

WOODBINE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Woodbine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2008 election)</b>		
Ryan Sullivan	President	2008
Lynnette Lee	Vice President	2008
Amy Sherer	Board Member	2011*
Joanna Shaw	Board Member	2009
Mike Staben	Board Member	2009
<b>Board of Education (After September 2008 election)</b>		
Amy Sherer	President	2011*
Mike Staben	Vice President	2009
Joanna Shaw	Board Member	2009
Amber Nelson	Board Member	2011
Todd Heistand	Board Member	2011
<b>School Officials</b>		
Dr. Terry Hazard	Superintendent	2009
Connie Waite	Board Secretary/Treasurer	2009
Derrick Franck	Attorney	2009

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

**NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Woodbine Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Woodbine Community School District, Woodbine, Iowa 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. 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 the Woodbine Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

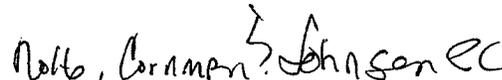
In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2010 on our consideration of the Woodbine Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are 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 34 through 35 are not required parts of the basic financial statements, but are supplementary

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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 an opinion on the financial statements that collectively comprise Woodbine 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 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 27, 2010

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

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Woodbine 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 \$4,293,191 in fiscal 2008 to \$4,593,556 in fiscal 2009, while General Fund expenditures increased from \$4,450,749 in fiscal 2008 to \$4,756,451 in fiscal 2009. This resulted in a decrease in the District's General Fund balance from a deficit \$147,867 in fiscal 2008 to a deficit balance of \$310,762 in fiscal 2009, which is a significant decrease as compared to the previous year.

### **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 Woodbine 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 Woodbine 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 Woodbine Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

