

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Woodward-Granger Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 election)		
Howard Schutt	President	2010
Jim Gibson	Vice President	2010
Mark Roberts	Board Member	2008
Jane Sweeney	Board Member	2009
Jennifer Pierce	Board Member	2008
Board of Education (After September 2008 election)		
Howard Schutt	President	2011*
Jim Gibson	Vice President	2009*
Mark Roberts	Board Member	2011
Jane Sweeney	Board Member	2009
Jennifer Pierce	Board Member	2011
School Officials		
Jody Gray	Superintendent	2009
Bob Torrence	District Secretary/ Treasurer and Business Manager	2009
Ahlers Law Firm	Attorney	2009

* Board term changed 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)

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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Woodward-Granger 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 Woodward-Granger Community School District, Woodward, 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 Woodward-Granger 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 March 24, 2010 on our consideration of Woodward-Granger 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 6 through 14 and 42 through 44 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 opinions on the financial statements that collectively comprise Woodward-Granger 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 eight 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 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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.

March 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Woodward-Granger 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 \$9,888,668 in fiscal 2008 to \$10,355,139 in fiscal 2009, while General Fund expenditures increased from \$9,777,830 in fiscal 2008 to \$10,187,078 in fiscal 2009. This resulted in an increase in the District's General Fund balance from \$409,090 in fiscal 2008 to \$577,151 in fiscal 2009, a 41.08% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and state grant revenue in fiscal 2009. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits, increased heating and busing costs, as well as additional costs associated with the Woodward Academy.
- The High School/Middle School building project was started in fiscal 2008, which increased expenditures for the District.

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 Woodward-Granger 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 Woodward-Granger 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 Woodward-Granger 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

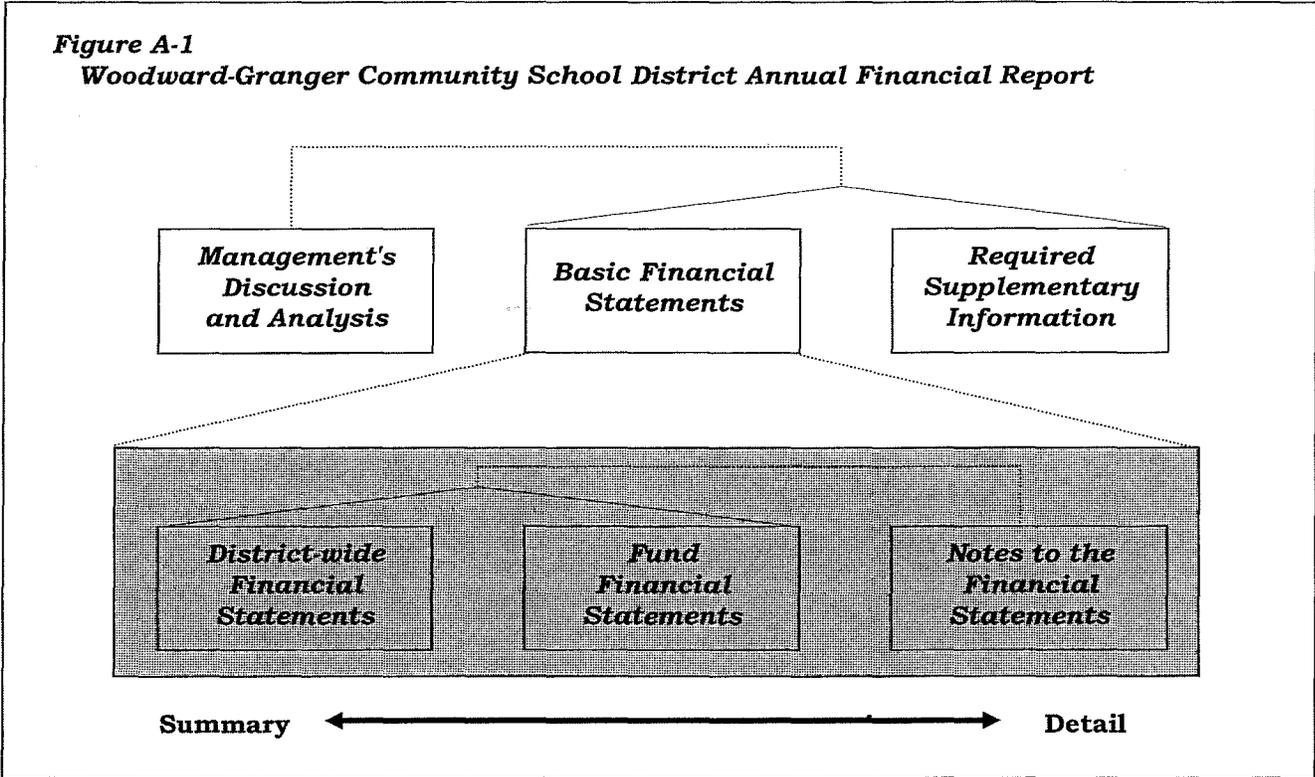


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	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, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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, and 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 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 the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.
- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust and the Agency fund.
 - Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

- Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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

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 June 30, 2008-09
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2009	2008	2009	2008	2009	2008	
Current and other assets	\$ 12,772,572	15,823,665	(95,446)	(75,196)	12,677,126	15,748,469	-19.50%
Capital assets	12,047,584	7,533,062	123,846	136,537	12,171,430	7,669,599	58.70%
Total assets	24,820,156	23,356,727	28,400	61,341	24,848,556	23,418,068	6.11%
Long-term obligations	10,243,132	11,009,481	-	-	10,243,132	11,009,481	-6.96%
Other liabilities	8,844,357	7,793,046	35,457	32,118	8,879,814	7,825,164	13.48%
Total liabilities	19,087,489	18,802,527	35,457	32,118	19,122,946	18,834,645	1.53%
Net assets:							
Invested in capital assets, net of related debt	3,970,801	3,312,289	123,846	136,537	4,094,647	3,448,826	18.73%
Restricted	1,100,141	779,469	-	-	1,100,141	779,469	41.14%
Unrestricted	661,725	462,442	(130,903)	(107,314)	530,822	355,128	49.47%
Total net assets	\$ 5,732,667	4,554,200	(7,057)	29,223	5,725,610	4,583,423	24.92%

The District's combined net assets increased by 24.92%, or \$1,142,187, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents 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 \$320,672, or 41.14% over the prior year. The increase was primarily a result of the increase in the Capital Projects, Statewide Sales and Services Tax fund balance.

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 \$175,694, or 49.47%. This increase in unrestricted net assets was a result of the District's increase in the General Fund balance.

