

WEST MONONA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

NOLTE, CORNMAN & JOHNSON P.C.
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NEWS RELEASE

Nolte, Cornman & Johnson P.C. today released an audit report on the West Monona Community School District in Onawa, Iowa.

The District's revenues totaled \$7,661,613 for the year ended June 30, 2009, a 0.02% decrease from the prior year. Revenues included local tax of \$2,949,873, charges for service of \$535,715, operating grants, contributions and restricted interest of \$1,279,213, unrestricted state grants of \$2,777,540, unrestricted interest of \$104,441, and other general revenues of \$14,831.

Expenses for District operations totaled \$6,943,797 a 3.85% increase from the prior year. Expenses included \$2,687,526 in regular instruction, \$1,219,004 in special instruction and \$736,626 in administration services.

A copy of the audit report is available for review in the District Secretary's office, the office of the Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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West Monona Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 election)		
Bo Fox	President	2008
Amy Maule	Vice President	2008
Terri Pratt	Board Member	2010
Geri Johnson	Board Member	2010
Hank Mason	Board Member	2009
Board of Education (After September 2008 election)		
Amy Maule	President	2011
Hank Mason	Vice President	2009
Terri Pratt	Board Member	2009*
Geri Johnson	Board Member	2009*
Allen Carrier	Board Member	2011
School Officials		
James Simmelink	Superintendent	2009
Kathryn Holverson	District Secretary/ Treasurer	2009
Ahlers Law Firm	Attorney	2009

* Board term shortened per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
West Monona Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the West Monona Community School District, Onawa, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

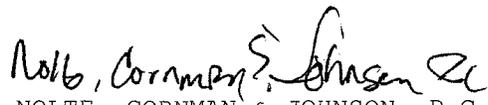
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the West Monona Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2010 on our consideration of the West Monona Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 35 through 36 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. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise West Monona Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for five years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those 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.


NOLTE, CORNMAN & JOHNSON, P.C.

February 5, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,549,893 in fiscal 2008 to \$6,513,700 in fiscal 2009, while General Fund expenditures increased from \$5,950,098 in fiscal 2008 to \$6,291,664 in fiscal 2009. The District's General Fund balance increased from \$752,851 in fiscal 2008 to \$974,887 in fiscal 2009.
- The decline in General Fund revenues was primarily attributable to reductions in other local sources and state sources of revenue. Increased expenditures for instructional functions represented the largest portion of the rise in expenditures.

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 West Monona Community School District as a whole and present an overall view of the District's finances.