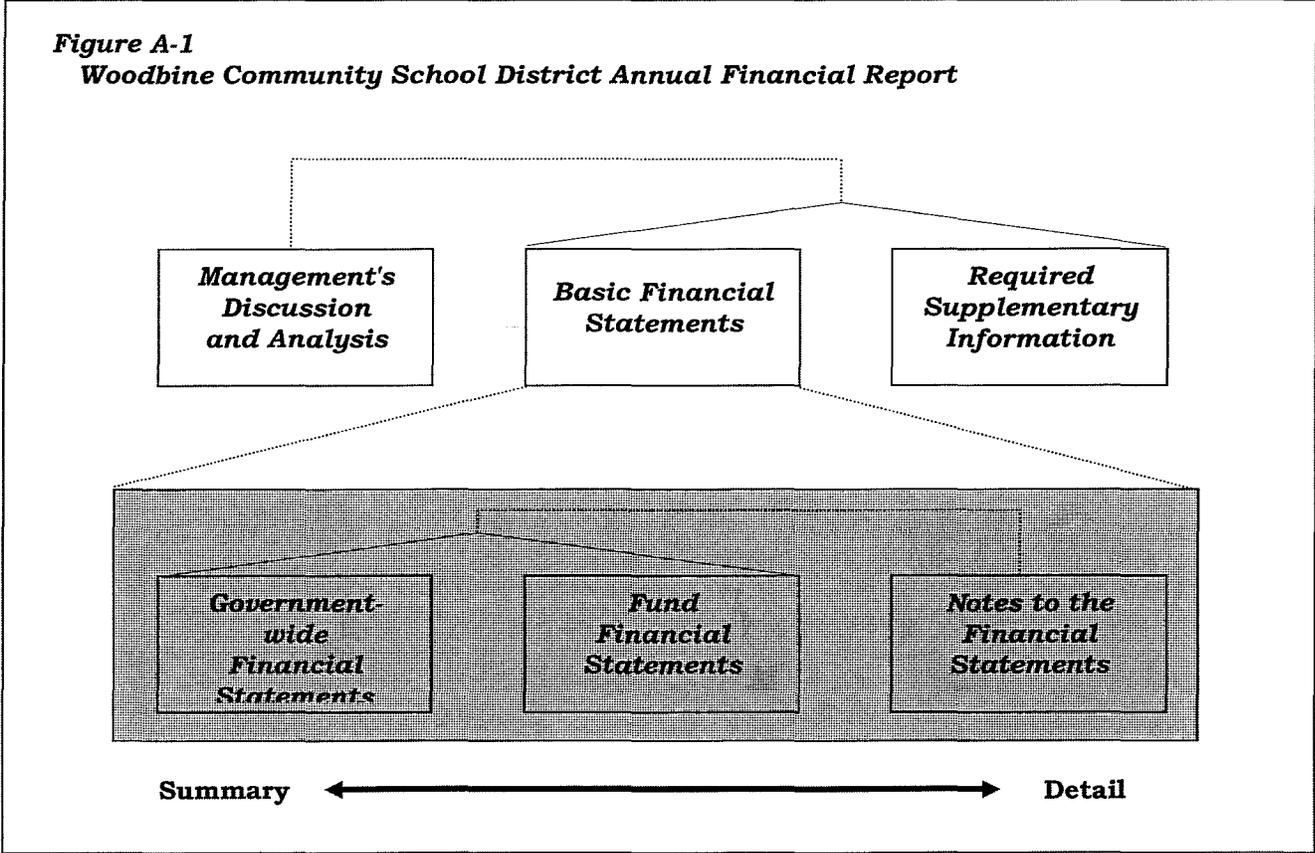


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>			
<b>Major Features of the Government-wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> <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 net assets</li> <li>• Statement of cash flows</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
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3  
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total Change
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 4,846,693	4,348,032	56,332	40,497	4,903,025	4,388,529	11.72%
Capital assets	6,658,162	6,884,504	58,497	64,939	6,716,659	6,949,443	-3.35%
Total assets	11,504,855	11,232,536	114,829	105,436	11,619,684	11,337,972	2.48%
Long-term obligations	4,510,983	4,669,547	0	0	4,510,983	4,669,547	-3.40%
Other liabilities	3,716,203	3,305,674	1,950	3,173	3,718,153	3,308,847	12.37%
Total liabilities	8,227,186	7,975,221	1,950	3,173	8,229,136	7,978,394	3.14%
Net assets:							
Invested in capital assets, net of related debt	2,313,162	2,264,504	58,497	64,939	2,371,659	2,329,443	1.81%
Restricted	1,174,262	933,687	0	0	1,174,262	933,687	25.77%
Unrestricted	(209,755)	59,124	54,382	37,324	(155,373)	96,448	-261.10%
Total net assets	\$ 3,277,669	3,257,315	112,879	102,263	3,390,548	3,359,578	0.92%

The District's combined net assets increased by .92%, or \$30,970 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 25.77% or \$240,575 compared to the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately 261.10% or \$251,821.

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

Figure A-4  
Changes of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues:							
Program revenues:							
Charges for services	\$ 369,267	291,447	179,014	157,340	548,281	448,787	22.17%
Operating grants and contributions and restricted interest	795,680	655,703	100,420	89,286	896,100	744,989	20.28%
General revenues:							
Property tax	1,872,107	1,807,649	0	0	1,872,107	1,807,649	3.57%
Income surtax	246,511	235,598	0	0	246,511	235,598	4.63%
Statewide sales and service tax	250,937	245,936	0	0	250,937	245,936	2.03%
Unrestricted state grants	1,732,945	1,734,250	0	0	1,732,945	1,734,250	-0.08%
Other	267,658	186,165	27	197	267,685	186,362	43.64%
Total revenues	5,535,105	5,156,748	279,461	246,823	5,814,566	5,403,571	7.61%
Program expenses:							
Governmental activities:							
Instructional	3,686,882	3,198,146	0	0	3,686,882	3,198,146	15.28%
Support services	1,297,191	1,319,308	0	0	1,297,191	1,319,308	-1.68%
Non-instructional programs	0	0	268,845	265,612	268,845	265,612	1.22%
Other expenses	530,678	511,503	0	0	530,678	511,503	3.75%
Total expenses	5,514,751	5,028,957	268,845	265,612	5,783,596	5,294,569	9.24%
Change in net assets	20,354	127,791	10,616	(18,789)	30,970	109,002	-71.59%
Net assets beginning of year	3,257,315	3,129,524	102,263	121,052	3,359,578	3,250,576	3.35%
Net assets end of year	\$ 3,277,669	3,257,315	112,879	102,263	3,390,548	3,359,578	0.92%

In fiscal 2009, local tax (property tax, income surtax and statewide sales and services tax) and unrestricted state grants account for 74.12% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.99% of the revenue from business type activities.

The District's total revenues were approximately \$5.81 million of which \$5.53 million was for governmental activities and approximately \$.28 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 7.61% in revenues and a 9.24% increase in expenses.

### Governmental Activities

Revenues for governmental activities were \$5,535,105 and expenses were \$5,514,751.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 3,686,882	3,198,146	15.28%	2,690,101	2,350,155	14.46%
Support services	1,297,191	1,319,308	-1.68%	1,297,191	1,207,244	7.45%
Other expenses	530,678	511,503	3.75%	362,512	316,965	14.37%
Totals	\$ 5,514,751	5,028,957	9.66%	4,349,804	3,874,364	12.27%

- The cost financed by users of the District's programs was \$369,267.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$795,680.
- The net cost of governmental activities was financed with \$1,872,107 in property tax, \$246,511 in income surtax, \$250,937 in statewide sales and services tax, \$1,732,945 in unrestricted state grants, \$51,023 in interest income and \$216,635 in other general revenues.

### Business-Type Activities

Revenues of the District's business-type activities were \$279,461 and expenses were \$268,845. The District's business-type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$910,401, above last year's ending fund balances of \$830,546. However, the primary reason for the increase in combined fund balances in fiscal 2009 is due to increased fund balance in the Debt Service Fund.

### Governmental Fund Highlights

- The District's General Fund financial position deteriorated from a deficit \$147,867 in fiscal 2008 to a deficit fund balance of \$310,762 at the end of fiscal 2009.
- The Physical Plant and Equipment Levy Fund balance increased from \$23,512 to \$88,432 during the year.
- The Capital Projects Fund balance increased from \$303,114 to \$363,505 during the year.

### Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$80,987 at June 30, 2008 to \$88,562 at June 30, 2009, representing an increase of 9.35%.

The Day Care Fund net assets increased from \$21,276 at June 30, 2008 to \$24,317 at June 30, 2009, representing an increase of 14.29%.

