

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL  
DISTRICT

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

June 30, 2009

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Independent Auditor's Report

To the Board of Education of  
Woden-Crystal Lake 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 Woden-Crystal Lake Community School District, Woden, 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 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 Woden-Crystal Lake Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2010, on our consideration of Woden-Crystal Lake Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 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 required supplementary information. 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 Woden-Crystal Lake Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

March 17, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$1,608,757 in fiscal 2008 to \$1,751,321 in fiscal 2009, while General Fund expenditures decreased from \$1,689,195 in fiscal 2008 to \$1,633,999 in fiscal 2009. The District's General Fund balance increased from \$(250,731) in fiscal 2008 to \$(124,200) in fiscal 2009, a 50% increase.
- The increase in General Fund revenues was attributable to an increase in tuition revenues and state grant revenue in fiscal 2009. The decrease in expenditures was due primarily to staff reductions.

### 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 Woden Crystal Lake 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 Woden Crystal Lake 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 Woden Crystal Lake Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

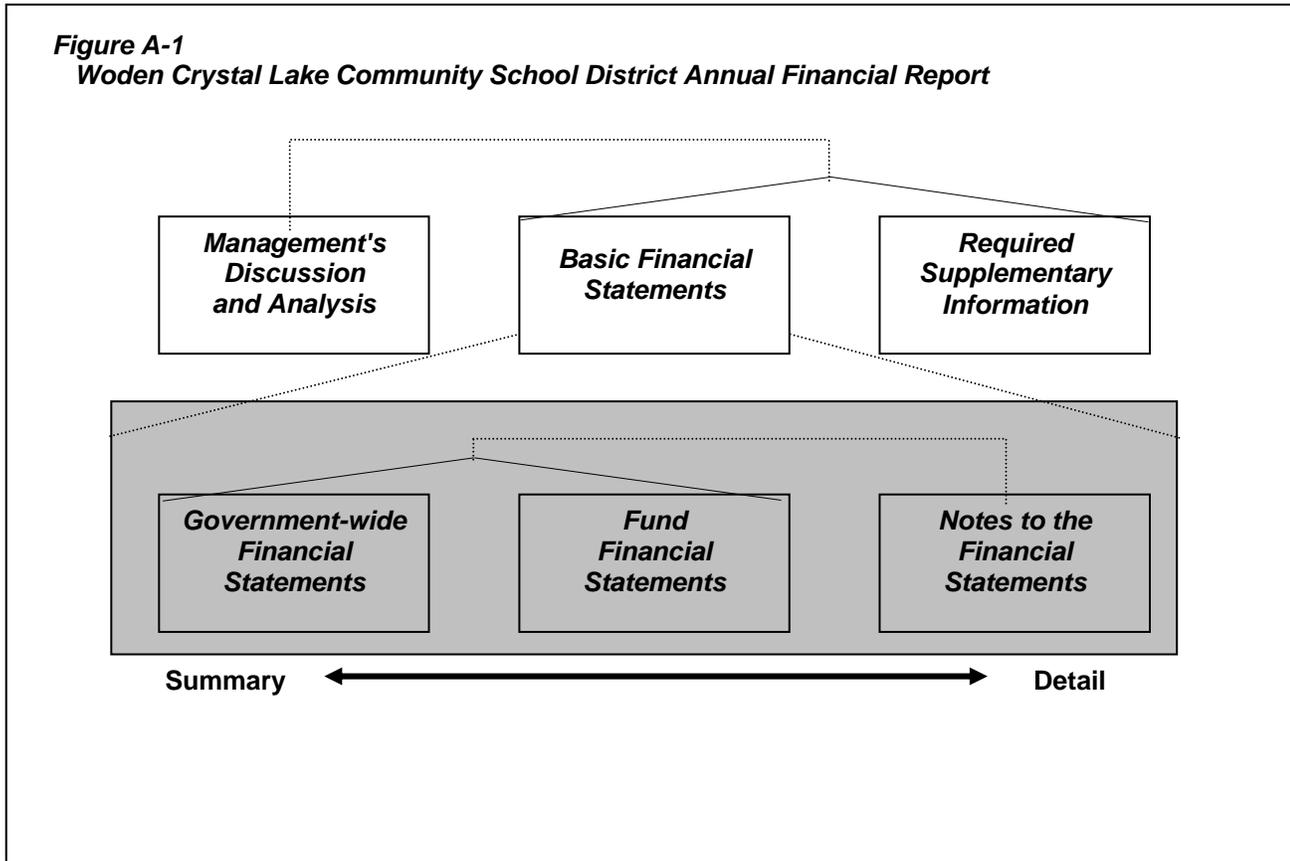


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition 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, Special Revenue Funds, Debt Service Fund 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 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 proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

- Agency Funds – These are funds through which the District administers and accounts for certain monies behalf of other entities.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2008-2009 %
	Governmental Activities		Business-type Activities		Total School District		
	2008	2009	2008	2009	2008	2009	
	\$	\$	\$	\$	\$	\$	
Current and other assets	1,386,784	1,616,707	(10,426)	(5,057)	1,376,358	1,611,650	17
Capital assets	834,271	811,211	2,465	1,688	836,736	812,899	-3
<b>Total assets</b>	<b>2,221,055</b>	<b>2,427,918</b>	<b>(7,961)</b>	<b>(3,369)</b>	<b>2,213,094</b>	<b>2,424,549</b>	<b>10</b>
Long-term liabilities	106,249	--	--	--	106,249	--	-100
Other liabilities	1,177,281	1,243,353	293	617	1,177,574	1,243,970	6
<b>Total liabilities</b>	<b>1,283,530</b>	<b>1,243,353</b>	<b>293</b>	<b>617</b>	<b>1,283,823</b>	<b>1,243,970</b>	<b>-3</b>
Net Assets:							
Invested in capital assets, net of related debt	749,271	811,211	2,465	1,688	751,736	812,899	8
Restricted	381,260	404,077	--	--	381,260	404,077	6
Unrestricted	(193,006)	(30,723)	(10,719)	(5,674)	(203,725)	(36,397)	82
<b>TOTAL NET ASSETS</b>	<b>937,525</b>	<b>1,184,565</b>	<b>(8,254)</b>	<b>(3,986)</b>	<b>929,271</b>	<b>1,180,579</b>	<b>27</b>