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

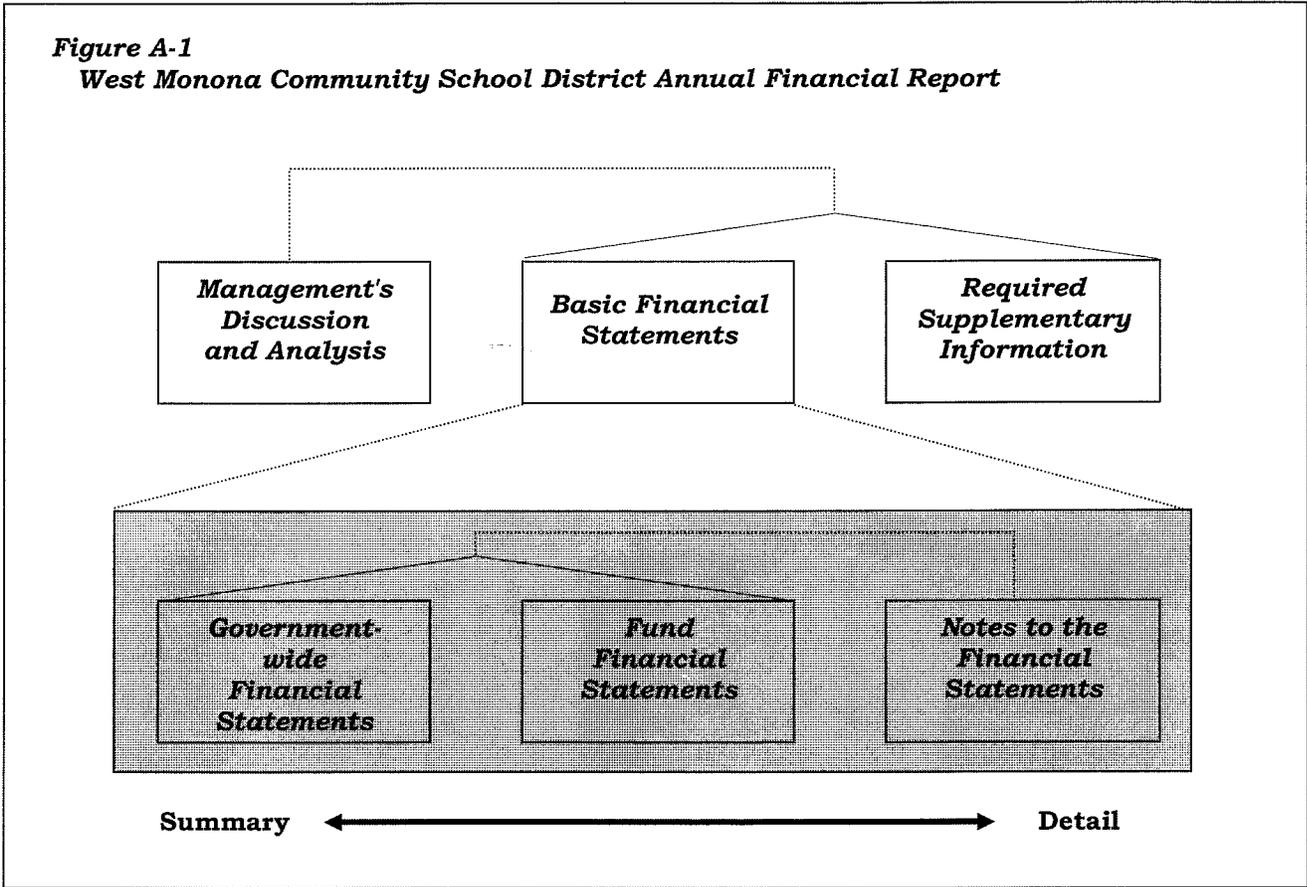


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in 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 information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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 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 two 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, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

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

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

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

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 total net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3 Condensed Statement of Net Assets							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 8,920,119	8,081,378	37,223	12,771	8,957,342	8,094,149	10.66%
Capital assets	1,375,303	1,445,539	47,997	45,510	1,423,300	1,491,049	-4.54%
Total assets	<u>10,295,422</u>	<u>9,526,917</u>	<u>85,220</u>	<u>58,281</u>	<u>10,380,642</u>	<u>9,585,198</u>	<u>8.30%</u>
Long-term obligations	290,352	506,077	-	-	290,352	506,077	-42.63%
Other liabilities	6,137,931	5,849,856	6,257	979	6,144,188	5,850,835	5.01%
Total liabilities	<u>6,428,283</u>	<u>6,355,933</u>	<u>6,257</u>	<u>979</u>	<u>6,434,540</u>	<u>6,356,912</u>	<u>1.22%</u>
Net assets:							
Invested in capital assets, net of related debt	1,084,951	985,539	47,997	45,510	1,132,948	1,031,049	9.88%
Restricted	1,865,054	1,425,690	-	-	1,865,054	1,425,690	30.82%
Unrestricted	917,134	759,755	30,966	11,792	948,100	771,547	22.88%
Total net assets	<u>\$ 3,867,139</u>	<u>3,170,984</u>	<u>78,963</u>	<u>57,302</u>	<u>3,946,102</u>	<u>3,228,286</u>	<u>22.24%</u>

The District's combined net assets increased by 22.24%, or \$717,816, over the prior year. A large portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$439,364, or 30.82% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$176,553, or 22.88%. This increase in unrestricted net assets was a result of the District's increase in the General Fund balance.

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

	Figure A-4 Changes of Net Assets						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Revenues/Transfers:							
Program revenues:							
Charges for services	\$ 402,368	380,028	133,347	123,425	535,715	503,453	6.41%
Operating grants, and contributions and restricted interest	1,116,654	977,239	162,559	147,667	1,279,213	1,124,906	13.72%
General revenues:							
Property tax	2,460,333	2,344,983	-	-	2,460,333	2,344,983	4.92%
Income surtax	103,671	96,405	-	-	103,671	96,405	7.54%
Statewide sales and services tax	385,869	391,853	-	-	385,869	391,853	-1.53%
Unrestricted state grants	2,777,540	2,979,822	-	-	2,777,540	2,979,822	-6.79%
Unrestricted investment earnings	103,856	185,698	585	6,559	104,441	192,257	-45.68%
Other	14,831	29,647	-	-	14,831	29,647	-49.97%
Transfers	(8,617)	-	8,617	-	-	-	0.00%
Total revenues/transfers	<u>7,356,505</u>	<u>7,385,675</u>	<u>305,108</u>	<u>277,651</u>	<u>7,661,613</u>	<u>7,663,326</u>	<u>-0.02%</u>
Program expenses:							
Governmental activities:							
Instruction	4,375,054	4,112,612	-	-	4,375,054	4,112,612	6.38%
Support services	1,913,161	1,882,552	-	-	1,913,161	1,882,552	1.63%
Non-instructional programs	8,585	14,827	283,447	280,386	292,032	295,213	-1.08%
Other expenses	363,550	396,165	-	-	363,550	396,165	-8.23%
Total expenses	<u>6,660,350</u>	<u>6,406,156</u>	<u>283,447</u>	<u>280,386</u>	<u>6,943,797</u>	<u>6,686,542</u>	<u>3.85%</u>
Changes in net assets	696,155	979,519	21,661	(2,735)	717,816	976,784	-26.51%
Beginning net assets	<u>3,170,984</u>	<u>2,191,465</u>	<u>57,302</u>	<u>60,037</u>	<u>3,228,286</u>	<u>2,251,502</u>	<u>43.38%</u>
Ending net assets	<u>\$ 3,867,139</u>	<u>3,170,984</u>	<u>78,963</u>	<u>57,302</u>	<u>3,946,102</u>	<u>3,228,286</u>	<u>22.24%</u>

In fiscal 2009, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 77.86% of the revenue from governmental activities while charges for services and operating grants and contributions account for 96.98% of the revenue from business type activities.

The District's total revenues were approximately \$7.66 million of which \$7.36 million was for governmental activities and \$.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.02% decrease in revenues and a 3.85% increase in expenses. The increase in expenses was related to increases in the negotiated salary and benefits.