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

Figure A-4
Changes of Net Assets

	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
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 3,282,565	3,137,752	210,848	197,356	3,493,413	3,335,108	4.75%
Operating grants and contributions and restricted interest	1,271,581	1,090,724	115,488	100,995	1,387,069	1,191,719	16.39%
General revenues:							
Property tax	3,436,112	2,711,463	-	-	3,436,112	2,711,463	26.73%
Income surtax	367,371	331,485	-	-	367,371	331,485	10.83%
Statewide sales and services tax	554,872	540,344	-	-	554,872	540,344	2.69%
Unrestricted state grants	3,230,042	3,158,954	-	-	3,230,042	3,158,954	2.25%
Other	271,788	239,249	-	-	271,788	239,249	13.60%
Transfers	(4,844)	(75,073)	828	75,073	(4,016)	-	-100.00%
Total revenues	12,409,487	11,134,898	327,164	373,424	12,736,651	11,508,322	10.67%
Program expenses:							
Governmental activities:							
Instruction	7,905,224	7,504,146	-	-	7,905,224	7,504,146	5.34%
Support services	2,448,460	2,248,087	290	373	2,448,750	2,248,460	8.91%
Non-instructional programs	-	-	363,154	341,820	363,154	341,820	6.24%
Other expenses	877,336	799,789	-	-	877,336	799,789	9.70%
Total expenses	11,231,020	10,552,022	363,444	342,193	11,594,464	10,894,215	6.43%
Change in net assets	1,178,467	582,876	(36,280)	31,231	1,142,187	614,107	85.99%
Net assets beginning of year	4,554,200	3,971,324	29,223	(2,008)	4,583,423	3,969,316	15.47%
Net assets end of year	\$ 5,732,667	4,554,200	(7,057)	29,223	5,725,610	4,583,423	24.92%

In fiscal 2009, property tax and unrestricted state grants account for 53.72% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.75% of the revenue from business type activities.

The District's total revenues were approximately \$12.7 million of which \$12.4 million was for governmental activities and \$.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 10.67% in revenues and a 6.43% increase in expenses. The increase in expenses was related to the increase in instruction costs during the year.

Governmental Activities

Revenues for governmental activities were \$12,409,487 and expenses were \$11,231,020.

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	\$ 7,905,224	7,504,146	5.34%	3,634,778	3,550,097	2.39%
Support services	2,448,460	2,248,087	8.91%	2,435,022	2,228,295	9.28%
Other expenses	877,336	799,789	9.70%	607,074	545,154	11.36%
Totals	<u>\$ 11,231,020</u>	<u>10,552,022</u>	<u>6.43%</u>	<u>6,676,874</u>	<u>6,323,546</u>	<u>5.59%</u>

- The cost financed by users of the District's programs was \$3,282,565.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,271,581.
- The net cost of governmental activities was financed with \$3,436,112 in property tax, \$367,371 in income surtax, \$554,872 in statewide sales and services tax, \$3,230,042 in unrestricted state grants, \$224,321 in interest income and \$47,467 in other general revenue.

Business-Type Activities

Revenues of the District's business type activities were \$327,164 and expenses were \$363,444. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Woodward-Granger 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 \$3,655,523, compared to last year's ending fund balances of \$7,790,853. However, the primary reason for the decrease in combined fund balances in fiscal 2009 is due to the construction associated with the issuance of general obligation bonds and capital loan notes in fiscal 2008.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in local tax, state and federal grants resulted in an increase in revenues. The increase in revenues was partially offset by the District's increase in General Fund expenditures, resulting in a fund balance increase from \$409,090 to \$577,151.
- The Capital Projects Fund balance decreased from \$5,079,893 in fiscal 2008 to \$2,447,852 in fiscal 2009. During 2008 the District issued \$5,485,000 in general obligation bonds and the proceeds were subsequently spent in 2009.
- The Special Revenue, Physical Plant and Equipment Levy fund balance decreased from \$1,962,196 in fiscal 2008 to \$294,345 in fiscal 2009. During 2008 the District issued \$1,900,000 in capital loan notes and the proceeds were subsequently spent in 2009.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$29,223 at June 30, 2008 to a deficit \$7,057 at June 30, 2009. The decrease was primarily due to increased cost in supplies.

BUDGETARY HIGHLIGHTS

The District's revenues were \$212,189 more than budgeted revenues, a variance of 1.70%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were more 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 \$12.17 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 6 to the financial statements. Depreciation expense for the year was \$255,169.

The original cost of the District's capital assets was \$15.45 million. Governmental funds account for \$15.24 million with the remainder of \$.21 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$5,547,929 at June 30, 2009, compared to \$799,201 reported at June 30, 2008. This increase resulted from the new middle school construction projects.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 14,204	14,204	-	-	14,204	14,204	0.00%
Construction in progress	5,547,929	799,201	-	-	5,547,929	799,201	594.18%
Buildings	6,250,747	6,423,054	-	-	6,250,747	6,423,054	-2.68%
Machinery and equipment	234,704	296,603	123,846	136,537	358,550	433,140	-17.22%
Total	\$ 12,047,584	7,533,062	123,846	136,537	12,171,430	7,669,599	58.70%

Long-Term Debt

At June 30, 2009, the District had \$10,243,132 in general obligation and other long-term debt outstanding. This represents a decrease of 6.96% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$7,950,000 at June 30, 2009.

The District had total outstanding Revenue Bonds payable of \$340,000 at June 30, 2009.

The District had total outstanding capital loan notes payable of \$1,740,000 at June 30, 2009.

The District had total outstanding computer lease payable from the Capital Projects Fund of \$17,935 at June 30, 2009.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$168,989 at June 30, 2009.

The District had total outstanding Compensated Absences payable from the General Fund of \$26,208 at June 30, 2009.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2009	2008	2008-09
General Obligation Bonds	\$ 7,950,000	8,215,000	-3.23%
Revenue Bonds	340,000	615,000	-44.72%
Capital Loan Note	1,740,000	1,900,000	-8.42%
Bus Lease	-	43,627	-100.00%
Computer Lease	17,935	35,617	-49.64%
Early Retirement	168,989	187,006	-9.63%
Compensated Absences	26,208	13,231	98.08%
Totals	\$ 10,243,132	11,009,481	-6.96%

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 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 current Federal and State budget issues will continue to negatively impact Woodward-Granger Schools.

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 Bob Torrence, District Secretary/Treasurer, Woodward-Granger Community School District, 306 West 3rd Street, Woodward, Iowa, 50276.