## BUDGETARY HIGHLIGHTS

The District's revenues were \$194,057 less than budgeted revenues, a variance of 3.25%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

Total expenditures were less than budgeted, 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 ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, the District had invested \$6.72 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$226,093.

The original cost of the District's capital assets was \$9,094,251. Governmental funds account for \$8,987,443 with the remaining of \$115,808 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the improvements other than buildings category. The amount reported for the District's buildings other than improvements category at June 30, 2008 was \$2,360 as compared to \$7,589 for June 30, 2009.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 48,655	28,655	0	0	48,655	28,655	69.80%
Buildings	6,489,235	6,698,831	0	0	6,489,235	6,698,831	-3.13%
Improvements other than buildings	7,589	2,360	0	0	7,589	2,360	221.57%
Machinery and equipment	112,683	154,658	58,497	64,939	171,180	219,597	-22.05%
Total	\$ 6,658,162	6,884,504	58,497	64,939	6,716,659	6,949,443	-3.35%

### Long-Term Debt

At June 30, 2009, the District had \$4,510,983 in general obligation and other long-term debt outstanding. This represents a decrease of 3.4% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$2,650,000 at June 30, 2009.

The District had total outstanding Revenue Bonds payable of \$695,000 at June 30, 2009.

The District had total outstanding QZAB Bonds payable of \$1,000,000 and June 30, 2009. These bonds are due November 3, 2013.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$165,983 at June 30, 2009.

Figure A-7  
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2009	2008	2008-09
General obligation bonds	\$ 2,650,000	2,805,000	-5.5%
Revenue bonds	695,000	815,000	-14.7%
QZAB bonds	1,000,000	1,000,000	0.0%
Early retirement	165,983	49,547	235.0%
Totals	\$ 4,510,983	4,669,547	-3.4%

## 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:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- The FY 2010 state budget cut of 10% results in a significant decrease in General Fund revenue, shifting funding on property taxes and other revenue sources. As a result of these lost revenues, the District will explore all opportunities to reduce expenditures and/or increase revenues.
- The District had a reserved cash levy of \$215,000 which has been completely consumed by the budget cuts.

## 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 Connie Waite, District Secretary, Woodbine Community School District, 501 Weare Street, Woodbine, Iowa, 51579.

BASIC FINANCIAL STATEMENTS

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments:			
ISCAP	\$ 1,184,354	0	1,184,354
Other	1,093,538	47,425	1,140,963
Receivables:			
Property tax:			
Delinquent	23,628	0	23,628
Succeeding year	1,880,231	0	1,880,231
Income surtax	246,511	0	246,511
Accounts	4,280	1,463	5,743
Accrued interest - ISCAP	3,073	0	3,073
Due from other governments	411,078	0	411,078
Inventories	0	7,444	7,444
Capital assets, net of accumulated depreciation	6,658,162	58,497	6,716,659
<b>Total Assets</b>	<b>11,504,855</b>	<b>114,829</b>	<b>11,619,684</b>
<b>Liabilities</b>			
Excess warrants over bank balance	123,723	0	123,723
Accounts payable	116,915	21	116,936
Salaries and benefits payable	356,989	0	356,989
ISCAP warrants payable	1,167,000	0	1,167,000
ISCAP interest payable	5,177	0	5,177
ISCAP unamortized premiums	19,440	0	19,440
Accrued interest payable	27,888	0	27,888
Deferred revenue:			
Succeeding year property tax	1,880,231	0	1,880,231
Other	18,840	0	18,840
Unearned revenue	0	1,929	1,929
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	165,000	0	165,000
Revenue bonds payable	125,000	0	125,000
Early retirement	23,303	0	23,303
Portion due after one year:			
General obligation bonds payable	2,485,000	0	2,485,000
Revenue bonds payable	570,000	0	570,000
QZAB bonds payable	1,000,000	0	1,000,000
Early retirement	142,680	0	142,680
<b>Total Liabilities</b>	<b>8,227,186</b>	<b>1,950</b>	<b>8,229,136</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	2,313,162	58,497	2,371,659
Restricted for:			
Categorical funding	14,567	0	14,567
Physical plant and equipment levy	88,432	0	88,432
Capital projects	363,505	0	363,505
Debt service	694,688	0	694,688
Other special revenue purposes	13,070	0	13,070
Unrestricted	(209,755)	54,382	(155,373)
<b>Total Net Assets</b>	<b>\$ 3,277,669</b>	<b>112,879</b>	<b>3,390,548</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs</b>						
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 2,559,175	112,141	588,128	(1,858,906)	0	(1,858,906)
Special	603,203	183,341	23,032	(396,830)	0	(396,830)
Other	524,504	73,785	16,354	(434,365)	0	(434,365)
	<u>3,686,882</u>	<u>369,267</u>	<u>627,514</u>	<u>(2,690,101)</u>	<u>0</u>	<u>(2,690,101)</u>
Support services:						
Student services	121,386	0	0	(121,386)	0	(121,386)
Instructional staff	49,168	0	0	(49,168)	0	(49,168)
Administration	470,929	0	0	(470,929)	0	(470,929)
Operation and maintenance of plant	437,763	0	0	(437,763)	0	(437,763)
Transportation	217,945	0	0	(217,945)	0	(217,945)
	<u>1,297,191</u>	<u>0</u>	<u>0</u>	<u>(1,297,191)</u>	<u>0</u>	<u>(1,297,191)</u>
Other expenditures:						
Facilities acquisitions	51,934	0	0	(51,934)	0	(51,934)
Long-term debt interest	179,661	0	0	(179,661)	0	(179,661)
AEA flowthrough	164,166	0	164,166	0	0	0
Depreciation(unallocated)*	134,917	0	4,000	(130,917)	0	(130,917)
	<u>530,678</u>	<u>0</u>	<u>168,166</u>	<u>(362,512)</u>	<u>0</u>	<u>(362,512)</u>
Total governmental activities	5,514,751	369,267	795,680	(4,349,804)	0	(4,349,804)
<b>Business-Type activities:</b>						
Non-instructional programs:						
Nutrition services	193,178	100,306	100,420	0	7,548	7,548
Day care services	75,667	78,708	0	0	3,041	3,041
Total business type activities	<u>268,845</u>	<u>179,014</u>	<u>100,420</u>	<u>0</u>	<u>10,589</u>	<u>10,589</u>
Total	\$ 5,783,596	548,281	896,100	(4,349,804)	10,589	(4,339,215)
<b>General Revenues:</b>						
Property tax levied for:						
General purposes			\$ 1,400,106	0	1,400,106	
Capital outlay			174,658	0	174,658	
Debt service			297,343	0	297,343	
Income surtax			246,511	0	246,511	
Statewide sales and services tax			250,937	0	250,937	
Unrestricted state grants			1,732,945	0	1,732,945	
Unrestricted investment earnings			51,023	27	51,050	
Other general revenues			216,635	0	216,635	
Total general revenues			<u>4,370,158</u>	<u>27</u>	<u>4,370,185</u>	
Change in net assets			20,354	10,616	30,970	
Net assets beginning of year			<u>3,257,315</u>	<u>102,263</u>	<u>3,359,578</u>	
Net assets end of year			<u>\$ 3,277,669</u>	<u>112,879</u>	<u>3,390,548</u>	