The District's combined total net assets increased by nearly 27%, or approximately \$251,298, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the 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 approximately \$22,817 or 6% over the prior year. The increase was primarily a result of decreased expenditures in the Physical Plant and Equipment Levy Fund.

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 approximately \$167,328, or 82%. This increase in unrestricted net assets was a result of a reduction of its overall expenditures during the year.

Figure A-4 shows the change in net assets for the years ended June 30, 2009 and 2008.

Figure A-4

	Change in Net Assets						Percentage Change 2008-2009 %
	Governmental Activities		Business-type Activities		Total School District		
	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	
Revenues							
Program Revenues:							
Charges for services	150,759	346,081	33,632	32,252	184,391	378,333	105
Operating grants & contributions	246,818	263,166	30,864	22,101	277,682	285,267	3
Capital grants & contributions	--	4,319	--	--	--	4,319	--
General Revenues:							
Property taxes	924,913	941,881	--	--	924,913	941,881	2
Income Surtax	72,150	87,935	--	--	72,150	87,935	22
Local option sales tax	73,699	77,235	--	--	73,699	77,235	5
Unrestricted state grants	439,003	449,416	--	--	439,003	449,416	2
Unrestricted investment earnings	9,606	2,907	320	--	9,926	2,907	-71
Other revenue	200	24,393	--	--	200	24,393	12097
Capital asset impairment	--	(25,669)	--	--	--	(25,669)	-257
<b>Total Revenues</b>	<b>1,917,148</b>	<b>2,171,664</b>	<b>64,816</b>	<b>54,353</b>	<b>1,981,964</b>	<b>2,226,017</b>	<b>12</b>
Expenses:							
Instruction	1,227,362	1,266,528	--	--	1,227,362	1,266,528	3
Support services	564,246	522,242	--	--	564,246	522,242	-7
Non-instructional programs	-	--	71,776	50,085	71,776	50,085	-30
Other expenditures	133,751	135,854	--	--	133,751	135,854	2
<b>Total expenses</b>	<b>1,925,359</b>	<b>1,924,624</b>	<b>71,776</b>	<b>50,085</b>	<b>1,997,135</b>	<b>1,974,709</b>	<b>-1</b>
<b>Change in net assets before transfers</b>	<b>(8,211)</b>	<b>247,040</b>	<b>(6,960)</b>	<b>4,268</b>	<b>(15,171)</b>	<b>251,308</b>	<b>1757</b>
Transfers	(8,500)	--	8,500	--	--	--	--
<b>CHANGE IN NET ASSETS</b>	<b>(16,711)</b>	<b>247,040</b>	<b>1,540</b>	<b>4,268</b>	<b>(15,171)</b>	<b>251,308</b>	<b>1757</b>
Net assets beginning of year	954,236	937,525	(9,794)	(8,254)	944,442	929,271	-2
Net assets end of year	937,525	1,184,565	(8,254)	(3,986)	929,271	1,180,579	27

Property tax and unrestricted state grants account for 63% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 91% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$2,171,664 and expenses were \$1,924,624. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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.

	Total Cost of Services			Net Cost of Services		
	2008 \$	2009 \$	Change 2008-2009 \$	2008 \$	2009 \$	Change 2008-2009 \$
Instruction	1,227,362	1,266,528	39,166	891,137	716,091	(175,046)
Support Services	564,246	522,242	(42,004)	556,158	518,398	(37,760)
Other Expenses	133,751	135,854	2,103	80,487	76,569	(3,918)
<b>TOTAL</b>	<b>1,925,359</b>	<b>1,924,624</b>	<b>(735)</b>	<b>1,527,782</b>	<b>1,311,058</b>	<b>(216,724)</b>

- The cost financed by users of the District's programs was \$346,081. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$263,166.
- The net cost of governmental activities was financed with \$1,107,051 in property and local other taxes and \$449,416 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$54,353 and expenses were \$50,085. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The District reduced food service costs by reducing labor costs.

### INDIVIDUAL FUND ANALYSIS

As previously noted, Woden Crystal Lake 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 a combined fund balance of \$278,535, well above last year's ending fund balances of \$139,058.

### Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Total General Fund revenue increased by \$142,564 for fiscal year 2009. Tuition revenues accounted for most of the revenue increase. General Fund expenditures were down by \$55,196 for fiscal year 2009. This was accomplished by reducing staff.
- The General Fund balance increased from \$(250,731) at June 30, 2008 to \$(124,200), at June 30, 2009.

- The Non-major Governmental Fund balances increased from \$389,789 in fiscal 2008 to \$402,735 in fiscal 2009. The carryover balances in the nonmajor governmental funds are reserved for specific purposes. The \$298,007 combined carry over fund balances in the PPEL and Capital Projects Funds will be used to finance future capital improvements and equipment purchases. The \$65,132 fund balance in the Management Fund must be used to pay the school's property and liability insurance premiums and for early retirement benefits.

### Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$(8,254) at June 30, 2008 to \$(3,986) at June 30, 2009, representing an increase of approximately 52%. A decrease in federal lunch program revenues was more than offset by savings from food service staff reductions.

### BUDGETARY HIGHLIGHTS

Woden Crystal Lake Community School District amended its annual budget during the year.

The District's receipts were \$107,451 more than budgeted receipts, a variance of 5%. There were more revenues received from 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 expenditures 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 expenditures for the year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2009, the District had invested \$836,736, 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 represents a net decrease of 2.76% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$52,544.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
	\$	\$	\$	\$	\$	\$	%
Land	5,305	3,537	--	--	5,305	3,537	-33
Buildings	776,226	738,508	--	--	776,226	738,508	-5
Improvements	23,718	27,784	--	--	23,718	27,784	17
Equipment & Furniture	29,022	41,382	2,465	1,688	31,487	43,070	36
<b>TOTAL</b>	<b>834,271</b>	<b>811,211</b>	<b>2,465</b>	<b>1,688</b>	<b>836,736</b>	<b>812,899</b>	<b>-3</b>

#### Long-Term Debt

At June 30, 2009 the District had \$0 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 100% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

**Figure A-7  
Outstanding Long-Term Obligations**

	<b>Total School District</b>		<b>Percentage</b>
	<b>2008</b>	<b>2009</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>2008-2009</b>
			<b>%</b>
General Obligation Bonds	85,000	0	-100
Early Retirement	21,249	0	-100
	<u>106,249</u>	<u>0</u>	<u>-100</u>

## **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:

- School financing is highly dependent upon student enrollment. The District's October 2009 enrollment decreased by eight students. This drop in enrollment may or may not decrease the District's funding for fiscal year 2010 depending on the allowable growth adopted by the legislature.
- The District has evaluated the condition of its transportation vehicles and determined, due to safety precautions, one bus will be replaced during fiscal year 2010 at a cost of \$76,000. To pay for this bus, the District will use a combination of resources from the Capital Projects Fund and the Physical Plant and Equipment Levy Fund.
- Restructuring of certified, support and administrative staff will likely occur to meet program needs and save costs. Program partnerships will continue and be expanded with neighboring schools and colleges.

## **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 Roxanne Stohr, District Secretary/Treasurer and Business Manager, Woden Crystal Lake Community School District, 120 East 5<sup>th</sup> Street, Crystal Lake, Iowa, 50432.

## BASIC FINANCIAL STATEMENTS

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents:			
ISCAP	244,512	-	244,512
Other	98,398	4,504	102,902
Receivables:			
Property tax:			
Delinquent	20,408	-	20,408
Succeeding year	971,159	-	971,159
Accounts	-	431	431
Accrued interest - ISCAP	2,063	-	2,063
Due from other governments	269,365	-	269,365
Interfund balances	10,802	(10,802)	-
Inventories	-	810	810
Capital assets, net of accumulated depreciation	811,211	1,688	812,899
<b>Total assets</b>	<b>2,427,918</b>	<b>(3,369)</b>	<b>2,424,549</b>
<b>Liabilities</b>			
Accounts payable	9,236	-	9,236
Deferred revenue:			
Succeeding year property tax	971,159	-	971,159
Other	16,770	617	17,387
ISCAP warrants payable	241,000	-	241,000
ISCAP accrued interest payable	1,376	-	1,376
ISCAP premium	3,812	-	3,812
<b>Total liabilities</b>	<b>1,243,353</b>	<b>617</b>	<b>1,243,970</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	811,211	1,688	812,899
Restricted for:			
Categorical Funding	1,342	-	1,342
Management levy	65,132	-	65,132
Physical plant and equipment levy	126,484	-	126,484
Other special revenue purposes	23,787	-	23,787
Sales tax capital projects	171,523	-	171,523
Debt service	15,809	-	15,809
Unrestricted	(30,723)	(5,674)	(36,397)
<b>Total net assets</b>	<b>1,184,565</b>	<b>(3,986)</b>	<b>1,180,579</b>

See notes to financial statements.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
<b>Governmental activities:</b>				
<b>Instruction:</b>				
Regular	724,634	76,681	180,381	-
Special	289,568	149,681	6,802	-
Other	252,326	115,875	21,017	-
	<u>1,266,528</u>	<u>342,237</u>	<u>208,200</u>	<u>-</u>
<b>Support services:</b>				
Student	41,502	-	-	-
Instructional staff	14,440	-	-	-
Administration	195,723	-	-	-
Operation and maintenance of plant	181,487	3,844	-	-
Transportation	89,090	-	-	-
	<u>522,242</u>	<u>3,844</u>	<u>-</u>	<u>-</u>
<b>Other expenditures:</b>				
Facilities acquisition	38,434	-	-	4,319
Long-term debt interest	3,311	-	-	-
AEA flowthrough	54,966	-	54,966	-
Depreciation (unallocated)*	39,143	-	-	-
	<u>135,854</u>	<u>-</u>	<u>54,966</u>	<u>4,319</u>
<b>Total governmental activities</b>	<b>1,924,624</b>	<b>346,081</b>	<b>263,166</b>	<b>4,319</b>
<b>Business type activities:</b>				
<b>Non-instructional programs:</b>				
Food service operations	50,085	32,252	22,101	-
<b>Total</b>	<b>1,974,709</b>	<b>378,333</b>	<b>285,267</b>	<b>4,319</b>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Capital asset impairment				
<b>Total general revenues</b>				