BASIC FINANCIAL STATEMENTS

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments:			
ISCAP	\$ 2,708,885	-	2,708,885
U.S. Treasury Securities on deposit with fiscal agent	131,188	-	131,188
Other	4,419,998	34,177	4,454,175
Receivables:			
Property tax:			
Delinquent	38,679	-	38,679
Succeeding year	3,687,643	-	3,687,643
Income surtax	310,287	-	310,287
Interfund	135,019	(135,019)	-
Accounts	58,952	-	58,952
Accrued ISCAP interest	7,618	-	7,618
Due from other governments	1,274,303	-	1,274,303
Inventories	-	5,396	5,396
Capital assets, net of accumulated depreciation	12,047,584	123,846	12,171,430
Total Assets	24,820,156	28,400	24,848,556
Liabilities			
Accounts payable	1,462,149	-	1,462,149
Salaries and benefits payable	840,686	26,325	867,011
ISCAP warrants payable	2,669,000	-	2,669,000
ISCAP accrued interest payable	11,007	-	11,007
ISCAP unamortized premiums payable	45,010	-	45,010
Accrued interest payable	37,595	-	37,595
Deferred revenue:			
Succeeding year property tax	3,687,643	-	3,687,643
Other	91,267	-	91,267
Unearned revenue	-	9,132	9,132
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	270,000	-	270,000
Revenue bonds payable	285,000	-	285,000
Capital loan notes payable	170,000	-	170,000
Computer lease payable	17,935	-	17,935
Early retirement payable	36,000	-	36,000
Compensated absences	26,208	-	26,208
Portion due after one year:			
General obligation bonds payable	7,680,000	-	7,680,000
Revenue bonds payable	55,000	-	55,000
Capital loan notes payable	1,570,000	-	1,570,000
Early retirement payable	132,989	-	132,989
Total Liabilities	19,087,489	35,457	19,122,946
Net Assets			
Invested in capital assets, net of related debt	3,970,801	123,846	4,094,647
Restricted for:			
Debt service	135,201	-	135,201
Categorical funding	120,096	-	120,096
Capital projects	644,382	-	644,382
Physical plant and equipment levy	126,663	-	126,663
Other special revenue purposes	73,799	-	73,799
Unrestricted	661,725	(130,903)	530,822
Total Net Assets	\$ 5,732,667	(7,057)	5,725,610

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD--GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 3,370,331	1,001,014	621,001	(1,748,316)	-	(1,748,316)
Special	3,680,266	2,085,226	41,162	(1,553,878)	-	(1,553,878)
Other	854,627	196,325	325,718	(332,584)	-	(332,584)
	<u>7,905,224</u>	<u>3,282,565</u>	<u>987,881</u>	<u>(3,634,778)</u>	<u>-</u>	<u>(3,634,778)</u>
Support services:						
Student	219,995	-	-	(219,995)	-	(219,995)
Instructional staff	218,189	-	-	(218,189)	-	(218,189)
Administration	971,023	-	-	(971,023)	-	(971,023)
Operation and maintenance of plant	706,914	-	6,583	(700,331)	-	(700,331)
Transportation services	332,339	-	6,855	(325,484)	-	(325,484)
	<u>2,448,460</u>	<u>-</u>	<u>13,438</u>	<u>(2,435,022)</u>	<u>-</u>	<u>(2,435,022)</u>
Other expenditures:						
Long-term debt interest	434,767	-	-	(434,767)	-	(434,767)
AEA flowthrough	270,262	-	270,262	-	-	-
Depreciation(unallocated)*	172,307	-	-	(172,307)	-	(172,307)
	<u>877,336</u>	<u>-</u>	<u>270,262</u>	<u>(607,074)</u>	<u>-</u>	<u>(607,074)</u>
Total governmental activities	11,231,020	3,282,565	1,271,581	(6,676,874)	-	(6,676,874)
Business Type activities:						
Support services:						
Operation and maintenance of plant	290	-	-	-	(290)	(290)
Non-instructional programs:						
Nutrition services	363,154	210,848	115,488	-	(36,818)	(36,818)
Total business type activities	<u>363,444</u>	<u>210,848</u>	<u>115,488</u>	<u>-</u>	<u>(37,108)</u>	<u>(37,108)</u>
Total	\$ <u>11,594,464</u>	<u>3,493,413</u>	<u>1,387,069</u>	<u>(6,676,874)</u>	<u>(37,108)</u>	<u>(6,713,982)</u>
General Revenues and Transfers:						
General Revenues:						
Property tax for:						
General purposes				\$ 2,533,840	-	2,533,840
Capital outlay				289,074	-	289,074
Debt service				613,198	-	613,198
Income surtax				367,371	-	367,371
Statewide sales and services tax				554,872	-	554,872
Unrestricted state grants				3,230,042	-	3,230,042
Unrestricted investment earnings				224,321	-	224,321
Other				47,467	-	47,467
Transfers				(4,844)	828	(4,016)
Total general revenues and transfers				<u>7,855,341</u>	<u>828</u>	<u>7,856,169</u>
Changes in net assets				1,178,467	(36,280)	1,142,187
Net assets beginning of year				4,554,200	29,223	4,583,423
Net assets end of year				<u>\$ 5,732,667</u>	<u>(7,057)</u>	<u>5,725,610</u>

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD--GRANGER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue:				Total
	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	
Assets					
Cash and pooled investments:					
ISCAP	\$ 2,708,885	-	-	-	2,708,885
U.S. Treasury Securities on deposit with fiscal agent	-	-	-	131,188	131,188
Other	1,196,562	297,147	2,728,420	197,869	4,419,998
Receivables:					
Property tax:					
Delinquent	26,213	3,236	-	9,230	38,679
Succeeding year	2,513,917	312,979	-	860,747	3,687,643
Income surtax	310,287	-	-	-	310,287
Interfund	135,019	-	-	-	135,019
Accounts	55,528	-	-	3,424	58,952
Accrued ISCAP interest	7,618	-	-	-	7,618
Due from other governments	1,189,253	10	85,010	30	1,274,303
Total Assets	\$ 8,143,282	613,372	2,813,430	1,202,488	12,772,572
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,087,576	6,048	365,578	2,947	1,462,149
Salaries and benefits payable	840,686	-	-	-	840,686
ISCAP warrants payable	2,669,000	-	-	-	2,669,000
ISCAP accrued interest payable	11,007	-	-	-	11,007
ISCAP unamortized premiums payable	45,010	-	-	-	45,010
Deferred revenue:					
Succeeding year property tax	2,513,917	312,979	-	860,747	3,687,643
Income surtax	310,287	-	-	-	310,287
Other	88,648	-	-	2,619	91,267
Total liabilities	7,566,131	319,027	365,578	866,313	9,117,049
Fund balances:					
Reserved for:					
Debt service	-	-	-	135,201	135,201
Capital facility construction	-	167,682	1,803,470	-	1,971,152
Categorical funding	120,096	-	-	-	120,096
Unreserved	457,055	126,663	644,382	200,974	1,429,074
Total fund balances	577,151	294,345	2,447,852	336,175	3,655,523
Total Liabilities and Fund Balances	\$ 8,143,282	613,372	2,813,430	1,202,488	12,772,572

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 18) \$ 3,655,523

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds. 12,047,584

Accounts receivable income surtax, are not yet available to finance expenditures of the current period. 310,287

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as liability in the governmental funds. (37,595)

Long-term liabilities, including general obligation bonds payable, revenue bonds payable, computer lease payable capital loan notes payable, early retirement payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. (10,243,132)