Governmental Activities

Revenues for governmental activities were \$7,356,505 and expenses were \$6,660,350 for the year ended June 30, 2009.

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

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 4,375,054	4,112,613	6.38%	3,144,086	3,027,815	3.84%
Support services	1,913,161	1,882,552	1.63%	1,898,121	1,877,768	1.08%
Non-instructional programs	8,585	14,827	-42.10%	(12,600)	(5,618)	-124.28%
Other expenses	363,550	396,165	-8.23%	111,721	148,924	-24.98%
Totals	\$ 6,660,350	6,406,157	3.97%	5,141,328	5,048,889	1.83%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$402,368.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,116,654.
- The net cost of governmental activities was financed with \$2,460,333 in property tax, \$103,671 in income surtax, \$385,869 in statewide sales and services tax, \$2,777,540 in unrestricted state grants, \$103,856 in interest income and \$14,831 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$305,108 and expenses were \$283,447. The District's business type activities include the School Nutrition Fund. Revenues of these activities were mostly comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,689,752, above last year's ending fund balances of \$2,139,669. The primary reason for the increase in combined fund balances in fiscal 2009 is due to increases in the General Fund and Capital Projects Fund balances.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Increases during the year in local tax and Federal sources of revenue helped to lessen the overall decline in revenues. Although the District experienced a decrease in revenues and an increase in expenditures, total revenues were still higher than expenses resulting in the District's General Fund balance increasing by \$222,036.
- The General Fund balance increased from \$752,851 in fiscal 2008 to \$974,887 in fiscal 2009.

- The Debt Service Fund balance increased from \$305,691 in fiscal 2008 to \$329,301 in fiscal 2009. Part of the requirement for the revenue bonds was to reserve 10% of the bond issue to make the final payment. The District transfers statewide sales and services tax monthly to the Debt Service Fund to repay the revenue bonds. The increase in the Debt Service Fund was due to the transfer in of the excess amount of statewide sales and services tax collected for use in bond repayments.
- The Capital Projects Fund balance increased from \$855,066 in fiscal 2008 to \$1,067,024 in fiscal 2009. Revenues from statewide sales and services tax were higher than the requirements to meet debt obligations during the year allowing the Capital Projects Fund balance to improve.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$57,302 at June 30, 2008 to \$78,963 at June 30, 2009, representing an increase of 37.8%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$108,399 less than budgeted revenues, a variance of 1.39%. The most significant variance resulted from the District receiving less in Local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget disbursements at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual disbursements for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested approximately \$1.42 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 4.54% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$134,935.

The original cost of the District's capital assets was \$5,044,315. Governmental funds account for \$4,803,948 with the remainder of \$240,367 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land improvements category. The District's land improvements, net of depreciation, totaled \$80,882 at June 30, 2009, compared to \$86,486 reported at June 30, 2008. This decrease resulted from depreciation expense for the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 92,549	92,549	-	-	92,549	92,549	0.00%
Buildings	997,836	1,047,662	-	-	997,836	1,047,662	-4.76%
Land improvements	80,882	86,486	-	-	80,882	86,486	-6.48%
Machinery and equipment	204,036	218,842	47,997	45,510	252,033	264,352	-4.66%
Total	\$ 1,375,303	1,445,539	47,997	45,510	1,423,300	1,491,049	-4.54%

Long-Term Debt

At June 30, 2009, the District had \$290,352 in revenue bonds and other long-term debt outstanding. This represents a decrease of 42.63% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had outstanding Capital Loan Notes payable from the Special Revenue, Physical Plant and Equipment Levy Fund of \$135,000 at June 30, 2009.

The District had outstanding Revenue Bonds payable of \$145,000 at June 30, 2009.

The District also had outstanding computer lease obligations of \$10,352 at June 30, 2009.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Change
	June 30,		June 30,
	2009	2008	2008-09
Capital Loan Notes	\$ 135,000	175,000	-22.86%
Revenue Bonds	145,000	285,000	-49.12%
Computer Lease	10,352	-	100.00%
Early Retirement	-	46,077	-100.00%
Totals	\$ 290,352	506,077	-42.63%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The state's economy is showing limited signs of economic recovery. A weaker economy adversely impacts the amount of new general fund money available to the District.
- With the September 25, 2009 ten percent across-the-board reduction, the District will continue to implement cost-saving measures and develop a plan for the remainder of the 2009/2010 year. The Board of Education will determine what cost-saving measures we will implement and how much we can spend from our reserves.
- Historically, the District has entered into annual contracts with its collective bargaining units. The District will negotiate new agreements during fiscal 2010. Settlements in

excess of “new money” or allowable growth in state funding will have an adverse effect on the District’s General Fund budget and related fund balance. Corresponding cost reductions will be made to offset the cost of negotiated settlements and other cost increases.

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 Roxane Bales, District Secretary/Treasurer, West Monona Community School District, 1314 15th St, Onawa, Iowa, 51040.