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	General	Debt Service	Other Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and pooled investments:				
ISCAP	\$ 1,184,354	0	0	1,184,354
Other	0	690,950	401,122	1,092,072
Receivables:				
Property tax:				
Delinquent	17,792	3,738	2,098	23,628
Succeeding year	1,417,952	304,700	157,579	1,880,231
Income surtax	184,883	0	61,628	246,511
Accounts	4,280	0	0	4,280
Accrued ISCAP interest	3,073	0	0	3,073
Due from other governments	287,823	0	123,255	411,078
<b>Total Assets</b>	<b>\$ 3,100,157</b>	<b>999,388</b>	<b>745,682</b>	<b>4,845,227</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Excess warrants over bank balance	\$ 123,723	0	0	123,723
Accounts payable	116,915	0	0	116,915
Salaries and benefits payable	356,989	0	0	356,989
ISCAP warrants payable	1,167,000	0	0	1,167,000
ISCAP interest payable	5,177	0	0	5,177
ISCAP unamortized premiums	19,440	0	0	19,440
Deferred revenue:				
Succeeding year property tax	1,417,952	304,700	157,579	1,880,231
Income surtax	184,883	0	61,628	246,511
Other	18,840	0	0	18,840
Total liabilities	<b>3,410,919</b>	<b>304,700</b>	<b>219,207</b>	<b>3,934,826</b>
Fund balances:				
Reserved for:				
Categorical funding	14,567	0	0	14,567
Debt service	0	694,688	0	694,688
Unreserved	(325,329)	0	526,475	215,713
Total fund balances	<b>(310,762)</b>	<b>694,688</b>	<b>526,475</b>	<b>910,401</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,100,157</b>	<b>999,388</b>	<b>745,682</b>	<b>4,845,227</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE 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 (page 15)</b>	\$	910,401
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		6,658,162
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		246,511
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		1,466
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(27,888)
Long-term liabilities, including bonds payable and early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(4,510,983)</u>
 <b>Net assets of governmental activities (page 13)</b>	 \$	 <u><u>3,277,669</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Debt Service	Nonmajor Special Revenue Funds	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 1,585,768	297,343	475,531	2,358,642
Tuition	295,482	0	0	295,482
Other	261,921	7,310	120,374	389,605
State sources	2,234,409	0	0	2,234,409
Federal sources	215,976	0	0	215,976
Total revenues	<u>4,593,556</u>	<u>304,653</u>	<u>595,905</u>	<u>5,494,114</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular instruction	2,258,281	0	167,305	2,425,586
Special instruction	602,944	0	0	602,944
Other instruction	523,719	0	0	523,719
	<u>3,384,944</u>	<u>0</u>	<u>167,305</u>	<u>3,552,249</u>
Support services:				
Student services	86,684	0	0	86,684
Instructional staff services	49,168	0	0	49,168
Administration services	470,929	0	0	470,929
Operation and maintenance of plant services	412,039	0	26,533	438,572
Transportation services	188,521	0	4,837	193,358
	<u>1,207,341</u>	<u>0</u>	<u>31,370</u>	<u>1,238,711</u>
Other expenditures:				
Facilities acquisitions	0	0	2,484	2,484
Long-term debt:				
Principal	0	275,000	0	275,000
Interest	0	181,649	0	181,649
AEA flowthrough	164,166	0	0	164,166
	<u>164,166</u>	<u>456,649</u>	<u>2,484</u>	<u>623,299</u>
Total expenditures	<u>4,756,451</u>	<u>456,649</u>	<u>201,159</u>	<u>5,414,259</u>
Excess (deficiency) of revenues over (under) expenditures	(162,895)	(151,996)	394,746	79,855
Other financing sources (uses):				
Transfer in	0	298,974	0	298,974
Transfer out	0	0	(298,974)	(298,974)
Total other financing sources (uses)	<u>0</u>	<u>298,974</u>	<u>(298,974)</u>	<u>0</u>
Net change in fund balances	(162,895)	146,978	95,772	79,855
Fund balance beginning of year	(147,867)	547,710	430,703	830,546
Fund balance end of year	<u>\$ (310,762)</u>	<u>694,688</u>	<u>526,475</u>	<u>910,401</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 17) \$ 79,855

