	6,141,875	381,051	-	6,522,926
Machinery and equipment	<u>1,726,727</u>	<u>81,697</u>	<u>-</u>	<u>1,808,424</u>
Total capital assets being depreciated	<u>\$ 8,324,560</u>	<u>\$ 462,748</u>	<u>\$ -</u>	<u>\$ 8,787,308</u>
Less accumulated depreciation for:				
Land improvements	\$ 343,504	\$ 20,361	\$ -	\$ 363,865
Buildings and improvements	2,246,146	113,346	-	2,359,492
Machinery and equipment	<u>1,373,313</u>	<u>110,872</u>	<u>-</u>	<u>1,484,185</u>
Total accumulated depreciation	<u>\$ 3,962,963</u>	<u>\$ 244,579</u>	<u>\$ -</u>	<u>\$ 4,207,542</u>
Total capital assets being depreciated, net	<u>\$ 4,361,597</u>	<u>\$ 218,169</u>	<u>\$ -</u>	<u>\$ 4,579,766</u>
Governmental activities capital assets, net	<u>\$ 4,460,881</u>	<u>\$ 452,044</u>	<u>\$ 11,080</u>	<u>\$ 4,901,845</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 6 - CAPITAL ASSETS (CONTINUED):

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Business type activities:				
Machinery and equipment	\$ 117,679	\$ 225	\$ -	\$ 117,904
Less accumulated depreciation	<u>99,736</u>	<u>1,807</u>	<u>-</u>	<u>101,543</u>
Business type activities capital assets, net	<u>\$ 17,943</u>	<u>\$ (1,582)</u>	<u>\$ -</u>	<u>\$ 16,361</u>

Depreciation expense was charged to the following functions:

Governmental activities:

    Instruction:

Regular	\$ 124,227
Special	22,537
Other	20,910

    Support services:

Student	11,018
Instructional staff	7,219
Administration	23,710
Operation and maintenance of plant	25,138
Transportation	<u>9,820</u>

Total depreciation expense - governmental activities      \$ 244,579

Business type activities:

Food service operations	<u>\$ 1,807</u>
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NOTE 7 - LONG-TERM LIABILITIES:

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 percent. The District's assets were pledged as collateral.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED):

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 740,000	\$ -	\$ 240,000	\$ 500,000	\$ 245,000

General Obligation Bonds Payable - Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

<u>Year Ending June30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 245,000	\$ 11,070	\$ 256,070
2009	<u>255,000</u>	<u>5,217</u>	<u>260,217</u>
	<u>\$ 500,000</u>	<u>\$ 16,287</u>	<u>\$ 516,287</u>

NOTE 8 - PENSION AND RETIREMENT BENEFITS:

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

Plan members are required to contribute 3.70 percent of their annual covered salary and the District is required to contribute 5.75 percent of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$185,748, \$172,374, and \$166,864, respectively, equal to the required contributions for each year.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 9 - RISK MANAGEMENT:

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

NOTE 10 - AREA EDUCATION AGENCY:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$187,063 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTE 11 - OPERATING LEASE:

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

<u>Year Ending</u> <u>June 30,</u>	<u>PPEL Fund</u>
2008	\$ 17,820
2009	17,820
2010	17,820
2011	<u>7,425</u>
Totals	<u>\$ 60,885</u>

Lease expenditures were \$17,820 for the year ended June 30, 2007.

NOTE 12 - COMMITMENT:

The District has entered into a \$629,000 construction contract primarily for the band room addition. This contract was approximately 30 percent complete as of June 30, 2007.