BASIC FINANCIAL STATEMENTS

WEST MONONA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments:			
ISCAP	\$ 2,952,230	-	2,952,230
Other	2,967,471	29,024	2,996,495
Receivables:			
Property tax:			
Delinquent	54,955	-	54,955
Succeeding year	2,568,511	-	2,568,511
Income surtax	96,234	-	96,234
Accounts	131,341	7	131,348
Accrued interest - ISCAP	12,066	-	12,066
Due from other governments	137,311	-	137,311
Inventories	-	8,192	8,192
Capital assets, net of accumulated depreciation	1,375,303	47,997	1,423,300
Total assets	10,295,422	85,220	10,380,642
Liabilities			
Salaries and benefits payable	558,366	4,454	562,820
Accrued interest payable	3,798	-	3,798
ISCAP warrants payable	2,910,000	-	2,910,000
ISCAP accrued interest payable	17,340	-	17,340
ISCAP unamortized premium	45,552	-	45,552
Deferred revenue:			
Succeeding year property tax	2,568,511	-	2,568,511
Other	34,364	-	34,364
Unearned revenue	-	1,803	1,803
Long-term liabilities:			
Portion due within one year:			
Capital loan notes payable	45,000	-	45,000
Revenue bonds payable	145,000	-	145,000
Computer lease payable	5,023	-	5,023
Portion due after one year:			
Capital loan notes payable	90,000	-	90,000
Computer lease payable	5,329	-	5,329
Total liabilities	6,428,283	6,257	6,434,540
Net Assets			
Invested in capital assets, net of related debt	1,084,951	47,997	1,132,948
Restricted for:			
Categorical funding	150,189	-	150,189
Debt service	329,301	-	329,301
Capital projects	1,067,024	-	1,067,024
Management levy	110,017	-	110,017
Physical plant and equipment levy	175,616	-	175,616
Other special revenue purposes	32,907	-	32,907
Unrestricted	917,134	30,966	948,100
Total net assets	\$ 3,867,139	78,963	3,946,102

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,687,526	122,700	617,444	(1,947,382)	-	(1,947,382)
Special	1,219,004	97,210	208,844	(912,950)	-	(912,950)
Other	468,524	159,957	24,813	(283,754)	-	(283,754)
	<u>4,375,054</u>	<u>379,867</u>	<u>851,101</u>	<u>(3,144,086)</u>	<u>-</u>	<u>(3,144,086)</u>
Support services:						
Student	151,688	-	13,724	(137,964)	-	(137,964)
Instructional staff	170,609	-	-	(170,609)	-	(170,609)
Administration	736,626	-	-	(736,626)	-	(736,626)
Operation and maintenance of plant	606,869	-	-	(606,869)	-	(606,869)
Transportation	247,369	1,316	-	(246,053)	-	(246,053)
	<u>1,913,161</u>	<u>1,316</u>	<u>13,724</u>	<u>(1,898,121)</u>	<u>-</u>	<u>(1,898,121)</u>
Non-instructional programs	8,585	21,185	-	12,600	-	12,600
Other expenditures:						
Facilities acquisitions	36,097	-	-	(36,097)	-	(36,097)
Long-term debt interest	20,194	-	-	(20,194)	-	(20,194)
AEA flowthrough	251,829	-	251,829	-	-	-
Depreciation (unallocated)*	55,430	-	-	(55,430)	-	(55,430)
	<u>363,550</u>	<u>-</u>	<u>251,829</u>	<u>(111,721)</u>	<u>-</u>	<u>(111,721)</u>
Total governmental activities	6,660,350	402,368	1,116,654	(5,141,328)	-	(5,141,328)
Business Type activities:						
Non-instructional programs:						
Nutrition services	283,447	133,347	162,559	-	12,459	12,459
Total	\$ 6,943,797	535,715	1,279,213	(5,141,328)	12,459	(5,128,869)
General Revenues and Transfers:						
General revenues:						
Property tax levied for:						
General purposes				\$ 2,338,103	-	2,338,103
Capital outlay				121,120	-	121,120
Income surtax				104,781	-	104,781
Statewide sales and services tax				385,869	-	385,869
Unrestricted state grants				2,777,540	-	2,777,540
Unrestricted investment earnings				103,856	585	104,441
Other general revenues				14,831	-	14,831
Transfers				(8,617)	8,617	-
Total general revenues and transfers				<u>5,837,483</u>	<u>9,202</u>	<u>5,846,685</u>
Changes in net assets				696,155	21,661	717,816
Net assets beginning of year				3,170,984	57,302	3,228,286
Net assets end of year				<u>\$ 3,867,139</u>	<u>78,963</u>	<u>3,946,102</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments:				
ISCAP	\$ 2,952,230	-	-	2,952,230
Other	1,361,750	963,879	641,842	2,967,471
Receivables:				
Property tax:				
Delinquent	49,026	-	5,929	54,955
Succeeding year	2,341,001	-	227,510	2,568,511
Income surtax	48,117	-	48,117	96,234
Accounts	76,917	54,364	60	131,341
Accrued interest - ISCAP	12,066	-	-	12,066
Due from other governments	88,520	48,781	10	137,311
Total assets	\$ 6,929,627	1,067,024	923,468	8,920,119
Liabilities and Fund Balances				
Liabilities:				
Salaries and benefits payable	\$ 558,366	-	-	558,366
ISCAP warrants payable	2,910,000	-	-	2,910,000
ISCAP accrued interest payable	17,340	-	-	17,340
ISCAP unamortized premium	45,552	-	-	45,552
Deferred revenue:				
Succeeding year property tax	2,341,001	-	227,510	2,568,511
Income surtax	48,117	-	48,117	96,234
Other	34,364	-	-	34,364
Total liabilities	5,954,740	-	275,627	6,230,367
Fund balances:				
Reserved for:				
Categorical funding	150,189	-	-	150,189
Debt service	-	-	329,301	329,301
Unreserved:				
Designated wellness fund balance	11,698	-	-	11,698
Undesignated	813,000	1,067,024	318,540	2,348,753
Total fund balances	974,887	1,067,024	647,841	2,689,752
Total liabilities and fund balances	\$ 6,929,627	1,067,024	923,468	8,920,119