**Change in net assets**

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(467,572)	-	(467,572)
(133,085)	-	(133,085)
(115,434)	-	(115,434)
<u>(716,091)</u>	<u>-</u>	<u>(716,091)</u>
(41,502)	-	(41,502)
(14,440)	-	(14,440)
(195,723)	-	(195,723)
(177,643)	-	(177,643)
(89,090)	-	(89,090)
<u>(518,398)</u>	<u>-</u>	<u>(518,398)</u>
(34,115)	-	(34,115)
(3,311)	-	(3,311)
-	-	-
<u>(39,143)</u>	<u>-</u>	<u>(39,143)</u>
<u>(76,569)</u>	<u>-</u>	<u>(76,569)</u>
(1,311,058)	-	(1,311,058)
<u>-</u>	<u>4,268</u>	<u>4,268</u>
<u>(1,311,058)</u>	<u>4,268</u>	<u>(1,306,790)</u>
792,861	-	792,861
88,729	-	88,729
60,291	-	60,291
87,935	-	87,935
77,235	-	77,235
449,416	-	449,416
2,907	-	2,907
24,393	-	24,393
<u>(25,669)</u>	<u>-</u>	<u>(25,669)</u>
<u>1,558,098</u>	<u>-</u>	<u>1,558,098</u>
247,040	4,268	251,308
<u>937,525</u>	<u>(8,254)</u>	<u>929,271</u>
<u>1,184,565</u>	<u>(3,986)</u>	<u>1,180,579</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
<b>Assets</b>			
Cash and pooled investments:			
ISCAP	244,512	-	244,512
Other	66,022	32,376	98,398
Receivables:			
Property tax:			
Delinquent	15,660	4,748	20,408
Succeeding year	844,597	126,562	971,159
Accrued interest - ISCAP	2,063	-	2,063
Interfund receivable	-	355,293	355,293
Due from other governments	253,598	15,767	269,365
	<u>1,426,452</u>	<u>534,746</u>	<u>1,961,198</u>
<b>Total assets</b>			
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	3,787	5,449	9,236
Interfund payable	344,491	-	344,491
ISCAP warrants payable	241,000	-	241,000
ISCAP accrued interest payable	1,376	-	1,376
ISCAP premium	3,812	-	3,812
Deferred revenue:			
Succeeding year property tax	844,597	126,562	971,159
Income surtax	71,069	-	71,069
Other	40,520	-	40,520
Total liabilities	<u>1,550,652</u>	<u>132,011</u>	<u>1,682,663</u>
Fund balances:			
Reserved for:			
Categorical funding	1,342	-	1,342
Debt service	-	15,809	15,809
Unreserved reported in:			
General fund	(125,542)	-	(125,542)
Special revenue funds	-	215,403	215,403
Capital projects funds	-	171,523	171,523
Total fund balances	<u>(124,200)</u>	<u>402,735</u>	<u>278,535</u>
	<u>1,426,452</u>	<u>534,746</u>	<u>1,961,198</u>
<b>Total liabilities and fund balances</b>			

See notes to financial statements.

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

June 30, 2009

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	278,535
<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 the governmental funds.	811,211
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	<u>94,819</u>
<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>1,184,565</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	General Fund	Nonmajor Governmental Funds	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	810,381	296,347	1,106,728
Tuition	178,262	-	178,262
Other	73,846	115,875	189,721
State sources	651,566	-	651,566
Federal sources	37,266	4,319	41,585
Total revenues	<u>1,751,321</u>	<u>416,541</u>	<u>2,167,862</u>
Expenditures:			
Current:			
Instruction:			
Regular	659,245	64,046	723,291
Special	289,568	-	289,568
Other	131,846	118,781	250,627
	<u>1,080,659</u>	<u>182,827</u>	<u>1,263,486</u>
Support services:			
Student	41,502	-	41,502
Instructional staff	9,464	10,643	20,107
Administration	216,249	83	216,332
Operation and maintenance	146,266	33,609	179,875
Transportation	84,893	19,995	104,888
	<u>498,374</u>	<u>64,330</u>	<u>562,704</u>
Other expenditures:			
Facilities acquisition	-	67,826	67,826
Long-term debt:			
Principal	-	85,000	85,000
Interest and fiscal charges	-	3,612	3,612
AEA flowthrough	54,966	-	54,966
	<u>54,966</u>	<u>156,438</u>	<u>211,404</u>
Total expenditures	<u>1,633,999</u>	<u>403,595</u>	<u>2,037,594</u>
Excess (deficiency) of revenues over (under) expenditures	117,322	12,946	130,268
Other financing sources (uses):			
Sales of materials and equipment	9,209	-	9,209
Net change in fund balances	126,531	12,946	139,477
Fund balances beginning of year	<u>(250,731)</u>	<u>389,789</u>	<u>139,058</u>
Fund balances end of year	<u>(124,200)</u>	<u>402,735</u>	<u>278,535</u>

See notes to financial statements.