**REQUIRED SUPPLEMENTARY INFORMATION**

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES

IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS

AND PROPRIETARY FUND

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2007

	Governmental Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Receipts:		
Local sources	\$ 2,958,137	\$ 134,310
State sources	2,760,912	4,294
Federal sources	<u>134,510</u>	<u>69,498</u>
Total receipts	<u>\$ 5,853,559</u>	<u>\$ 208,102</u>
Disbursements:		
Instruction	\$ 3,577,518	\$ -
Support services	1,569,149	-
Non-instructional programs	-	216,846
Other expenditures	<u>1,154,190</u>	<u>-</u>
Total disbursements	<u>\$ 6,300,857</u>	<u>\$ 216,846</u>
(Deficiency) excess of receipts (under) over disbursements	\$ (447,298)	\$ (8,744)
Other financing sources (uses), net	<u>100</u>	<u>-</u>
(Deficiency) excess of receipts (under) over disbursements	\$ (447,198)	\$ (8,744)
Balances beginning of year	<u>1,575,457</u>	<u>39,689</u>
Balances end of year	<u>\$ 1,128,259</u>	<u>\$ 30,945</u>

See accompanying independent auditor's report.

Total <u>Actual</u>	Budgeted Amounts		Final to Actual <u>Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 3,092,447	\$ 2,874,687	\$ 2,874,687	\$ 217,760
2,765,206	2,748,096	2,748,096	17,110
<u>204,008</u>	<u>256,000</u>	<u>256,000</u>	<u>(51,992)</u>
<u>\$ 6,061,661</u>	<u>\$ 5,878,783</u>	<u>\$ 5,878,783</u>	<u>\$ 182,878</u>
\$ 3,577,518	\$ 3,635,000	\$ 3,635,000	\$ 57,482
1,569,149	1,707,500	1,707,500	138,351
216,846	205,000	205,000	(11,846)
<u>1,154,190</u>	<u>1,355,669</u>	<u>1,355,669</u>	<u>201,479</u>
<u>\$ 6,517,703</u>	<u>\$ 6,903,169</u>	<u>\$ 6,903,169</u>	<u>\$ 385,466</u>
\$ (456,042)	\$ (1,024,386)	\$ (1,024,386)	\$ 568,344
<u>100</u>	<u>(67,905)</u>	<u>(67,905)</u>	<u>68,005</u>
\$ (455,942)	<u>\$ (1,092,291)</u>	<u>\$ (1,092,291)</u>	<u>\$ 636,349</u>
<u>1,615,146</u>			
<u>\$ 1,159,204</u>			

**OTHER SUPPLEMENTARY INFORMATION**

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2007

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

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

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

During the year ended June 30, 2007, expenditures in the non-instructional program function exceeded the amounts budgeted.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR FUNDS

JUNE 30, 2007

ASSETS

	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Cash and pooled investments	\$ 104,116	\$ 84,618	\$ 57,415	\$ 246,149
Receivables:				
Property tax:				
Current year	1,199	-	480	1,679
Succeeding year	<u>96,715</u>	<u>-</u>	<u>35,983</u>	<u>132,698</u>
Total assets	<u>\$ 202,030</u>	<u>\$ 84,618</u>	<u>\$ 93,878</u>	<u>\$ 380,526</u>

LIABILITIES AND FUND EQUITY

Liabilities:				
Due to other funds	\$ 8,960	\$ 3,053	\$ -	\$ 12,013
Deferred revenue:				
Succeeding year property tax	<u>96,715</u>	<u>-</u>	<u>35,983</u>	<u>132,698</u>
Total liabilities	\$ 105,675	\$ 3,053	\$ 35,983	\$ 144,711
Fund equity:				
Unreserved fund balances	<u>96,355</u>	<u>81,565</u>	<u>57,895</u>	<u>235,815</u>
Total liabilities and fund equity	<u>\$ 202,030</u>	<u>\$ 84,618</u>	<u>\$ 93,878</u>	<u>\$ 380,526</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCES - NONMAJOR FUNDS