Net assets of governmental activities (page 16) \$ 5,732,667

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	Special Revenue:				Total
	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	
REVENUES:					
Local sources:					
Local tax	\$ 2,667,105	289,074	554,872	823,124	4,334,175
Tuition	3,042,327	-	-	-	3,042,327
Other	157,989	44,023	111,244	211,908	525,164
State sources	4,018,166	297	-	470	4,018,933
Federal sources	469,552	-	-	-	469,552
Total revenues	10,355,139	333,394	666,116	1,035,502	12,390,151
EXPENDITURES:					
Current:					
Instruction:					
Regular	3,347,335	-	-	5,013	3,352,348
Special	3,684,357	-	-	-	3,684,357
Other	647,675	-	-	206,952	854,627
	7,679,367	-	-	211,965	7,891,332
Support services:					
Student	228,214	-	-	-	228,214
Instructional staff	217,634	-	-	-	217,634
Administration	923,559	-	6,957	36,000	966,516
Operation and maintenance of plant	535,234	12,923	-	125,337	673,494
Transportation	282,992	-	-	9,768	292,760
	2,187,633	12,923	6,957	171,105	2,378,618
Other expenditures:					
Facilities acquisitions	-	1,762,005	3,014,426	-	4,776,431
Long-term debt:					
Principal	-	-	-	761,309	761,309
Interest	-	-	-	443,513	443,513
AEA flowthrough	270,262	-	-	-	270,262
	270,262	1,762,005	3,014,426	1,204,822	6,251,515
Total expenditures	10,137,262	1,774,928	3,021,383	1,587,892	16,521,465
Excess(deficiency) of revenues over(under) expenditures	217,877	(1,441,534)	(2,355,267)	(552,390)	(4,131,314)
Other financing sources(uses):					
Transfers in	-	-	-	548,891	548,891
Transfers out	(49,816)	(226,317)	(276,774)	-	(552,907)
Total other financing sources(uses)	(49,816)	(226,317)	(276,774)	548,891	(4,016)
Net change in fund balances	168,061	(1,667,851)	(2,632,041)	(3,499)	(4,135,330)
Fund balance beginning of year	409,090	1,962,196	5,079,893	339,674	7,790,853
Fund balance end of year	\$ 577,151	294,345	2,447,852	336,175	3,655,523

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER 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 20) \$ (4,135,330)

*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:

Capital outlays	\$ 4,755,274	
Depreciation expense	<u>(240,752)</u>	4,514,522

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 24,180

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. 761,309

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. 8,746

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	\$ 18,017	
Compensated Absences	<u>(12,977)</u>	5,040

Changes in net assets of governmental activities(page 17) \$ 1,178,467

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

	School Nutrition
Assets	
Cash and pooled investments	\$ 34,177
Inventories	5,396
Capital assets, net of accumulated depreciation	123,846
Total Assets	163,419
Liabilities	
Interfund payable	135,019
Salaries and benefits payable	26,325
Unearned revenue	9,132
Total Liabilities	170,476
Net Assets	
Invested in capital assets	123,846
Unrestricted	(130,903)
Total Net Assets	\$ (7,057)

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 210,848
TOTAL OPERATING REVENUES	210,848
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant:	
Services	290
Non-instructional programs:	
Food service operations:	
Salaries	116,051
Benefits	66,238
Supplies	166,297
Other	151
Depreciation	14,417
TOTAL OPERATING EXPENSES	363,154
OPERATING LOSS	(152,596)
NON-OPERATING REVENUES:	
State sources	3,304
Federal sources	112,184
TOTAL NON-OPERATING REVENUES	115,488
Change in net assets before capital contributions	(37,108)
OTHER FINANCING SOURCES:	
Capital contributions	828
Change in net assets	(36,280)
Net assets beginning of year	29,223
Net assets end of year	\$ (7,057)

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 211,463
Cash received from miscellaneous operating activities	3,023
Cash payments to employees for services	(182,588)
Cash payments to suppliers for goods or services	(146,492)
Net cash used in operating activities	(114,594)
Cash flows from non-capital financing activities:	
Interfund borrowings from the General Fund	40,619
State grants received	3,304
Federal grants received	101,029
Net cash provided by non-capital financing activities	144,952
Cash flows from capital financing activities:	
Acquisition of capital assets	(898)
Net cash used in capital financing activities	(898)
Net increase in cash and cash equivalents	29,460
Cash and cash equivalents at beginning of year	4,717
Cash and cash equivalents at end of year	\$ 34,177
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (152,596)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	21,533
Depreciation	14,417
Increase in inventories	(1,287)
Decrease in salaries and benefits payable	(299)
Increase in unearned revenue	3,638
Net cash used in operating activities	\$ (114,594)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$21,533 of federal commodities.

During the year ended June 30, 2009, the District received \$828 of capital contributions from the General Fund.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and pooled investments	\$ 47,065	1,002
Total Assets	<u>47,065</u>	<u>1,002</u>
Liabilities		
Due to other groups	-	1,002
Total Liabilities	<u>-</u>	<u>1,002</u>
Net Assets		
Unrestricted	47,065	-
Total Net Assets	<u>\$ 47,065</u>	<u>-</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest	\$ 2,334
Total additions	2,334
 Deductions:	
Instruction:	
Scholarships awarded	2,000
 Change in net assets before other financing sources	334
 Other financing sources:	
Transfer in	4,016
 Change in net assets	4,350
 Net assets beginning of year	42,715
 Net assets end of year	\$ 47,065

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

The Woodward-Granger 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 Cities of Woodward and Granger, Iowa, and the predominate agricultural territory in Dallas, Polk, and Boone 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, Woodward-Granger 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 Woodward-Granger 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 Dallas, Polk, and Boone 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 plus unspent bond proceeds 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 Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Special Revenue - Physical Plant and Equipment Levy Fund is utilized to account for major equipment purchases and capital improvements.

The District's proprietary funds are the Enterprise, School Nutrition Fund. The School Nutrition 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 Private Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets help by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result 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 judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, 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	\$ 2,500
Buildings	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Machinery and equipment	5-12 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough

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

Deferred revenue 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 revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; 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>\$ 2,609,036</u>

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

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

(3) Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue: Physical Plant and Equipment Levy	\$ 226,317
Debt Service	Capital Projects: Statewide Sales and Services Tax	276,774
Debt Service	General	45,800
Private Purpose Trust	General	<u>4,016</u>
Total		<u>\$ 552,907</u>

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

(4) Due from and Due to Other Funds

At June 30, 2009 the interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Enterprise, School Nutrition	\$ 135,019

(5) Iowa School Cash Anticipation Program (ISCAP)

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

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09B	1/21/09	1/21/10	\$ 798,102	7,382	788,000	10,363
2009-10A	6/25/09	6/23/10	1,910,783	236	1,881,000	644
Total			\$ 2,708,885	7,618	2,669,000	11,007