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total fund balances of governmental funds (page 16)	\$ 2,689,752
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	1,375,303
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	96,234
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(3,798)
Long-term liabilities, including capital loan notes payable, revenue bonds payable and early retirement payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(290,352)</u>
Net assets of governmental activities (page 14)	<u><u>\$ 3,867,139</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,245,513	385,869	319,601	2,950,983
Tuition	219,910	-	-	219,910
Other	174,208	1,766	155,643	331,617
State sources	3,503,928	-	5	3,503,933
Federal sources	359,789	-	-	359,789
Total revenues	<u>6,503,348</u>	<u>387,635</u>	<u>475,249</u>	<u>7,366,232</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,703,868	-	49,182	2,753,050
Special	1,210,575	-	-	1,210,575
Other	331,065	-	146,508	477,573
	<u>4,245,508</u>	<u>-</u>	<u>195,690</u>	<u>4,441,198</u>
Support services:				
Student	149,180	-	-	149,180
Instructional staff	164,642	-	-	164,642
Administration	672,650	-	62,779	735,429
Operation and maintenance of plant	566,143	-	32,894	599,037
Student transportation	233,127	-	5,490	238,617
	<u>1,785,742</u>	<u>-</u>	<u>101,163</u>	<u>1,886,905</u>
Non-instructional programs:				
Other enterprise operations	590	-	-	590
Community service and education operations	7,995	-	-	7,995
	<u>8,585</u>	<u>-</u>	<u>-</u>	<u>8,585</u>
Other expenditures:				
Facilities acquisition	-	-	36,097	36,097
Long-term debt:				
Principal	-	-	180,000	180,000
Interest	-	-	21,887	21,887
AEA flowthrough	251,829	-	-	251,829
	<u>251,829</u>	<u>-</u>	<u>237,984</u>	<u>489,813</u>
Total expenditures	<u>6,291,664</u>	<u>-</u>	<u>534,837</u>	<u>6,826,501</u>
Excess(deficiency) of revenues over(under) expenditures	211,684	387,635	(59,588)	539,731
Other financing sources(uses):				
Lease proceeds	10,352	-	-	10,352
Transfers in	-	-	224,440	224,440
Transfers out	-	(175,677)	(48,763)	(224,440)
Total other financing sources(uses)	<u>10,352</u>	<u>(175,677)</u>	<u>175,677</u>	<u>10,352</u>
Net change in fund balances	222,036	211,958	116,089	550,083
Fund balance beginning of year	<u>752,851</u>	<u>855,066</u>	<u>531,752</u>	<u>2,139,669</u>
Fund balance end of year	<u>\$ 974,887</u>	<u>1,067,024</u>	<u>647,841</u>	<u>2,689,752</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2009

Net change in fund balances - total governmental funds (page 18) \$ 550,083

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

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

Expenditures for capital assets	\$ 58,569	
Depreciation expense	<u>(128,805)</u>	(70,236)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (1,110)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Issued	(10,352)	
Repaid	<u>180,000</u>	169,648

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. 1,693

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early Retirement	<u>46,077</u>	
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Changes in net assets of governmental activities (page 15) \$ 696,155

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents:	\$ 29,024
Accounts receivable	7
Inventories	8,192
Capital assets, net of accumulated depreciation	47,997
Total assets	<u>85,220</u>
Liabilities	
Salaries and benefits payable	4,454
Unearned revenues	1,803
Total liabilities	<u>6,257</u>
Net Assets	
Invested in capital assets	47,997
Unrestricted	30,966
Total net assets	<u>\$ 78,963</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 133,347
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	114,537
Benefits	23,031
Services	1,800
Supplies	136,731
Other	1,218
Depreciation	6,130
TOTAL OPERATING EXPENSES	283,447
OPERATING LOSS	(150,100)
NON-OPERATING REVENUES:	
State sources	3,746
Federal sources	158,813
Interest income	585
TOTAL NON-OPERATING REVENUES	163,144
Change in net assets before capital contributions	13,044
Capital contributions	8,617
Change in net assets	21,661
Net assets beginning of year	57,302
Net assets end of year	\$ 78,963

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 133,229
Cash received from miscellaneous operating activities	957
Cash payments to employees for services	(133,114)
Cash payments to suppliers for goods or services	(120,364)
Net cash used in operating activities	(119,292)
Cash flows from non-capital financing activities:	
State grants received	3,746
Federal grants received	139,380
Net cash provided by non-capital financing activities	143,126
Cash flows from investing activities:	
Interest on investments	585
Net increase in cash and cash equivalents	24,419
Cash and cash equivalents at beginning of year	4,605
Cash and cash equivalents at end of year	\$ 29,024
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (150,100)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	19,541
Depreciation	6,130
Increase in inventories	(156)
Decrease in accounts receivable	15
Increase in salaries and benefits payable	4,454
Increase in unearned revenue	824
Net cash used in operating activities	\$ (119,292)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$19,541.