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

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

Loss on disposal	\$ (49,450)	
Capital outlays	41,259	
Depreciation expense	<u>(218,151)</u>	(226,342)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,988

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows: 275,000

Repaid

Net change in Internal Service Funds charged back against expenditures made for the flex benefit program at an entity-wide basis. (4,624)

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 10,913

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

Early Retirement (116,436)

Changes in net assets of governmental activities (page 14) \$ 20,354

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 24,550	22,875	47,425	1,466
Accounts receivable	0	1,463	1,463	0
Inventories	7,444	0	7,444	0
Capital assets, net of accumulated depreciation	58,497	0	58,497	0
<b>Total Assets</b>	90,491	24,338	114,829	1,466
<b>Liabilities</b>				
Accounts payable	0	21	21	0
Unearned revenue	1,929	0	1,929	0
<b>Total Liabilities</b>	1,929	21	1,950	0
<b>Net Assets</b>				
Invested in capital assets	58,497	0	58,497	0
Unrestricted	30,065	24,317	54,382	1,466
<b>Total Net Assets</b>	\$ 88,562	24,317	112,879	1,466

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009

	Business-Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
	<hr/>			
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 100,306	78,708	179,014	30,078
<hr/>				
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	55,895	62,997	118,892	0
Benefits	20,511	10,140	30,651	34,702
Services	5,622	0	5,622	0
Supplies	102,308	2,530	104,838	0
Depreciation	7,942	0	7,942	0
Other	900	0	900	0
TOTAL OPERATING EXPENSES	193,178	75,667	268,845	34,702
<hr/>				
OPERATING INCOME (LOSS)	(92,872)	3,041	(89,831)	(4,624)
<hr/>				
NON-OPERATING REVENUES:				
Interest income	27	0	27	0
State sources	2,508	0	2,508	0
Federal sources	97,912	0	97,912	0
TOTAL NON-OPERATING REVENUES	100,447	0	100,447	0
<hr/>				
Change in net assets	7,575	3,041	10,616	(4,624)
<hr/>				
Net assets beginning of year	80,987	21,276	102,263	6,090
<hr/>				
Net assets end of year	\$ 88,562	24,317	112,879	1,466
<hr/>				

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 99,966	0	99,966	0
Cash received from miscellaneous sources	380	78,708	79,088	30,078
Cash payments to employees for services	(76,406)	(74,018)	(150,424)	(34,702)
Cash payments to suppliers for goods or services	(98,593)	(3,904)	(102,497)	0
Net cash provided by(used in) operating activities	(74,653)	786	(73,867)	(4,624)
Cash flows from non-capital financing activities:				
State grants received	2,508	0	2,508	0
Federal grants received	86,544	0	86,544	0
Net cash provided by non-capital financing activities	89,052	0	89,052	0
Cash flows from capital financing activities:				
Acquisition of assets	(1,500)	0	(1,500)	0
Cash flow from investing activities:				
Interest on investments	27	0	27	0
Net increase(decrease) in cash and cash equivalents	12,926	786	13,712	(4,624)
Cash and cash equivalents at beginning of year	11,624	22,089	33,713	6,090
Cash and cash equivalents at end of year	\$ 24,550	22,875	47,425	1,466
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (92,872)	3,041	(89,831)	(4,624)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	11,368	0	11,368	0
Depreciation	7,942	0	7,942	0
Decrease in inventories	(1,131)	(992)	(2,123)	0
Decrease in accounts payable	0	(382)	(382)	0
Decrease in salary and benefits payable	0	(881)	(881)	0
Increase in unearned revenue	40	0	40	0
Net cash provided by(used in) operating activities	\$ (74,653)	786	(73,867)	(4,624)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 24,550	22,875	47,425	1,466
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				

During the year ended June 30, 2009, the District received Federal commodities valued at \$11,368.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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

The Woodbine Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Woodbine, Iowa, and the predominate agricultural territory in Harrison, Monona and Shelby 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, Woodbine 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 Woodbine Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but 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 that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, 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 other nonmajor governmental funds.

The District reports the following major governmental funds:

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

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

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, Enterprise, Day Care Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the child care operations of the District. The Internal Service Fund is used to account for the self-funded insurance plan of the District.