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ -	300,000	300,000	-

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

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

(6) 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	\$ 14,204	-	-	14,204
Construction in progress	799,201	4,748,728	-	5,547,929
Total capital assets not being depreciated	<u>813,405</u>	<u>4,748,728</u>	<u>-</u>	<u>5,562,133</u>
Capital assets being depreciated:				
Buildings	8,962,340	-	-	8,962,340
Machinery and equipment	706,903	6,546	-	713,449
Total capital assets being depreciated	<u>9,669,243</u>	<u>6,546</u>	<u>-</u>	<u>9,675,789</u>
Less accumulated depreciation for:				
Buildings	2,539,286	172,307	-	2,711,593
Machinery and equipment	410,300	68,445	-	478,745
Total accumulated depreciation	<u>2,949,586</u>	<u>240,752</u>	<u>-</u>	<u>3,190,338</u>
Total capital assets being depreciated, net	<u>6,719,657</u>	<u>(234,206)</u>	<u>-</u>	<u>6,485,451</u>
Governmental activities capital assets, net	<u>\$ 7,533,062</u>	<u>4,514,522</u>	<u>-</u>	<u>12,047,584</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 208,533	1,726	0	210,259
Less accumulated depreciation	71,996	14,417	0	86,413
Business type activities capital assets, net	<u>\$ 136,537</u>	<u>(12,691)</u>	<u>0</u>	<u>123,846</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular	\$	18,369
Support services:		
Instructional staff		555
Administration		564
Operation and maintenance of plant		4,790
Transportation		44,167
		<u>68,445</u>
Unallocated depreciation		<u>172,307</u>
Total governmental activities depreciation expense	\$	<u>240,752</u>
Business type activities:		
Food services	\$	<u>14,417</u>

(7) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 8,215,000	-	265,000	7,950,000	270,000
Revenue Bonds	615,000	-	275,000	340,000	285,000
Capital Loan Notes	1,900,000	-	160,000	1,740,000	170,000
Bus Lease	43,627	-	43,627	-	-
Computer Leases	35,617	-	17,682	17,935	17,935
Early Retirement	187,006	24,000	42,017	168,989	36,000
Compensated Absences	13,231	26,208	13,231	26,208	26,208
Total	\$ 11,009,481	50,208	816,557	10,243,132	805,143

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of July 1, 2004			Year Ending June 30,	Bond Issue of June 3, 2008			Total		
	Interest Rates	Principal	Interest		Interest Rates	Principal	Interest	Principal	Interest	Total
2010	5.00 %	\$ 120,000	121,301	2010	4.10 %	\$ 150,000	219,445	270,000	340,746	610,746
2011	5.00	125,000	115,300	2011	4.10	160,000	213,295	285,000	328,595	613,595
2012	5.00	130,000	109,051	2012	4.10	170,000	206,735	300,000	315,786	615,786
2013	5.00	135,000	102,550	2013	4.10	175,000	199,765	310,000	302,315	612,315
2014	5.00	145,000	95,800	2014	4.10	180,000	192,590	325,000	288,390	613,390
2015-2019	4.125-5.00	820,000	377,495	2015-2019	4.10	1,035,000	844,665	1,855,000	1,222,160	3,077,160
2020-2024	5.00	1,030,000	159,000	2020-2024	4.00	1,300,000	615,800	2,330,000	774,800	3,104,800
2025-2028	5.00	-	-	2025-2028	4.00	2,275,000	232,200	2,275,000	232,200	2,507,200
Total		\$ 2,505,000	1,080,497	Total		\$ 5,445,000	2,724,495	\$ 7,950,000	3,804,992	11,754,992

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue dated June 1, 2005			Year Ending June 30,	Bond Issue dated August 27, 2006			Total		
	Interest Rate	Principal	Interest		Interest Rate	Principal	Interest	Principal	Interest	Total
2010	3.30 %	\$ 180,000	6,210	2010	4.35 %	\$ 105,000	6,960	\$ 285,000	13,170	298,170
2011	3.45	-	-	2011	4.35	55,000	2,392	55,000	2,392	57,392
Total		\$ 180,000	6,210	Total		\$ 160,000	9,352	\$ 340,000	15,562	355,562

The District has pledged future statewide sales and services tax revenues to repay the \$750,000 and \$360,000 bonds issued in June 2005 and August 2006, respectively. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by

the District and are payable through 2011. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 55.2 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$355,562. For the current year principal of \$275,000 and interest of \$23,295 was paid on the bonds and the total statewide sales and services tax revenues were \$554,872.

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

- a) \$75,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes Payable

During the year ended June 30, 2008 the District issued \$1,900,000 in capital loan notes which are payable from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2009 capital loan notes indebtedness are as follows:

Year Ending June 30,	Note Issue of June 3, 2008			
	Interest Rates	Principal	Interest	Total
2010	4.10 %	\$ 170,000	60,317	230,317
2011	4.10	175,000	54,367	229,367
2012	4.10	180,000	48,242	228,242
2013	4.10	185,000	41,942	226,942
2014	4.10	190,000	35,930	225,930
2015-2018	4.10	840,000	76,831	916,831
Total		\$ 1,740,000	317,629	2,057,629

Computer Lease Payable

During the year ended June 30, 2008, the District entered into a computer lease for computers. The computer lease is payable from the Capital Projects, Local Option Sales and Services Tax Fund. Details of the District's indebtedness under the lease agreement in effect at June 30, 2009 are as follows:

Year Ending June 30,	Computer Lease			
	Interest Rates	Principal	Interest	Total
2010	1.44 %	\$ 17,935	257	18,192

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 100% of a single plan health insurance coverage with the district's maximum expenditure not to exceed \$4,000. The coverage terminates upon the employee reaching age 65 or upon the death of the employee, whichever is first. Early retirement benefits paid during the year ended June 30, 2009, totaled \$42,017. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(8) Advance Refunding

On May 1, 2004, the District issued refunding bonds in the amount of \$1,070,000 to advance refund \$1,050,000 of outstanding general obligation bonds. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified to be sufficient to pay all principal and all interest on the new advance refunding bonds added to the appropriate financial statements and schedules. The District remains contingently liable in the remote possibility the account is unable to pay the refunded bonds. At June 30, 2009, \$0 of such bonds are outstanding. Repayment of principal and interest for the year was \$235,000 and \$8,808.

(9) 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 the 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 \$312,243, \$284,205 and \$246,590 respectively, equal to the required contributions for each year.

(10) Risk Management

Woodward-Granger 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.

(11) 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 \$270,262 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.

(12) Deficit Fund Balance/Net Assets

The Enterprise, School Nutrition Fund had deficit unrestricted net assets of \$130,903 at June 30, 2009.

(13) Construction Commitment

The District has entered into various general contracts totaling \$6,629,876. As of June 30, 2009, costs of \$5,547,929 had been incurred against the contracts. The balance of \$1,081,947 remaining at June 30, 2009 will be paid as work on the project progresses.