During the year ended June 30, 2009, the District received capital contributions valued at \$8,617 from the Special Revenue: Physical Plant and Equipment Levy Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST MONONA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) **Summary of Significant Accounting Policies**

The West Monona Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Onawa, Iowa, and the predominate agricultural territory in Monona and Harrison Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Monona and Harrison County Assessors' Conference Board.

B. Basis of Presentation

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

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management 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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to

customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

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

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

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

Asset Class	Amount
Land	\$ 0
Buildings	1,000
Land improvements	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

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

Deferred revenue 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.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

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

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

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 120,008</u>

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

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

(3) Transfers

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

Transfer to	Transfer from	Amount
Debt Sinking	Capital Projects	\$ 175,677
Debt Service	Special Revenue: Physical Plant & Equipment Levy	48,763
Total		<u>\$ 224,440</u>

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

(4) Iowa School 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 semiannual 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 semiannual 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. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09B	1/21/09	1/21/10	\$ 1,292,358	11,861	1,276,000	16,780
2009-10A	6/25/09	6/23/10	1,659,872	205	1,634,000	560
Total			<u>\$ 2,952,230</u>	<u>12,066</u>	<u>2,910,000</u>	<u>17,340</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and 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. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ 0	200,000	200,000	0
2008-09B	0	200,000	200,000	0
Total	\$ 0	400,000	400,000	0

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%
2009-10A	2.500%	0.902%

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 92,549	-	-	92,549
Capital assets being depreciated:				
Buildings	2,787,384	-	-	2,787,384
Land improvements	806,006	-	-	806,006
Machinery and equipment	1,059,440	58,569	-	1,118,009
Total capital assets being depreciated	4,652,830	58,569	-	4,711,399
Less accumulated depreciation for:				
Buildings	1,739,722	49,826	-	1,789,548
Land improvements	719,520	5,604	-	725,124
Machinery and equipment	840,598	73,375	-	913,973
Total accumulated depreciation	3,299,840	128,805	-	3,428,645
Total capital assets being depreciated, net	1,352,990	(70,236)	-	1,282,754
Governmental activities capital assets, net	\$ 1,445,539	(70,236)	-	1,375,303
Business type activities:				
Machinery and equipment	\$ 231,750	8,617	-	240,367
Less accumulated depreciation	186,240	6,130	-	192,370
Business type activities capital assets, net	\$ 45,510	2,487	-	47,997

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Special		\$ 8,429
Other		3,973
Support services:		
Support staff		2,508
Instructional support		5,967
Administration		1,197
Operation and maintenance of plant		17,569
Transportation		33,732
		<u>73,375</u>
Unallocated depreciation		<u>55,430</u>
		<u>\$ 128,805</u>
Business type activities:		
Food service operations		<u>\$ 6,130</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Capital Loan Notes	\$ 175,000	-	40,000	135,000	45,000
Revenue Bonds	285,000	-	140,000	145,000	145,000
Computer Lease	-	10,352	-	10,352	5,023
Early Retirement	46,077	-	46,077	-	-
Total	<u>\$ 506,077</u>	<u>10,352</u>	<u>226,077</u>	<u>290,352</u>	<u>195,023</u>

Capital Loan Notes Payable

Details of the District's June 30, 2009 capital loan notes indebtedness are as follows:

Year Ending June 30,	Loan Issue of May 1, 2001			
	Interest Rate	Principal	Interest	Total
2010	4.75 %	\$ 45,000	6,525	51,525
2011	4.80	45,000	4,388	49,388
2012	4.95	45,000	2,227	47,227
Total		<u>\$ 135,000</u>	<u>13,140</u>	<u>148,140</u>

Revenue Bonds Payable

Details of the District's June 30, 2009 revenue bonds indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 1, 2000			
	Interest Rate	Principal	Interest	Total
2010	5.75 %	\$ 145,000	4,169	149,169

The District has pledged future statewide sales and services tax revenues to repay the \$1,045,00 bonds issued in July 2000. The statewide sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2010. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$149,169. For the current year, \$152,362 of principal and interest was paid on the bonds and statewide sales and services tax revenues were \$385,869.

The resolution providing for the issuance of the statewide sales and services tax revenue bonds includes the following provisions:

- a) \$104,500 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Computer Lease

Details of the District's June 30, 2009 computer lease indebtedness are as follows:

Year Ending June 30,	Computer Lease of July 28, 2008			
	Interest Rate	Principal	Interest	Total
2010	5.90 %	\$ 5,023	576	5,599
2011	5.90	5,329	296	5,625
		\$ 10,352	872	11,224

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must have completed fifteen years of continuous service to the District in order to qualify for supplemental benefits. Employees desiring to elect early retirement under this program must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is based on various percentages of their current employment contract depending on the age of the retiree at the end of the year. Early retirement benefits paid during the year ended June 30, 2009, totaled \$46,077. As of June 30, 2009, the District had fulfilled its early retirement commitments and had no plans to continue or reinstate the program at that point.

(7) 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 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$233,685, \$217,388 and \$204,199, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits

GASB Statement No.45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB Statement No.45.