YEAR ENDED JUNE 30, 2007

	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Revenues:				
Local sources:				
Local tax	\$ 92,666	\$ -	\$ 37,267	\$ 129,933
Other	2,281	358,758	1,976	363,015
State sources	<u>76</u>	<u>-</u>	<u>30</u>	<u>106</u>
Total revenues	<u>\$ 95,023</u>	<u>\$ 358,758</u>	<u>\$ 39,273</u>	<u>\$ 493,054</u>
Expenditures:				
Current:				
Instruction:				
Other instruction	\$ -	\$ 339,703	\$ -	\$ 339,703
Support services:				
Administration services	83,145	-	-	83,145
Transportation services	<u>-</u>	<u>-</u>	<u>70,622</u>	<u>70,622</u>
Total expenditures	<u>\$ 83,145</u>	<u>\$ 339,703</u>	<u>\$ 70,622</u>	<u>\$ 493,470</u>
Net change in fund balance	\$ 11,878	\$ 19,055	\$ (31,349)	\$ (416)
Fund balances beginning of year	<u>84,477</u>	<u>62,510</u>	<u>89,244</u>	<u>236,231</u>
Fund balances end of year	<u>\$ 96,355</u>	<u>\$ 81,565</u>	<u>\$ 57,895</u>	<u>\$ 235,815</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS

YEAR ENDED JUNE 30, 2007

ACCOUNT:	Balance Beginning of Year	Revenues and Interfund Transfers	Expenditures	Intrafund Transfers	Balance End of Year
General	\$ (40)	\$ -	\$ -	\$ -	(40)
Reserve for contingencies	14,549	318	1,553	-	13,314
Interest	8,584	4,153	-	-	12,737
Educational extras	3,346	1,607	703	-	4,250
Band	6,936	16,027	19,658	-	3,305
Athletics	(8,736)	125,880	116,164	(311)	669
Weight room	6,378	10,834	12,371	(160)	4,681
Student council	1,138	1,322	1,407	(55)	998
Wildcat products	943	31,689	22,652	-	9,980
Class of 2007	432	453	963	-	(78)
Class of 2008	(128)	12,653	8,961	(139)	3,425
Class of 2009	169	-	24	-	145
Class of 2010	-	299	290	-	9
Library	413	30	-	-	443
Drill team	2,807	3,998	5,647	-	1,158
Cheerleaders	1,100	12,161	10,679	(79)	2,503
Student trips	946	1,620	1,620	-	946
Swing choir	2,838	39,296	43,689	885	(670)
School gardens	260	-	-	-	260
Miscellaneous resale	4,920	9,589	12,256	18	2,271
Middle school	546	15,166	12,604	(63)	3,045
Middle school music	406	-	60	-	346
Cat shop	(966)	19,848	15,787	40	3,135
Industrial arts	(1,697)	1,406	2,360	135	(2,516)
Concessions	2,882	27,734	25,723	(311)	4,582
Yearbook	(611)	6,931	6,473	65	(88)
Elementary fundraiser	8,334	13,272	14,052	-	7,554
Spanish club	45	-	-	-	45
Petty cash	50	-	-	50	100
Color guard	515	-	507	-	8
Theatre fund	1,473	2,039	3,150	(65)	297
School cents	3,124	433	-	(10)	3,547
Moville food pantry	585	-	-	-	585
Fine arts	25	-	70	-	(45)
Art club	306	-	-	-	306
Talented and gifted	156	-	-	-	156
Wellness	482	-	280	-	202
<b>Total</b>	<b>\$ 62,510</b>	<b>\$ 358,758</b>	<b>\$ 339,703</b>	<b>\$ -</b>	<b>\$ 81,565</b>

See accompanying independent auditor's report.

## WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

## SCHEDULE OF TAXES AND INTERGOVERNMENTAL REVENUES AND RECEIPTS

## ALL GOVERNMENTAL FUNDS

FOR THE LAST FIVE YEARS ENDED JUNE 30,

	Modified Accrual Basis				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:					
Local sources:					
Property taxes	\$ 1,558,230	\$ 1,434,533	\$ 1,434,739	\$ 1,458,157	\$ 1,465,221
Utility tax replacement excise taxes	34,950	55,336	28,280	53,275	51,451
Mobile home taxes	23,496	4,855	5,837	5,571	6,230
Instructional support from income taxes	102,129	93,102	106,183	99,378	97,003
Local sales and service taxes	<u>468,285</u>	<u>396,348</u>	<u>388,344</u>	<u>421,938</u>	<u>363,112</u>
	<u>\$ 2,187,090</u>	<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	\$ 2,303,652	\$ 2,304,797	\$ 2,219,601	\$ 1,953,322	\$ 1,867,791
Teachers compensation allocation	94,152	58,321	50,061	45,969	39,821
Lunch and breakfast program claims	3,677	3,336	3,397	2,862	3,285
Educational excellence program:					
Phase I	39,669	39,816	40,371	40,079	41,350
Phase II	48,155	47,881	48,105	47,339	47,292
Phase III	-	-	-	-	11,751
Revenue in lieu of taxes - military credit	1,330	5,991	-	-	-
Instructional support state aid	12,010	13,638	14,045	13,143	14,007
Iowa early intervention block grant	33,229	36,314	36,621	36,428	35,768
AEA flow through	187,063	172,135	180,772	166,997	177,821
Other state aid	<u>41,546</u>	<u>79,658</u>	<u>39,288</u>	<u>11,300</u>	<u>22,060</u>
	<u>\$ 2,764,483</u>	<u>\$ 2,761,887</u>	<u>\$ 2,632,261</u>	<u>\$ 2,317,439</u>	<u>\$ 2,260,946</u>
Federal sources:					
Title I	44,769	45,779	53,217	59,526	59,653
Safe and drug free schools and communities	1,785	2,350	2,542	5,771	3,022
Innovative education program strategies (Title VI Program)	-	-	-	3,690	3,075
Vocational education - grants to states	34,574	37,027	36,499	35,734	51,300
National school lunch fund	69,498	64,354	61,218	60,616	58,130
Food distribution	18,309	19,689	22,139	17,308	33,154
Federal teacher quality program	20,140	20,306	19,906	19,685	21,146
Other federal aid	<u>33,242</u>	<u>93,228</u>	<u>38,706</u>	<u>57,570</u>	<u>25,678</u>
	<u>\$ 222,317</u>	<u>\$ 282,733</u>	<u>\$ 234,227</u>	<u>\$ 259,900</u>	<u>\$ 255,158</u>
Total	<u>\$ 5,173,890</u>	<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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of  
Woodbury Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the remaining aggregate fund information of Woodbury Central Community School District (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

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

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



To the Board of Education  
Woodbury Central Community School District

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07, I-B-07, I-C-07 and I-D-07 are material weaknesses.

### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 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.

The District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit the District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the District and other parties to whom the District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

January 7, 2008  
Sioux City, Iowa

*King, Reinsch, Prosser & Co., L.L.P.*

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

MATERIAL WEAKNESSES:

I-A-07 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetrate and conceal errors or irregularities. To accomplish proper segregation of duties, the system, insofar as possible, should provide for different individuals to perform the functions of (a) authorizing transactions, (b) recording transactions, (c) maintaining custody of the assets that result from transactions, and (d) comparing assets with the related amounts recorded in the accounting records. In performing our audit, we noted that the Business Manager has primary responsibility for many accounting and financial duties.

Recommendation - The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions.

Response - The District understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. The District will review its procedures and implement changes as deemed necessary.

Conclusion - Response accepted.

I-B-07 Preparation of Financial Statements In Accordance With GAAP - The financial statements are the responsibility of the District's management. That responsibility is satisfied by either (a) management preparing the financial statements in accordance with GAAP or (b) management demonstrating the necessary GAAP expertise when reviewing and approving financial statements (that the auditor has assisted in drafting) and the various schedules and calculations used to prepare such financial statements. Management does review draft financial statements prior to issuance but does not fully possess a knowledge of the District's GAAP financial reporting process.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

(CONTINUED)

Part I: Findings Related to the Financial Statements (Continued)

Recommendation - We recommend management review the District's GAAP financial reporting process and seek the necessary guidance/training so as to more fully understand the process to prepare the District's financial statements in accordance with GAAP.