The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's

principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 0
Buildings	1,200
Land improvements	1,200
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,200

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

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

Salaries and Benefits Payable - Payroll and related expenditures for extra duties and curriculum work for the current school year, which is paid in July and August, have been accrued as liabilities.

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

Deferred revenue on the Statement of Net Assets consists of

succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The unearned revenues in the Day Care Fund are monies collected in advance for tuition. The revenue will be considered earned when services are provided. The tuition and lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

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

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

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

#### E. Budgeting and Budgetary Control

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

#### **(2) Cash and Pooled Investments**

The District's deposits 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.

As June 30, 2009, the District had no investments.

(3) **Transfers**

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

Transfer to	Transfer from	Amount
	Special Revenue:	
	Physical Plant and	
Debt Service	Equipment Levy	\$ 113,790
Debt Service	Capital Projects	185,184
Total		<u>\$ 298,974</u>

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

The transfer from capital projects to debt service consisted of \$32,350 for the QZAB payment and \$152,834 for the revenue bond payment.

(4) **Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Accrued Interest Investments	Accrued Interest Receivable	Accrued Warrants Payable	Accrued Interest Payable
2008-09B	1/21/10	1/21/10	\$ 377,782	2,974	373,000	4,905
2009-10A	6/23/10	6/22/10	806,572	99	794,000	272
Total			<u>\$ 1,184,354</u>	<u>3,073</u>	<u>1,167,000</u>	<u>5,177</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

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

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

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

**(5) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 28,655	20,000	0	48,655
Total capital assets not being depreciated	28,655	20,000	0	48,655
Capital assets being depreciated:				
Buildings	8,139,814	0	57,500	8,082,314
Land improvements	87,866	5,650	0	93,516
Machinery and equipment	738,349	15,609	0	753,958
Total capital assets being depreciated	8,966,029	21,259	57,500	8,929,788
Less accumulated depreciation for:				
Buildings	1,440,983	160,146	8,050	1,593,079
Land improvements	85,506	421	0	85,927
Machinery and equipment	583,691	57,584	0	641,275
Total accumulated depreciation	2,110,180	218,151	8,050	2,320,281
Total capital assets being depreciated, net	6,855,849	(196,892)	49,450	6,609,507
Governmental activities capital assets, net	\$ 6,884,504	(176,892)	49,450	6,658,162

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 114,308	1,500	0	115,808
Less accumulated depreciation	49,369	7,942	0	57,311
Business-type activities capital assets, net	\$ 64,939	(6,442)	0	58,497

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 23,538
Special	259
Other	785

Support services:

Operation and maintenance of plant	8,415
Transportation	24,587
	<u>57,584</u>

Unallocated depreciation 160,567

Total governmental activities depreciation expense \$ 218,151

Business-type activities:

Food services \$ 7,942

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 2,805,000	0	155,000	2,650,000	165,000
Revenue Bonds	815,000	0	120,000	695,000	125,000
Early Retirement	49,547	127,442	11,006	165,983	23,303
QZAB Bonds	1,000,000	0	0	1,000,000	0
Total	\$ 4,669,547	127,442	286,006	4,510,983	313,303

General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

Year	Issue of January 1, 2002			Issue of December 1, 1990			Total					
	Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total		
2010	5.00	% \$	105,000	131,880	4.70	% \$	60,000	2,820	\$	165,000	134,700	299,700
2011	5.00		180,000	126,630	-		-	-		180,000	126,630	306,630
2012	5.00		185,000	117,630	-		-	-		185,000	117,630	302,630
2013	5.25		190,000	108,380	-		-	-		190,000	108,380	298,380
2014-2018	5.00-5.25		1,120,000	384,332	-		-	-		1,120,000	384,332	1,504,332
2019-2021	5.10-5.20		810,000	222,489	-		-	-		810,000	222,489	1,032,489
Total			\$ 2,590,000	1,091,341	\$	60,000	2,820	\$	2,650,000	1,094,161	3,744,161	

#### Revenue Bonds Payable

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

Year	Issue of August 1, 2005			Issue of June 30, 2006			Total					
	Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total		
2010	3.60	% \$	55,000	10,625	5.75	% \$	70,000	20,412	\$	125,000	31,037	156,037
2011	3.70		60,000	8,525	5.75		75,000	16,244		135,000	24,769	159,769
2012	3.80		60,000	6,275	5.75		75,000	11,931		135,000	18,206	153,206
2013	3.90		65,000	3,867	5.75		80,000	7,475		145,000	11,342	156,342
2014	4.00		65,000	1,300	5.75		90,000	2,587		155,000	3,887	158,887
Total			\$ 305,000	30,592	\$	390,000	58,649	\$	695,000	89,241	784,241	

District has pledged future local option sales and services tax revenues to repay the \$695,000 bonds issued August 1, 2005 and June 30, 2006. The bonds were issued for the purpose of defraying a portion of the cost of renovations at the school. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 39 percent of the local option sales and service tax revenues. The total principal and interest remaining to be paid on the notes is \$784,241. For the current year \$185,184 in principal and interest was paid on the bonds and total local option sales and services tax revenues were \$297,343.