(9) Risk Management

The West Monona Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health, dental, vision, life and long-term disability.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2009 were \$528,070.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

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

(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 \$251,829 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

The District's ending balances for categorical funding by project as of June 30, 2009 are as follows:

Project	Amount
Weighted at-risk programs	\$ 17,365
Limited english proficient	2,000
Market factor incentives	519
Dropouts and dropout prevention programs	20,158
Beginning administrator mentoring and induction program	1,503
Gifted and talented programs	93,682
Reading instruction pilot project	3,094
Professional development	1,188
Professional development for model core curriculum	9,896
Salary improvement program	784
Total reserved for categorical funding	\$ 150,189

REQUIRED SUPPLEMENTARY INFORMATION

WEST MONONA COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES
 AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2009

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,502,527	133,932	3,636,459	3,793,265	3,793,265	(156,806)
State sources	3,503,916	3,746	3,507,662	3,554,857	3,554,857	(47,195)
Federal sources	359,789	158,813	518,602	423,000	423,000	95,602
Total revenues	<u>7,366,232</u>	<u>296,491</u>	<u>7,662,723</u>	<u>7,771,122</u>	<u>7,771,122</u>	<u>(108,399)</u>
Expenditures/Expenses:						
Instruction	4,441,198	0	4,441,198	4,962,936	4,962,936	521,738
Support services	1,886,905	0	1,886,905	2,577,982	2,577,982	691,077
Non-instructional programs	8,585	283,447	292,032	307,036	307,036	15,004
Other expenditures	489,813	0	489,813	1,410,699	1,410,699	920,886
Total expenditures/expenses	<u>6,826,501</u>	<u>283,447</u>	<u>7,109,948</u>	<u>9,258,653</u>	<u>9,258,653</u>	<u>2,148,705</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	539,731	13,044	552,775	(1,487,531)	(1,487,531)	2,040,306
Other financing sources, net	<u>10,352</u>	<u>8,617</u>	<u>18,969</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>68,969</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	550,083	21,661	571,744	(1,537,531)	(1,537,531)	2,109,275
Balance beginning of year	<u>2,139,669</u>	<u>57,302</u>	<u>2,196,971</u>	<u>1,774,653</u>	<u>1,774,653</u>	<u>422,318</u>
Balance end of year	<u>\$ 2,689,752</u>	<u>78,963</u>	<u>2,768,715</u>	<u>237,122</u>	<u>237,122</u>	<u>2,531,593</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009

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

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

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

OTHER SUPPLEMENTARY INFORMATION

WEST MONONA COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds				Debt Service: Debt Sinking	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds		
Assets						
Cash and pooled investments	\$ 106,745	32,847	172,949	312,541	329,301	641,842
Receivables:						
Property tax:						
Current year delinquent	3,266	-	2,663	5,929	-	5,929
Succeeding year	100,000	-	127,510	227,510	-	227,510
Income surtax	-	-	48,117	48,117	-	48,117
Accounts	-	60	-	60	-	60
Due from other governments	6	-	4	10	-	10
Total assets	\$ 210,017	32,907	351,243	594,167	329,301	923,468
Liabilities and Fund Balances						
Liabilities:						
Deferred revenue:						
Succeeding year property tax	\$ 100,000	-	127,510	227,510	-	227,510
Income surtax	-	-	48,117	48,117	-	48,117
Total liabilities	100,000	-	175,627	275,627	-	275,627
Fund balances:						
Reserved for debt service	-	-	-	-	329,301	329,301
Unreserved fund balance	110,017	32,907	175,616	318,540	-	318,540
Total fund balances	110,017	32,907	175,616	318,540	329,301	647,841
Total liabilities and fund balances	\$ 210,017	32,907	351,243	594,167	329,301	923,468

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Special Revenue Funds				Debt Service Funds			Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant Levy Equipment Levy	Total	Debt Service	Debt Sinking	Total	
REVENUES:								
Local sources:								
Local tax	\$ 146,091	-	173,510	319,601	-	-	-	319,601
Other	2,775	151,451	360	154,586	-	1,057	1,057	155,643
State sources	1	-	4	5	-	-	-	5
TOTAL REVENUES	148,867	151,451	173,874	474,192	-	1,057	1,057	475,249
EXPENDITURES:								
Current:								
Instruction:								
Regular	46,077	-	3,105	49,182	-	-	-	49,182
Other	-	146,508	-	146,508	-	-	-	146,508
Support services:								
Administration	62,779	-	-	62,779	-	-	-	62,779
Operation and maintenance of plant	17,979	-	14,915	32,894	-	-	-	32,894
Transportation	-	-	5,490	5,490	-	-	-	5,490
Other expenditures:								
Facilities acquisition	-	-	36,097	36,097	-	-	-	36,097
Long-term debt:								
Principal	-	-	-	-	40,000	140,000	180,000	180,000
Interest	-	-	-	-	8,763	13,124	21,887	21,887
TOTAL EXPENDITURES	126,835	146,508	59,607	332,950	48,763	153,124	201,887	534,837
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22,032	4,943	114,267	141,242	(48,763)	(152,067)	(200,830)	(59,588)
OTHER FINANCING SOURCES (USES):								
Transfer in	-	-	-	-	48,763	175,677	224,440	224,440
Transfer out	-	-	(48,763)	(48,763)	-	-	-	(48,763)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(48,763)	(48,763)	48,763	175,677	224,440	175,677
Net change in fund balances	22,032	4,943	65,504	92,479	-	23,610	23,610	116,089
Fund balances beginning of year	87,985	27,964	110,112	226,061	-	305,691	305,691	531,752
Fund balances end of year	\$ 110,017	32,907	175,616	318,540	-	329,301	329,301	647,841