(14) 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
Gifted and talented	\$ 17,447
Dropout and dropout prevention	40,198
Educator quality, salary improvement program	21,128
Educator quality, professional development	28,798
Educator quality, model core curriculum	6,895
Nonpublic textbook services	880
Professional development	2,372
Additional contract day	2,378
Total categorical funding	<u>\$ 120,096</u>

(15) Other Postemployment Benefits (OPEB)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other

postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB Statement No. 45 for the year ended June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual
Revenues:			
Local sources	\$ 7,901,666	210,848	8,112,514
State sources	4,018,933	3,304	4,022,237
Federal sources	469,552	112,184	581,736
Total revenues	<u>12,390,151</u>	<u>326,336</u>	<u>12,716,487</u>
Expenditures/expenses:			
Instruction	7,891,332	-	7,891,332
Support services	2,378,618	290	2,378,908
Non-instructional programs	-	363,154	363,154
Other expenditures	6,251,515	-	6,251,515
Total expenditures/expenses	<u>16,521,465</u>	<u>363,444</u>	<u>16,884,909</u>
Deficiency of revenues under expenditures/expenses	(4,131,314)	(37,108)	(4,168,422)
Other financing sources(uses), net	(4,016)	828	(3,188)
Deficiency of revenues and other financing sources under expenditures/expenses and other financing uses	(4,135,330)	(36,280)	(4,171,610)
Balance beginning of year	<u>7,790,853</u>	<u>29,223</u>	<u>7,820,076</u>
Balance end of year	<u>\$ 3,655,523</u>	<u>(7,057)</u>	<u>3,648,466</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Budgeted Amounts		Final to
Original	Final	Actual Variance
7,742,700	7,742,700	369,814
4,260,772	4,260,772	(238,535)
500,826	500,826	80,910
12,504,298	12,504,298	212,189
7,826,584	8,576,484	685,152
2,624,940	2,724,940	346,032
394,992	494,992	131,838
7,827,391	7,877,391	1,625,876
18,673,907	19,673,807	2,788,898
(6,169,609)	(7,169,509)	3,001,087
-	-	(3,188)
(6,169,609)	(7,169,509)	2,997,899
6,921,054	6,921,054	899,022
751,445	(248,455)	3,896,921

WOODWARD-GRANGER 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 functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$999,900.

OTHER SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds			Total
	Management Levy	Student Activity	Debt Service	Other Nonmajor Governmental Funds
Assets				
Cash and pooled investments:				
U.S. Treasury Securities on deposit with fiscal agent	\$ -	-	131,188	131,188
Other	127,418	73,322	(2,871)	197,869
Receivables:				
Property tax:				
Current year delinquent	2,368	-	6,862	9,230
Succeeding year	250,000	-	610,747	860,747
Accounts	-	3,424	-	3,424
Due from other governments	8	-	22	30
Total Assets	\$ 379,794	76,746	745,948	1,202,488
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	2,947	-	2,947
Deferred revenue:				
Succeeding year property tax	250,000	-	610,747	860,747
Other	2,619	-	-	2,619
	252,619	2,947	610,747	866,313
Fund balances:				
Reserved for debt service	-	-	135,201	135,201
Unreserved	127,175	73,799	-	200,974
Total fund balances	127,175	73,799	135,201	336,175
Total Liabilities and Fund Balances	\$ 379,794	76,746	745,948	1,202,488

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER 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
	Manage- ment Levy	Student Activity	Debt Service	Other Nonmajor Governmental Funds
REVENUES:				
Local sources:				
Local tax	\$ 209,926	-	613,198	823,124
Other	12,912	197,060	1,936	211,908
State sources	121	-	349	470
TOTAL REVENUES	222,959	197,060	615,483	1,035,502
EXPENDITURES:				
Current:				
Instruction:				
Regular	5,013	-	-	5,013
Other	-	206,952	-	206,952
Support services:				
Administration	36,000	-	-	36,000
Operation and maintenance of plant	125,337	-	-	125,337
Transportation	9,768	-	-	9,768
Other expenditures:				
Long-term debt:				
Principal	-	-	761,309	761,309
Interest	-	-	443,513	443,513
TOTAL EXPENDITURES	176,118	206,952	1,204,822	1,587,892
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46,841	(9,892)	(589,339)	(552,390)
OTHER FINANCING SOURCES:				
Transfer in	-	-	548,891	548,891
TOTAL OTHER FINANCING SOURCES	-	-	548,891	548,891
NET CHANGE IN FUND BALANCE	46,841	(9,892)	(40,448)	(3,499)
FUND BALANCE BEGINNING OF YEAR	80,334	83,691	175,649	339,674
FUND BALANCE END OF YEAR	\$ 127,175	73,799	135,201	336,175

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER 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
JH Athletic Accounts:				
JH Boys Basketball	\$ 770	-	770	-
JH Football	390	-	390	-
JH Boys Track	188	-	188	-
JH Wrestling	110	-	110	-
JH Girls Basketball	440	-	440	-
JH Volleyball	400	-	400	-
JH Girls Track	247	-	247	-
	2,545	-	2,545	-
JH Athletic Fundraiser:				
JH Boys Basketball	91	-	-	91
JH Football	253	-	-	253
JH Boys Track	-	734	561	173
JH Girls Basketball	381	-	-	381
JH Volleyball	209	-	-	209
Elementary Girls Basketball	688	-	-	688
	1,622	734	561	1,795
HS Athletic Accounts:				
HS General Athletics	3,011	10,456	14,216	(749)
HS Golf	-	540	540	-
HS Boys Basketball	-	2,857	2,857	-
HS Football	-	19,484	19,484	-
HS Baseball	-	3,923	4,023	(100)
HS Wrestling	-	3,473	3,473	-
HS Girls Basketball	-	3,599	3,599	-
HS Volleyball	-	3,744	3,744	-
HS Softball	-	4,351	4,351	-
	3,011	52,427	56,287	(849)
HS Athletic Fundraiser:				
Girls and Boys Golf	29	-	-	29
Weightlifting	28	-	-	28
HS Boys Basketball	658	2,917	3,284	291
HS Football	1,850	17,959	16,771	3,038
Baseball	2,486	2,145	3,244	1,387
Baseball lights	14,300	525	14,900	(75)
HS Boys Track	1,279	670	680	1,269
HS Wrestling	1,955	6,514	4,690	3,779
HS Girls Basketball	287	1,712	1,914	85
HS Girls Volleyball	300	4,349	3,815	834
HS Girls Softball	157	510	93	574
HS Girls Track	912	1,102	970	1,044
	24,241	38,403	50,361	12,283