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the  
Statement of Activities

Year ended June 30, 2009

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		139,477
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated 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:		
Loss on disposal of capital assets	(3,811)	
Capital asset impairment	(25,669)	
Expenditures for capital assets	58,187	
Depreciation expense	<u>(51,767)</u>	(23,060)
Income surtaxes and other receipts not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		24,073
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		85,000
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.		301
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, as follows:		
Termination benefits		<u>21,249</u>
<b>Changes in net assets of governmental activities (Exhibit B)</b>		<u><u>247,040</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets  
Proprietary Funds

June 30, 2009

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Cash and cash equivalents	4,504
Accounts receivable	431
Inventories	810
Capital assets, net of accumulated depreciation	<u>1,688</u>
<b>Total assets</b>	<u>7,433</u>
<b>Liabilities</b>	
Interfund payables	10,802
Deferred revenue	<u>617</u>
<b>Total liabilities</b>	<u>11,419</u>
<b>Net assets</b>	
Invested in capital assets	1,688
Unrestricted	<u>(5,674)</u>
<b>Total net assets</b>	<u><u>(3,986)</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2009

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>32,252</u>
Operating expenses:	
Non-instructional programs:	
Salaries	12,923
Benefits	7,928
Purchased services	252
Supplies	28,205
Depreciation	777
Total operating expenses	<u>50,085</u>
Operating gain (loss)	<u>(17,833)</u>
Non-operating revenues:	
State sources	581
Federal sources	21,520
Total non-operating revenues	<u>22,101</u>
Net income	4,268
Net assets beginning of year	<u>(8,254)</u>
Net assets end of year	<u><u>(3,986)</u></u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2009

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	32,260
Cash payments to employees for services	(20,851)
Cash payments to suppliers for goods or services	(24,725)
Net cash used by operating activities	<u>(13,316)</u>
Cash flows from non-capital financing activities:	
Loans from (repaid to) other funds	(59)
State grants received	581
Federal grants received	17,298
Net cash provided by non-capital financing activities	<u>17,820</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	4,504
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u><u>4,504</u></u>
<b>Reconciliation of operating gain (loss) to net cash used by operating activities:</b>	
Operating gain (loss)	(17,833)
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Commodities used	4,222
Depreciation	777
Decrease (increase) in inventories	(490)
Decrease (increase) in accounts receivable	(316)
(Decrease) increase in deferred revenue	324
Net cash used by operating activities	<u><u>(13,316)</u></u>

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

During the year ended June 30, 2009, the District received \$4,222 of federal commodities.

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2009

	Agency - Crystal Lake Public Library
	<u>\$</u>
<b>Assets</b>	
Cash and pooled investments	20,750
<b>Liabilities</b>	
Due to other governments	<u>20,750</u>
<b>Net assets</b>	<u><u>-</u></u>

# WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2009

### 1. Summary of Significant Accounting Policies

Woden-Crystal Lake Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Woden and Crystal Lake, Iowa and the predominately agricultural territory in a portion of Hancock and Winnebago 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, Woden-Crystal Lake 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 Woden-Crystal Lake Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

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

#### B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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 District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected 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 judgements, 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 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 applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

#### D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for 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 governmental funds is 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 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 became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

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

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

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

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40 years
Improvements other than buildings	10-30 years
Furniture and equipment	5-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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 receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

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 not available for appropriation or 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 are 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, 2009, the District exceeded its General Fund unspent authorized budget.

2. **Cash and Pooled Investments**

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; 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>76,748</u>

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

Credit risk: The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

### 3. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
		\$
Nonmajor Governmental Funds	General Fund	344,491
Nonmajor Governmental Funds	Enterprise, School Nutrition Fund	10,802

The interfund loans are for cash flow.

### 4. 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 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. Bankers Trust Co. N.A. 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
			\$	\$	\$	\$
2008-09A	6/26/08	6/25/09	-	1,099	-	-
2008-09B	1/21/09	1/21/10	102,295	946	101,000	1,328
2009-10A	6/25/09	6/23/10	142,217	18	140,000	48
Total			244,512	2,063	241,000	1,376

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 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:

Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
\$	\$	\$	\$
-	50,000	50,000	-

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates 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
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	5,305	-	1,768	3,537
Capital assets being depreciated:				
Buildings	1,532,611	21,600	374,134	1,180,077
Improvements other than buildings	201,725	7,792	-	209,517
Furniture and equipment	521,893	28,795	170,458	380,230
Total capital assets being deprec.	<u>2,256,229</u>	<u>58,187</u>	<u>544,592</u>	<u>1,769,824</u>
Less accumulated depreciation for:				
Buildings	756,385	35,417	350,233	441,569
Improvements other than buildings	178,007	3,726	-	181,733
Furniture and equipment	492,871	12,624	166,647	338,848
Total accumulated depreciation	<u>1,427,263</u>	<u>51,767</u>	<u>516,880</u>	<u>962,150</u>
Total capital assets being depreciated, net	<u>828,966</u>	<u>6,420</u>	<u>27,712</u>	<u>807,674</u>
Governmental activities capital assets, net	<u>834,271</u>	<u>6,420</u>	<u>29,480</u>	<u>811,211</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	49,186	-	-	49,186
Less accumulated depreciation	46,721	777	-	47,498
Business type activities capital assets, net	<u>2,465</u>	<u>(777)</u>	<u>-</u>	<u>1,688</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	1,343
Other instruction	1,699
Support services:	
Instructional staff services	3,133
Administration services	640
Operation and maintenance of plant services	1,612
Transportation	4,197
	12,624
 Unallocated depreciation	 39,143
 Total depreciation expense – governmental activities	 51,767
 Business type activities:	
Food services	777

## 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	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
General obligation bonds	85,000	-	85,000	-	-
Termination benefits	21,249	-	21,249	-	-
	106,249	-	106,249	-	-

## 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 covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$48,106, \$50,038, and \$48,865 respectively, equal to the required contributions for each year.

## 8. 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.

**9. 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 \$54,966 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.

**10. Financial Condition**

The General Fund has a \$125,542 unreserved fund deficit and the School Nutrition Fund has an unrestricted net assets deficit of \$5,674 at June 30, 2009.