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Speech	\$ 1,486	1,053	50	2,489
Fall play	523	2,420	1	2,942
Vocal	4,605	4,577	4,658	4,524
Vocal trip	752	-	-	752
Instrumental	1,244	281	1	1,524
Band Uniform	1,496	-	-	1,496
Boys Basketball Camp	256	-	62	194
Girls Basketball Camp	844	766	1,454	156
General Athletics	2,860	51,044	54,691	(787)
Golf Camp	-	200	-	200
Basball Camp	95	507	300	302
Boys Track Camp	-	92	-	92
Wrestling	-	25	25	-
Volleyball Club	4	417	400	21
Softball Camp	15	892	-	907
Class of 2007	100	-	100	-
Class of 2008	486	-	486	-
Class of 2009	1,864	23,588	24,985	467
Class of 2010	-	11,782	7,613	4,169
NHS-National Spirit Club	214	-	12	202
Pep Club	70	400	131	339
HS Student Council	843	2,779	2,198	1,424
MS Student Council	1,033	-	-	1,033
Science Club	597	2,085	2,030	652
Art Club	199	713	544	368
Dance Team	25	1,287	803	509
Cheerleaders	134	-	-	134
BB Cheerleaders	502	820	523	799
FB Cheerleaders	547	517	316	748
WR Cheerleaders	354	358	360	352
Yearbook	(4,636)	14,277	8,792	849
FCCLA	1,699	2,594	2,621	1,672
Interest	-	180	180	-
Raffle Tax	120	-	106	14
Pop/Juice	4,927	20,049	25,051	(75)
Industrial Arts	114	-	-	114
Football Camp	1,020	3,209	2,645	1,584
Wrestling Club	763	268	-	1,031
Softball Camp	422	-	-	422
Weightlifting Club	816	511	1,314	13
HS Reward Trips	500	-	-	500
MS Reward Trips	1,071	2,499	3,301	269
Key Club	-	1,261	755	506
Total	\$ 27,964	151,451	146,508	32,907

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST MONONA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 2,951,000	2,822,147	2,814,782	2,365,190	2,064,037	2,087,616
Tuition	219,910	218,935	216,278	198,350	191,256	254,964
Other	331,617	394,558	434,636	286,709	305,143	137,331
Intermediate sources	-	-	-	-	6,510	-
State sources	3,503,916	3,629,585	3,360,010	3,353,141	3,177,181	3,012,213
Federal sources	359,789	308,242	267,709	262,205	287,310	225,846
Total	\$ 7,366,232	7,373,467	7,093,415	6,465,595	6,031,437	5,717,970
Expenditures:						
Instruction:						
Regular	\$ 2,753,050	2,643,890	2,602,390	2,336,293	2,229,304	1,938,166
Special	1,210,575	1,030,248	928,939	1,103,664	815,682	962,651
Other	477,573	438,408	573,321	391,394	406,183	371,246
Support services:						
Student	149,180	123,745	138,931	158,054	147,026	202,449
Instructional staff	164,642	152,569	97,840	115,974	82,558	92,142
Administration	735,429	800,031	857,651	845,949	709,071	730,528
Operation and maintenance of plant	599,037	566,107	610,037	743,790	645,090	574,575
Transportation	238,617	207,478	185,799	310,363	220,778	252,215
Non-instructional programs	8,585	14,827	9,142	10,199	12,046	8,031
Other expenditures:						
Facilities acquisitions	36,097	116,079	101,649	60,255	71,774	40,659
Long-term debt:						
Principal	180,000	170,000	160,000	150,000	145,000	146,168
Interest	21,887	30,308	39,353	48,075	58,890	67,320
AEA flow-through	251,829	247,241	225,407	219,765	210,935	208,975
Total	\$ 6,826,501	6,540,931	6,530,459	6,493,775	5,754,337	5,595,125

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
West Monona 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 West Monona Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 5, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Monona Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of West Monona Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Monona Community School District's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Monona Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Monona Community School 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 West Monona Community School District's responses and, accordingly, we express no opinion on them.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

February 5, 2010

WEST MONONA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that in the Student Activity and Nutrition Funds, the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

I-B-09 Grant Reporting - We noted during our audit, that when federal grant reports were filed, the general ledger was not used as supporting documentation.

Recommendation - The District should utilize the general ledger when preparing grant reports. The general ledger is the official accounting record of the District and should be used as supporting documentation when completing financial reports. The District should refrain from completing grant reports from purchase orders or estimates and/or expected expenditures as these may not agree with the general ledger.

Response - The District will utilize the general ledger when preparing grant reports as recommended.

Conclusion - Response accepted.

WEST MONONA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amounts budgeted.
- II-B-09 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-09 Certified Enrollment - We noted that the number of basic resident student reported to the Iowa Department of Education on line 1 of the Certified Enrollment Certification form for October 2008 was overstated by 2 students and line 3 was overstated by 1 student.
- Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- Response - The District will contact the Iowa Department of Education and the Department of Management.
- Conclusion - Response accepted.
- II-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
- II-J-09 Categorical Funding - We noted no instances of categorical funding being used to supplant rather than supplement other funds.

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

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

Beginning Balance	\$	-
Statewide sales and services tax		385,869
Expenditures/Transfers Out:		
Debt service for school infrastructure:		
Revenue debt		<u>175,677</u>
Ending Balance	\$	<u><u>210,192</u></u>