The resolution providing for the \$510,000 issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) The bonds will only be redeemed from the future earnings of the local option sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made to the Local Option Sales and Service Tax Sinking

Fund for the purpose of making the bond principal and interest payments when due.

- c) A separate bond reserve fund will be maintained to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Local Option Sales and Services Tax Reserve Fund.

#### Quality Zone Academy Bonds(QZAB)

During the year ended June 30, 2006, the District issued zero interest Quality Zone Academy Bonds(QZAB). Annual transfers from the Capital Projects - Local Option Sales and Service Tax fund to a debt sinking fund will be made to pay the indebtedness due November 3, 2013, of \$1,000,000.

#### Early Retirement

The District offers a voluntary early retirement plan to its certified and non-certified employees. Eligible employees must be at least age fifty-five and employees must have completed twenty years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2009, totaled \$11,006. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

### **(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll for years ended June 30, 2009, 2008 and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$177,891, \$174,950 and \$151,611 respectively, equal to the required contributions for each year.

### **(8) Risk Management**

Woodbine Community School 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 \$164,166 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) Deficit Fund Balance/Net Assets**

At the year ended June 30, 2009, The General Fund had a deficit unreserved undesignated fund balance of \$325,329.

**(11) Categorical Funding**

The District's ending reserved balances for categorical funding as of June 30, 2009 are broken out by the following projects:

Project	Amount
Teacher quality	\$ 8,336
Core curriculum	4,816
Professional development	1,415
Total reserved for categorical funding	\$ 14,567

**(12) Other Post-employment Benefits (OPEB)**

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

REQUIRED SUPPLEMENTAL INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON 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	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Actual
<b>Revenues:</b>						
Local sources	\$ 3,043,729	179,041	3,222,770	3,242,684	3,242,684	(19,914)
State sources	2,234,409	2,508	2,236,917	2,445,948	2,445,948	(209,031)
Federal sources	215,976	97,912	313,888	279,000	279,000	34,888
Total revenues	5,494,114	279,461	5,773,575	5,967,632	5,967,632	(194,057)
<b>Expenditures/Expenses:</b>						
Instruction	3,552,249	0	3,552,249	4,225,341	4,225,341	673,092
Support services	1,238,711	0	1,238,711	1,710,525	1,710,525	471,814
Non-instructional programs	0	268,845	268,845	404,052	404,052	135,207
Other expenditures	623,299	0	623,299	991,051	991,051	367,752
Total expenditures/expenses	5,414,259	268,845	5,683,104	7,330,969	7,330,969	1,647,865
Excess(deficiency) of revenues over(under) expenditures	79,855	10,616	90,471	(1,363,337)	(1,363,337)	1,453,808
Other financing sources, net	0	0	0	5,000	5,000	(5,000)
Balance beginning of year	830,546	102,263	932,809	816,823	816,823	115,986
Balance end of year	\$ 910,401	112,879	1,023,280	(541,514)	(541,514)	1,564,794

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE 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 private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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

OTHER SUPPLEMENTARY INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2009

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total	Capital Projects	Other Nonmajor Governmental Funds
<b>Assets</b>						
Cash and pooled investments	\$ 60,813	13,070	86,989	160,872	240,250	401,122
Receivables:						
Property tax:						
Current year delinquent	655	0	1,443	2,098	0	2,098
Succeeding year	40,000	0	117,579	157,579	0	157,579
Income surtax	0	0	61,628	61,628	0	61,628
Intergovernmental	0	0	0	0	123,255	123,255
<b>Total Assets</b>	<b>\$ 101,468</b>	<b>13,070</b>	<b>267,639</b>	<b>382,177</b>	<b>363,505</b>	<b>745,682</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Deferred revenue:						
Succeeding year property tax	\$ 40,000	0	117,579	157,579	0	157,579
Income surtax	0	0	61,628	61,628	0	61,628
Total liabilities	40,000	0	179,207	219,207	0	219,207
Unreserved fund balances	61,468	13,070	88,432	162,970	363,505	526,475
<b>Total Liabilities and Fund Balances</b>	<b>\$ 101,468</b>	<b>13,070</b>	<b>267,639</b>	<b>382,177</b>	<b>363,505</b>	<b>745,682</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total	Capital Projects	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 49,936	0	174,658	224,594	250,937	475,531
Other	6,550	108,550	5,152	120,252	122	120,374
TOTAL REVENUES	56,486	108,550	179,810	344,846	251,059	595,905
EXPENDITURES:						
Current:						
Instruction:						
Regular	44,068	123,237	0	167,305	0	167,305
Support services:						
Operation and maintenance of plant	22,433	0	0	22,433	4,100	26,533
Student transportation	4,837	0	0	4,837	0	4,837
Other expenditures:						
Facilities acquisitions	0	0	1,100	1,100	1,384	2,484
TOTAL EXPENDITURES	71,338	123,237	1,100	195,675	5,484	201,159
Excess(Deficiency) of revenues over(under) expenditures	(14,852)	(14,687)	178,710	149,171	245,575	394,746
Other financing uses:						
Transfer out	0	0	(113,790)	(113,790)	(185,184)	(298,974)
Total other financing uses	0	0	(113,790)	(113,790)	(185,184)	(298,974)
Net change in fund balances	(14,852)	(14,687)	64,920	35,381	60,391	95,772
FUND BALANCES BEGINNING OF YEAR	76,320	27,757	23,512	127,589	303,114	430,703
FUND BALANCES END OF YEAR	\$ 61,468	13,070	88,432	162,970	363,505	526,475