**11. Lease Commitment**

The District entered into a five-year contract to lease copy machines in fiscal year 2008. The remaining payments the District will make over the next four years are as follows:

<u>Year Ended June 30</u>	<u>Lease Payment</u>
	\$
2010	7,932
2011	7,932
2012	7,932

**12. Capital Asset Impairment**

The District sold a school building and bus barn in Woden after June 30, 2009. The \$25,699 by which the basis in the capital assets exceeded the sales price was written off as a capital asset impairment at June 30, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	1,474,711	32,252	1,506,963	1,374,842	1,374,842	132,121
State sources	651,566	581	652,147	668,141	668,141	(15,994)
Federal sources	41,585	21,520	63,105	71,781	71,781	(8,676)
Total revenues	<u>2,167,862</u>	<u>54,353</u>	<u>2,222,215</u>	<u>2,114,764</u>	<u>2,114,764</u>	<u>107,451</u>
Expenditures/Expenses:						
Instruction	1,263,486	-	1,263,486	1,259,411	1,325,000	61,514
Support services	562,704	-	562,704	524,614	624,614	61,910
Non-instructional programs	-	50,085	50,085	174,000	230,000	179,915
Other expenditures	211,404	-	211,404	196,901	250,000	38,596
Total expenditures/expenses	<u>2,037,594</u>	<u>50,085</u>	<u>2,087,679</u>	<u>2,154,926</u>	<u>2,429,614</u>	<u>341,935</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	130,268	4,268	134,536	(40,162)	(314,850)	449,386
Other financing sources (uses) net	<u>9,209</u>	<u>-</u>	<u>9,209</u>	<u>-</u>	<u>-</u>	<u>9,209</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	139,477	4,268	143,745	(40,162)	(314,850)	458,595
Balance beginning of year	<u>139,058</u>	<u>(8,254)</u>	<u>130,804</u>	<u>276,114</u>	<u>276,114</u>	<u>(145,310)</u>
Balance end of year	<u><u>278,535</u></u>	<u><u>(3,986)</u></u>	<u><u>274,549</u></u>	<u><u>235,952</u></u>	<u><u>(38,736)</u></u>	<u><u>313,285</u></u>

WODEN-CRYSTAL LAKE 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. 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 function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment, increasing budgeted expenditures by \$274,688.

During the year ended June 30, 2009, the District exceeded its General Fund unspent authorized budget.

OTHER SUPPLEMENTARY INFORMATION

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

Assets	Special Revenue Funds					Total
	Management	Student	Physical	Capital	Debt	
	Levy	Activity	Plant and	Projects	Service	
	\$	\$	\$	\$	\$	\$
Cash and pooled investments	-	18,820	-	13,556	-	32,376
Receivables:						
Property tax:						
Delinquent	1,519	-	1,306	-	1,923	4,748
Succeeding year	84,000	-	42,562	-	-	126,562
Interfund receivable	66,338	6,169	126,700	142,200	13,886	355,293
Due from other governments	-	-	-	15,767	-	15,767
<b>Total assets</b>	<b>151,857</b>	<b>24,989</b>	<b>170,568</b>	<b>171,523</b>	<b>15,809</b>	<b>534,746</b>
<b>Liabilities &amp; Fund Balances</b>						
Liabilities:						
Accounts payable	2,725	1,202	1,522	-	-	5,449
Deferred revenue:						
Succeeding year property tax	84,000	-	42,562	-	-	126,562
Total liabilities	86,725	1,202	44,084	-	-	132,011
Fund balances:						
Reserved for debt service	-	-	-	-	15,809	15,809
Unreserved reported in:						
Special revenue funds	65,132	23,787	126,484	-	-	215,403
Capital projects funds	-	-	-	171,523	-	171,523
Total fund balances	65,132	23,787	126,484	171,523	15,809	402,735
<b>Total liabilities and fund balances</b>	<b>151,857</b>	<b>24,989</b>	<b>170,568</b>	<b>171,523</b>	<b>15,809</b>	<b>534,746</b>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2009

	Special Revenue Funds					Total
	Management Levy	Student Activity Fund	Physical Plant and Equipment Levy	Capital Projects	Debt Service	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	70,092	-	60,291	77,235	88,729	296,347
Other	-	115,875	-	-	-	115,875
Federal sources	-	-	-	4,319	-	4,319
Total revenues	<u>70,092</u>	<u>115,875</u>	<u>60,291</u>	<u>81,554</u>	<u>88,729</u>	<u>416,541</u>
Expenditures:						
Current:						
Instruction:						
Regular	39,022	-	-	25,024	-	64,046
Other	-	118,781	-	-	-	118,781
Support services:						
Instructional staff	-	-	10,643	-	-	10,643
Administration	83	-	-	-	-	83
Operation & maintenance	27,535	-	-	6,074	-	33,609
Transportation	-	-	19,995	-	-	19,995
Other expenditures:						
Facilities acquisition	-	-	23,293	44,533	-	67,826
Long-term debt:						
Principal	-	-	-	-	85,000	85,000
Interest and fiscal charges	-	-	-	-	3,612	3,612
Total expenditures	<u>66,640</u>	<u>118,781</u>	<u>53,931</u>	<u>75,631</u>	<u>88,612</u>	<u>403,595</u>
Net change in fund balances	3,452	(2,906)	6,360	5,923	117	12,946
Fund balances beginning of year	<u>61,680</u>	<u>26,693</u>	<u>120,124</u>	<u>165,600</u>	<u>15,692</u>	<u>389,789</u>
Fund balances end of year	<u>65,132</u>	<u>23,787</u>	<u>126,484</u>	<u>171,523</u>	<u>15,809</u>	<u>402,735</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra-Fund Transfers</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$	\$
Interest	486	60	-	-	546
Designated fund balance	932	-	-	(932)	-
Student activities	2,184	14,477	18,370	796	(913)
Athletic resale	3,177	7,089	9,217	-	1,049
Athletics	2,459	43,688	44,965	-	1,182
Designated fund balance	30	-	-	-	30
Elementary music club	3,833	-	-	-	3,833
Elementary gym	-	11,172	10,183	-	989
SOS committee	-	487	111	-	376
Helping hands	-	373	145	-	228
Summer recreation	768	620	1,418	-	(30)
Cheerleaders	(2,048)	4,596	2,546	-	2
Music	(365)	3,833	1,500	-	1,968
Sound system	(2,108)	-	-	-	(2,108)
Student council	4,822	2,108	4,461	600	3,069
Honor society	(255)	606	366	(600)	(615)
Drama	309	7,140	6,710	-	739
Class of 2007	2,461	-	-	-	2,461
Class of 2008	642	-	642	-	-
Class of 2009	4,093	364	3,333	-	1,124
Class of 2010	1,608	8,780	6,312	-	4,076
Class of 2011	2,278	3,911	1,156	-	5,033
Class of 2012	-	2,282	1,413	-	869
Designated	(136)	-	-	136	-
Annual	1,523	4,289	5,933	-	(121)
	<u>26,693</u>	<u>115,875</u>	<u>118,781</u>	<u>-</u>	<u>23,787</u>
Total	26,693	115,875	118,781	-	23,787