Response - The District understands the nature of the weakness and the necessity for management to further its understanding of GAAP financial reporting. The District will implement changes as deemed necessary.

Conclusion - Response accepted.

I-C-07 Reconciliation of Beginning Fund Balance - Beginning fund balance for all funds should match the ending fund balance per the previous year's audited financial statements. During the course of our audit, we noted beginning fund balance did not reconcile to the previous year's audited financial statements for several funds. The differences ranged from approximately \$2,550 to \$34,000. This occurred because management did not review and reconcile fund balances with the financial statements.

Recommendation - We recommend management review and reconcile beginning fund balance for all funds to the previous year's audited financial statements.

Response - The District will implement this procedure.

Conclusion - Response accepted.

I-D-07 Reconciliation of Capital Assets - The District maintains a detailed schedule of capital assets including cost and depreciation information on each asset which is used to prepare the District's financial statements in accordance with GAAP. The beginning cost and accumulated depreciation amounts per this schedule should match the previous year's audited financial statements. During the course of our audit, we noted beginning cost and accumulated depreciation amounts did not match the previous year's audited financial statements.

Recommendation - We recommend management review the capital asset schedule to ensure it is updated and reconcile with the audited financial statements.

Response - The District will implement this procedure.

Conclusion - Response accepted.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

(CONTINUED)

Part I: Findings Related to the Financial Statements (Continued)

SIGNIFICANT DEFICIENCIES:

I-E - 07 Cash Held in Non-District Accounts - All District cash should be held in accounts under the control of the District with signers authorized by the Board. During the course of our audit, we noted that certain activity fund cash is held in an account outside of the District's control.

Recommendation - We recommend cash for all funds be placed in accounts under the District's control.

Response - The District will implement this procedure.

Conclusion - Response accepted.

I-F-07 Write Off of Accounts Receivable - Accounts receivable in all funds should be reviewed periodically for any amounts management deems uncollectible. Such uncollectible amounts should be written off only upon review by another member of management or the Board. During the course of our audit, we noted certain receivables were written off without proper approval.

Recommendation - We recommend a policy be implemented requiring proper approval prior to the write off of any accounts receivable.

Response - The District will implement this procedure.

Conclusion - Response accepted.

I-G-07 Timely Payment of Invoices - Vendor invoices should be paid in a timely manner so as to avoid finance charges and any vendor conflicts. During the course of our audit, we noted instances of finance charges being incurred due to untimely vendor payments.

Recommendation - We recommend a procedure that provides for all invoices received to be organized by due date and monitored for timely payment.

Response - The District will implement this procedure.

Conclusion - Response accepted.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

(CONTINUED)

Part I: Findings Related to the Financial Statements (Continued)

I-H-07 Expense Reimbursement - All expenses incurred by faculty and staff on behalf of the District should be substantiated with receipts attached to an expense report that is approved by management. In addition, any amounts provided as a cash advance should be subsequently reconciled to actual expenses incurred and supported by receipts. During the course of our audit, we noted that some expenses were not properly supported by receipts and cash advances were not reconciled to actual expenses incurred.

Recommendation - We recommend management review employee expense reports for proper supporting documentation and limit the use of cash advances.

Response - The District will implement these procedures.

Conclusion - Response accepted.

Part II: Other Findings Related to Statutory Reporting

II-A-07 Certified Budget - Expenditures for the year ended June 30, 2007 exceeded the certified budget amounts in the non-instructional program function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-07 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.

II-D-07 Business Transactions - We noted no business transactions between the District and District officials or employees that would appear to constitute a conflict of interest.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

(CONTINUED)

Part II: Other Findings Related to Statutory Reporting (Continued)

- II-E-07 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.
- II-F-07 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- II-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II- H-07 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II- I-07 Certified Annual Report - The Certified Annual Report (CAR) was certified to the Iowa Department of Education timely.