WOODWARD-GRANGER 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
Activities Accounts:				
Art Fundraiser	685	-	20	665
Band and Chorus	1,204	3,709	2,169	2,744
Book Orders	-	6,930	6,930	-
Elementary Book Fair	850	7,050	6,825	1,075
Cash on hand	475	-	-	475
HS Cheerleaders	681	1,280	1,678	283
MS Cheerleaders	-	270	241	29
Class of 2007	2,456	-	162	2,294
Class of 2008	1,280	-	310	970
Class of 2009	3,624	3,557	5,077	2,104
Class of 2010	6,016	23,344	20,956	8,404
Class of 2011	741	11,545	7,079	5,207
Class of 2012	-	760	-	760
Clearing	-	4,337	3,907	430
Grandwood Field Trip	-	40	4,662	(4,622)
Elementary Field Trip	-	2,821	2,806	15
Concession Stand	1,753	-	-	1,753
HS Dance Team	996	572	-	1,568
Drama	4,321	2,465	2,020	4,766
Elementary Fundraiser	3,617	4,814	2,178	6,253
Lil Hawk Fundraiser	-	340	138	202
Elementary Music Fundraiser	-	275	-	275
Emergency Fund	943	-	-	943
Campus Projects	-	670	670	-
Flag Team Fundraiser	315	-	-	315
HS Fundraiser	3,117	1,009	-	4,126
MS Fundraiser	2,841	905	-	3,746
Grandwood Fundraiser	(4,082)	9,417	6,478	(1,143)
Grounds Beautification	353	-	-	353
Industrial Arts	2,795	200	-	2,995
Jazz Festival	4,492	3,026	4,454	3,064
Marketing Fundraiser	1,754	3,672	3,954	1,472
Miscellaneous	117	7	223	(99)
MS Science Fundraiser	83	-	-	83
Spanish Club	1,276	-	-	1,276
HS Student Council	506	5,479	5,302	683
MS Student Council	1,817	3,356	1,985	3,188
TAG Fundraiser	222	-	-	222
W-G Planners	272	5	272	5
Washington DC Trip	1,407	-	-	1,407
Yearbook	3,025	3,020	6,702	(657)
HS Liabrary	-	133	-	133
Elementary Library	-	403	-	403
Student Public Relations	1,687	-	-	1,687
Tri-M Fundraiser	633	85	-	718
	52,272	105,496	97,198	60,570
Total	\$ 83,691	197,060	206,952	73,799

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2009

	Capital Project Funds		
	GO Bond Construction	Statewide Sales and Services Tax	Total Capital Projects
ASSETS			
Cash and pooled investments	\$ 2,169,048	559,372	2,728,420
Due from other governments	-	85,010	85,010
TOTAL ASSETS	\$ 2,169,048	644,382	2,813,430
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 365,578	-	365,578
Total liabilities	365,578	-	365,578
Fund balances:			
Reserved:			
Capital facility construction	1,803,470	-	1,803,470
Unreserved	-	644,382	644,382
Total fund balances	1,803,470	644,382	2,447,852
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,169,048	644,382	2,813,430

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2009

	Capital Projects Fund		
	GO Bond Construction	Statewide Sales and Services Tax	Total
REVENUES:			
Local sources			
Local tax	\$ -	554,872	554,872
Other	92,147	19,097	111,244
Total revenues	92,147	573,969	666,116
EXPENDITURES:			
Current			
Support services:			
Administration	-	6,957	6,957
Other expenditures:			
Facilities acquisitions	2,987,435	26,991	3,014,426
Total expenditures	2,987,435	33,948	3,021,383
Excess(deficiency) of revenues over(under) expenditures	(2,895,288)	540,021	(2,355,267)
OTHER FINANCING USES:			
Transfer out	-	(276,774)	(276,774)
TOTAL OTHER FINANCING USES	-	(276,774)	(276,774)
Net change in fund balances	(2,895,288)	263,247	(2,632,041)
Fund balance beginning of year	4,698,758	381,135	5,079,893
Fund balance end of year	\$ 1,803,470	644,382	2,447,852

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>Statewide Sales and Service Tax</u>				
ASSETS				
Cash and pooled investments	\$ (7,274)	127,991	120,717	-
Accounts receivable	7,994	-	7,994	-
	<u>\$ 720</u>	<u>127,991</u>	<u>128,711</u>	<u>-</u>
LIABILITIES				
Due to other groups	\$ 720	127,991	128,711	-
<u>Teacher Pop</u>				
Cash and pooled investments	\$ 729	583	310	1,002
LIABILITIES				
Due to other groups	\$ 729	583	310	1,002
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ (6,545)	128,574	121,027	1,002
Accounts receivable	7,994	-	7,994	-
	<u>\$ 1,449</u>	<u>128,574</u>	<u>129,021</u>	<u>1,002</u>
LIABILITIES				
Due to other groups	\$ 1,449	128,574	129,021	1,002
	<u>\$ 1,449</u>	<u>128,574</u>	<u>129,021</u>	<u>1,002</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST NINE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2009	2008	2007	2006	2005
Revenues:					
Local sources:					
Local tax	\$ 4,334,175	3,562,849	3,411,897	2,970,812	2,866,489
Tuition	3,042,327	2,902,427	2,416,577	2,369,680	2,367,322
Other	525,164	490,237	387,814	367,226	321,089
State sources	4,018,933	3,846,070	3,627,329	3,201,767	3,034,280
Federal sources	469,552	387,945	366,931	392,317	371,799
Total	<u>\$ 12,390,151</u>	<u>11,189,528</u>	<u>10,210,548</u>	<u>9,301,802</u>	<u>8,960,979</u>
Expenditures:					
Current:					
Instruction:					
Regular	\$ 3,352,348	3,477,718	3,113,317	2,672,466	2,492,078
Special	3,684,357	3,400,319	3,048,937	2,804,889	2,832,695
Other	854,627	584,943	435,368	639,858	618,314
Support services:					
Student	228,214	195,404	205,935	181,587	222,986
Instructional staff	217,634	190,316	190,944	251,380	182,376
Administration	966,516	980,359	1,018,479	997,818	688,281
Operation and maintenance of plant	673,494	651,067	630,563	518,574	429,979
Transportation	292,760	407,459	365,278	356,718	248,768
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisitions	4,776,431	941,913	762,944	1,486,917	1,877,531
Long-term debt:					
Principal	761,309	522,319	461,462	336,864	304,313
Interest	443,513	171,897	168,299	163,341	151,545
AEA flow-through	270,262	254,635	235,532	206,218	193,002
Total	<u>\$ 16,521,465</u>	<u>11,778,349</u>	<u>10,637,058</u>	<u>10,616,630</u>	<u>10,241,868</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Modified Accrual Basis			
Years Ended June 30,			
2004	2003	2002	2001
2,485,726	2,185,352	1,884,332	1,911,211
1,416,833	1,389,836	1,292,354	1,210,339
271,143	297,421	365,365	294,099
2,512,232	2,633,980	2,668,856	2,596,378
344,294	284,470	201,329	111,946
<u>7,030,228</u>	<u>6,791,059</u>	<u>6,412,236</u>	<u>6,123,973</u>
2,537,706	2,357,986	2,500,950	2,400,876
1,930,535	1,806,257	1,675,244	1,376,826
416,418	428,947	414,246	364,136
214,108	229,148	185,611	171,221
157,706	230,269	225,250	193,318
675,188	694,672	685,349	593,605
472,061	373,353	361,264	449,664
203,210	185,966	333,294	307,805
-	70	10,570	21,268
199,688	94,283	72,967	222,801
235,000	234,531	222,990	212,975
76,235	75,566	86,332	96,297
184,489	198,188	194,812	197,105
<u>7,302,344</u>	<u>6,909,236</u>	<u>6,968,879</u>	<u>6,607,897</u>