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Fund - City of Crystal Lake Public Library

Year ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	\$	\$	\$	\$
<b>Assets</b>				
Cash	23,177	16,900	19,327	20,750
Prepaid expenses	51	-	51	-
Total assets	<u>23,228</u>	<u>16,900</u>	<u>19,378</u>	<u>20,750</u>
<b>Liabilities</b>				
Accounts payable	880	-	880	-
Due to other governments	22,348	16,900	18,498	20,750
Total liabilities	<u>23,228</u>	<u>16,900</u>	<u>19,378</u>	<u>20,750</u>

## WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

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

For the Last Six Years

	Modified Accrual Basis					
	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources:						
Local tax	1,106,728	1,074,821	1,111,521	1,026,500	1,044,234	1,025,279
Tuition	178,262	36,128	87,066	77,493	85,940	96,848
Other	189,721	124,388	142,013	172,967	118,937	114,480
State sources	651,566	635,497	711,455	729,641	645,672	708,702
Federal sources	41,585	50,173	52,212	62,566	68,195	67,650
Total revenues	<u>2,167,862</u>	<u>1,921,007</u>	<u>2,104,267</u>	<u>2,069,167</u>	<u>1,962,978</u>	<u>2,012,959</u>
Expenditures:						
Instruction:						
Regular	723,291	841,822	746,777	784,451	787,915	840,820
Special	289,568	242,864	306,403	288,030	318,029	239,764
Other	250,627	150,929	164,231	165,440	130,625	127,864
Support services:						
Student	41,502	39,476	37,571	30,711	33,282	36,345
Instructional staff	20,107	23,248	36,582	19,526	27,699	47,093
Administration	216,332	180,296	214,093	226,946	193,670	216,073
Operation and maintenance	179,875	202,558	198,624	178,742	163,878	168,398
Transportation	104,888	98,711	84,624	102,459	73,580	90,122
Other expenditures:						
Facilities acquisition	67,826	48,140	55,280	76,315	100,459	40,095
Long-term debt:						
Principal	85,000	75,000	75,000	70,000	67,131	68,016
Interest and other charges	3,612	6,613	9,775	12,243	14,176	16,740
AEA flowthrough	54,996	53,113	53,183	51,795	51,615	53,419
Total expenditures	<u>2,037,624</u>	<u>1,962,770</u>	<u>1,982,143</u>	<u>2,006,658</u>	<u>1,962,059</u>	<u>1,944,749</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  
Woden-Crystal Lake 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 Woden-Crystal Lake 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 March 17, 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 Woden-Crystal Lake 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 Woden-Crystal Lake Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woden-Crystal Lake 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 Woden-Crystal Lake 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 Woden-Crystal Lake Community School District's financial statements that is more than inconsequential will not be prevented or detected by Woden-Crystal Lake Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses 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 Woden-Crystal Lake 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 items 09-I-A, 09-I-B and 09-I-C are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woden-Crystal Lake 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 and Responses.

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.

Woden-Crystal Lake Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the District's responses, we did not audit Woden-Crystal Lake 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 Woden-Crystal Lake Community School District and other parties to whom Woden-Crystal Lake Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Woden-Crystal Lake 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

March 17, 2010

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2009

Part I: Findings Related to the Financial Statements:

Significant deficiencies:

09-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as preparation of general journal adjustments, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

District Response: We will continue to review our procedures and implement additional controls where possible

Conclusion: Response accepted.

09-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

09-I-C Financial Reporting: During the audit, we identified material amounts of succeeding year property tax receivables and the related deferred revenue liabilities, and ISCAP balances not recorded in the District's financial records. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation: The District should implement procedures to ensure all receivables, deferred revenue liabilities and ISCAP balances are identified and included in the District's financial statements.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2009

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

District Response: We will double check these in the future to avoid missing any receivables, payables or ISCAP transactions.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

09-II-A Certified Budget: Expenditures for the year ended June 30, 2009, did not exceed the published amounts budgeted. General Fund expenditures for the year ended June 30, 2009 did exceed the unspent authorized budget.

Recommendation: The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the unspent authorized budget issue.

District Response: We have contacted the Iowa Department of Education and the School Budget Review Committee.

Conclusion: Response accepted.