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Designated Fund	\$ 3,600	9,015	9,794	2,821
Operetta	3,071	441	627	2,885
Activity	2,064	64,804	77,479	(10,611)
K-6	2,617	8,890	10,667	840
Yearbook	12,389	9,826	8,340	13,875
W-Club	0	1,271	786	485
Class of 2007	173	0	173	0
Class of 2008	1,635	0	1,133	502
Class of 2009	1,305	746	2,051	0
Class of 2010	0	13,051	11,331	1,720
Computer Club	791	0	389	402
Interest	112	506	467	151
Total	<u>\$ 27,757</u>	<u>108,550</u>	<u>123,237</u>	<u>13,070</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 2,358,642	2,289,183	2,188,125	2,065,249	2,058,290	1,890,392
Tuition	295,482	223,694	222,668	120,781	163,711	190,571
Other	389,605	310,471	399,215	406,127	344,900	245,736
Intermediate sources	0	0	0	0	0	6,071
State sources	2,234,409	2,155,957	2,308,579	2,222,875	1,961,514	2,024,192
Federal sources	215,976	177,443	233,768	298,245	647,953	1,083,012
<b>Total</b>	<b>\$ 5,494,114</b>	<b>5,156,748</b>	<b>5,352,355</b>	<b>5,113,277</b>	<b>5,176,368</b>	<b>5,439,974</b>
Expenditures:						
Current:						
Instruction:						
Regular instruction	\$ 2,425,586	2,198,926	2,107,162	2,020,427	2,010,483	1,903,327
Special instruction	602,944	528,295	561,241	512,589	503,880	506,712
Other instruction	523,719	466,003	527,568	454,405	357,885	390,626
Support services:						
Student services	86,684	56,849	80,130	83,373	149,154	149,263
Instructional staff services	49,168	21,175	14,107	7,404	14,797	8,510
Administration services	470,929	538,021	548,768	534,350	519,223	539,786
Operation and maintenance of plant services	438,572	461,536	426,666	420,393	440,454	421,652
Transportation services	193,358	269,174	166,973	178,444	180,563	225,637
Central support services	0	0	0	0	0	49,839
Other expenditures:						
Facilities acquisitions	2,484	0	314,236	1,738,265	3,235,458	1,636,879
Long-term debt:						
Principal	275,000	260,000	195,000	135,000	125,000	120,000
Interest	181,649	195,009	197,266	181,314	207,086	175,120
AEA flow-through	164,166	156,919	155,118	151,527	149,175	153,457
<b>Total</b>	<b>\$ 5,414,259</b>	<b>5,151,907</b>	<b>5,294,235</b>	<b>6,417,491</b>	<b>7,893,158</b>	<b>6,280,808</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

# **NOLTE, CORNMAN & JOHNSON P.C.**

## **Certified Public Accountants**

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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

To the Board of Education of the  
Woodbine 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 Woodbine 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 January 27, 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 Woodbine 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 Woodbine Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodbine 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 Woodbine 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 Woodbine Community School District's financial statements that is more than inconsequential will not be prevented or detected by Woodbine Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Findings Related to the Basic Financial Statements 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 Woodbine Community School District's internal control.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodbine Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Woodbine Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Woodbine 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 Woodbine Community School District and other parties to whom Woodbine Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 27, 2010

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

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

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

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

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

Conclusion - Response accepted.

I-B-09 Board Policies - We noted during our audit the District's board policy book appears to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a more timely manner.

Response - We are in the process of updating the policies and this will be completed by November 2009.

Conclusion - Response accepted.

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

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.
- II-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Connie Waite, Board Secretary Sister owns Shadow Valley Golf Course	Purchased Services	\$1,695
Amy Sherer, Board Member Substitute teacher for District	Services	\$1,310
Joanna Shaw, Board Member Spouse owns Shaw's Screen Printing	Purchased Services	\$1,544

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the family members of Connie Waite and Joanna Shaw do not appear to represent a conflict of interest.

In accordance with the Chapter 279.7A of the code of Iowa, the above transactions with Amy Sherer do not appear to represent a conflict of interest.

- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-09 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were reported on Line 1 of the certified enrollment was understated by 2.0 students.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The Department of Education has been contacted and the situation has been resolved.

Conclusion - Response accepted.

II-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-J-09 Financial Condition - At the year ended June 30, 2009, The General Fund had a deficit unreserved undesignated fund balance of \$325,329 and the Activity account within the Student Activity Fund was deficit \$10,611.

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

Response - We will monitor these funds and investigate available options to eliminate these deficits.

Conclusion- Response accepted.

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

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

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and servicing 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		\$	0
Statewide sales and servicing tax revenue			250,937
Expenditures/transfers out:			
School Infrastructure			
Equipment	\$	4,100	
Other improvements		1,384	5,484
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Debt service for school infrastructure			
QZAB bonds		32,350	
Revenue bonds		152,834	185,184
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Ending Balance		\$	<u>60,269</u>