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

09-II-C Travel Expenses: 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.

09-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.

09-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.

09-II-F Board Minutes: We noted five bills requiring board approval that were not on the lists of bills approved by the board.

Recommendation: The District should review its procedures for preparing the lists of bills for board approval. Chapter 179.29 of the Code of Iowa provides that "the Board shall audit all just claims against the corporation and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed." Chapter 279.30 of the Code of Iowa allows payment of specific items, such as utilities, postage and printing, without prior Board approval. The Board may approve a resolution designating certain other disbursements that may be paid prior to a Board Meeting with the approval of the Superintendent. The Board's written policy should comply with Chapter 279.30 of the Code of Iowa. Then, except as expressly permitted, no checks should be prepared for claims that have not been properly audited and allowed. Any payments made prior to board approval as allowed should be approved by the board at the next meeting.

District Response: We are in the process of reviewing and changing our current procedures and policies.

Conclusion: Response accepted.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2009

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

09-II-G Certified Enrollment: The supplemental weighting reported to the Iowa Department of Education on Line 12 of the Certified Enrollment Certification Form for October 2008, was overstated because the calculations included non-resident students.

Recommendation: The District should review its procedures for compiling the students claimed for certified enrollment.

District Response: The Iowa Department of Education has moved to an electronic system for the October 2009 certified enrollment. The move to this system should eliminate errors.

Conclusion: Response accepted.

09-II-H Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted, except a resolution naming official depositories has not been approved by the District.

Recommendation: A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted in accordance with Chapter 12C of the Code of Iowa.

District Response: We will adopt a resolution.

Conclusion: Response accepted.

09-II-I Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education four days after the October 15, 2009 due date.

Recommendation: In the future, the District should ensure the Certified Annual Report is timely certified to the Iowa Department of Education.

District Response: We had a change of accounting personnel at the end of the year that lead to the late filing. There should not be a problem for future years.

Conclusion: Response accepted.

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

According to proposed administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation: All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2009

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

Response: We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion: Response accepted.

09-II-K Statewide Sales and Services Tax: The District's revenue purpose statement allows the District to use its sales tax revenues for any purposes that are allowable for the Public Education and Recreation property tax levy. The District spent \$28,111 of sales tax proceeds on a preschool program based on its determination that this would be allowable under the Public Education and Recreation property tax levy. The Iowa Department of Education issued Chapter 98 of the Administrative Code during the summer of 2009. Chapter 98 states that preschool programs are not allowable expenditures from the Public Educational and Recreational property tax levy.

Recommendation - The District should consult with its attorney to determine if expenditures for an after school program are allowable from sales tax proceeds.

District Response – We will consult with our attorney.

Conclusion – Response accepted.

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

	\$	\$
Beginning balance		-
Statewide sales and services tax revenue		77,235
Expenditures:		
Preschool	28,111	
School infrastructure:		
Land and land improvements	14,864	
Buildings and building improvements	15,571	
Equipment	12,766	71,312
		<hr/>
Ending balance		<u>5,923</u>

09-II-L Financial Condition: The General Fund has an unreserved, undesignated fund deficit of \$125,542 and the School Nutrition Fund had a \$5,674 deficit unrestricted net assets balance at June 30, 2009. The Student Activity Fund also has several accounts with deficit balances at June 30, 2009.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2009

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

Recommendation: The District should continue to monitor these funds and investigate alternatives to eliminate these deficits.

District Response: We are working on ways to eliminate these deficits. The negative fund balances were approximately 50% lower at June 30, 2009 than at June 30, 2008.

Conclusion: Response accepted.

09-II-M Physical Plant and Equipment Levy Fund (PPEL): The Physical Plant and Equipment property tax levy may be used for building construction and repairs, grounds improvements and the purchase or lease of equipment with a per unit cost exceeding \$500. We noted that expenditures from the PPEL Fund included approximately \$1,904 for textbooks, \$7,646 for software, \$2,201 for computer repairs, \$1,648 for AEA consortium dues and \$75 for copier supplies. These items total \$13,474 and are not allowable expenditures from the PPEL Fund.

Recommendation: The District should be aware of the limitation on types of expenditures allowed from the PPEL fund and make reimbursements from the General Fund.

District Response: We will monitor future expenditures from these funds and make the reimbursement.

Conclusion: Response accepted.

09-II-N Allocation of Interest: We noted that interest from a pooled bank account is not being allocated to the Management, PPEL, Capital Projects, Debt Service and Nutrition Funds.

Recommendation: The District should allocate interest revenue to each fund within a pooled bank account.

District Response: We will review our procedures and make any necessary adjustments.

Conclusion: Response accepted.

09-II-O Summer Coaching Contracts: Summer coaching contracts for recreational activities state that the coaches are paid a salary, but the District treats the coaches as independent contractors.

Recommendation: The District should review its relationship with the summer coaches to determine if they are employees or independent contractors. The contracts with these individuals should contain the appropriate language for the employment or independent contractor status.

District Response: We will review how we are treating the summer coaches and revise the contracts if necessary.

Conclusion: Response accepted.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2009

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

09-II-P Signatures on Checks: All District checks are to be signed by the Board President and Board Secretary. The Board may designate another individual to sign for the Board President. We noted checks with the signatures of the Board Vice-President and Superintendent. We also noted one check signed by a Principal, who is not on the signature card. The District could not locate board approval for the alternate signatures.

Recommendation: The District should revise its check signing procedures. The board must approve any persons that will sign checks in lieu of the Board President.

District Response: We will review our procedures and make any changes necessary to be in compliance with Iowa law.

Conclusion: Response accepted.