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 09	\$ 16,057
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 09	96,127
			<u>112,184</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	7110-G	35,017
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	7110-D	283,361
			<u>318,378</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES (TITLE V)	84.298	FY 08	963
INNOVATIVE EDUCATION PROGRAM STRATEGIES (TITLE V)	84.298	FY 07	635
			<u>1,598</u>
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION	84.332	FY 06	984
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION	84.332	FY 07	5,000
			<u>5,984</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 09	<u>21,903</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	84.369	FY 09	<u>4,862</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.330	FY 09	<u>62,477</u>
HEARTLAND AREA EDUCATION AGENCY 11: SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 09	<u>41,162</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 09	<u>6,605</u>
DEPARTMENT OF DEFENSE:			
DALLAS COUNTY:			
FLOOD CONTROL PROJECTS	12.106	FY 09	<u>6,583</u>
TOTAL			<u>\$ 581,736</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Woodward-Granger Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

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
Woodward-Granger 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 Woodward-Granger 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 24, 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 Woodward-Granger 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 Woodward-Granger Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger 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 Woodward-Granger 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 Woodward-Granger Community School District's financial statements that is more than inconsequential will not be prevented or detected by Woodward-Granger Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs 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 Woodward-Granger 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 II-A-09 is a material weakness.

Compliance and Other Matters

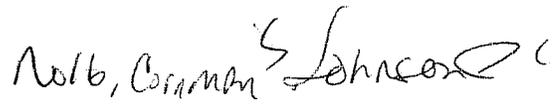
As part of obtaining reasonable assurance about whether Woodward-Granger Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could 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 IV of the accompanying Schedule of Findings and Questioned Costs.

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.

Woodward-Granger Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Woodward-Granger 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 Woodward-Granger Community School District and other parties to whom Woodward-Granger 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 Woodward-Granger 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.

March 24, 2010

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
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Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Woodward-Granger Community School District

Compliance

We have audited the compliance of Woodward-Granger Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Woodward-Granger Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Woodward-Granger Community School District's management. Our responsibility is to express an opinion on Woodward-Granger Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Woodward-Granger Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Woodward-Granger Community School District's compliance with those requirements.

In our opinion, Woodward-Granger Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Woodward-Granger Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Woodward-Granger Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger Community School District's internal control over compliance.

Members American Institute & Iowa Society of Certified Public Accountants

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a material weakness.

Woodward-Granger Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Woodward-Granger 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 Woodward-Granger Community School District and other parties to whom Woodward-Granger 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.


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - Individual Program:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Woodward-Granger Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

II-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 the cash receipts to the cash receipts journal were all done by the same person.

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

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

Conclusion - Response accepted.

II-B-09 Reliable Financial Statements - Iowa School Districts are required to record the financial records on a GAAP Basis of Accounting. The financial records are normally converted at year end, after a year of cash based records. The recognition of receivables, payables, inventory, long-term debt recognition and depreciation of capital assets are all pieces

which the accounting personnel is expected to be completing. The individuals performing the accounting function needs to be well trained in all areas to be effective in completing the Certified Annual Report. The Iowa Association of School Business Officials provides training to its members as does the Department of Education and Grantwood. This training helps in providing instruction as well as promotes networking of other accounting personnel. There were property taxes receipted into the wrong fund. There were also no adjustments made for the current year additions, deletions and depreciation expense for the governmental and nutrition capital assets. There were additional construction bills not accrued as accounts payable with invoices dated prior to June 30, 2009.

Recommendation - The maintenance of reliable accounting records has and continues to be important in every district. The necessity of the numerous adjustments for the financial statements may indicate that additional training is necessary for the accounting personnel. The District should consider sending their accounting staff to end-of-year training in an effort to provide more reliable financial statements.

Response - We will continue to attend IASBO, Department of Management and Department of Education training programs throughout the year.

Conclusion - Response accepted.

II-C-09 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - We will develop a method for keeping track of hours worked by coaches and sponsors who are non-certified staff.

Conclusion - Response accepted.

II-D-09 Grants - We noted during our audit, that when expenditures for specific projects were posted; it appeared that the expenses were not always properly posted to those projects.

Recommendation - The District should review the coding of bills, to ensure that all bills paid for a specific grant or project are properly coded. The project numbers may be obtained from the Uniform Financial Accounting for Iowa LEAs and AEAs. The proper coding also allows the district to maintain accountability of the grants by matching the revenues to the expenditures. The application and final reports should be provided to the Business Manager to assist in year-end financial reporting to the State.

Response - We will develop a better system for tracking grant money.

Conclusion - Response accepted.

II-E-09 Title I and Drug Free Grants - The final report for Title I Budget was not certified accurately and was not amended to reflect general ledger expenditures. The Drug Free quarterly reports are not filed accurately and timely to reflect general ledger expenditures. The Business Manager should review expenditures quarterly with grant coordinators and assist in filing reports timely with accurate figures.

Recommendation - The District should contact the Iowa Department of Education and amend the Title I Budget final report to reflect general ledger expenditures. The District

should never have a deferred Title I and Drug Free Grant balance, since the grants are reimbursement based. The balances in the deferred accounts need to be repaid to the State.

Response - The District will file amended Title I and Safe and Drug Free School reports to show carryovers in both funds. We plan on expending the monies during the 2009-10 school year.

Conclusion - Response accepted.

II-F-09 Board Policies - We noted during the audit that the board policies are not being reviewed on a regular basis. The District has policies that have not been updated within five years.

Recommendation - Board policies should be reviewed by the Board at a minimum every five years.

Response - The Board of Education is currently reviewing all policies that have not been reviewed in the last five years.

Conclusion - Response accepted.

II-G-09 Purchase Orders - We noted during our audit that the District currently uses purchase orders in the purchasing process; however, we noted instances of purchase orders that were completed and dated after the invoice.

Recommendation - The advantage of using a purchase order system is that approvals of the items being purchased are noted prior to ordering of the items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - The District will review and make necessary changes so that all disbursements are approved by the appropriate administrator before the order is placed.

Conclusion - Response accepted.

II-H-09 Gate Admissions - It was noted that the District does not utilize pre-numbered tickets for event admissions and a reconciliation is not performed after the event.

Recommendation - The District should have internal control procedures established for handling cash for all activity events, including athletics and all other events, and communicate the policies and procedures to individuals involved. The Board would of course, approve any policies and the District's business office should be involved in developing the detailed procedures. At a minimum these procedures should include:

a. Cash or change boxes should be established with a specified amount.

b. The District should use pre-numbered tickets.

- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.
- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the "accounting" function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District's vault or other secure location at the District's office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - We will investigate better alternatives for collecting gate money.

Conclusion - Response accepted.

II-I-09 Student Activity Fund - Fundraisers - We noted during our audit that the District maintains fundraisers in the Student Activity Fund. All fundraisers are not being approved by the board.

Recommendation - The District should review the procedures in place. The board should approve fundraisers.

Response - The District will review their fundraisers and take the list to the Board to be approved.

Conclusion - Response accepted.

II-J-09 Scholarship Checks - We noted during our audit that the District wrote checks to students for scholarships from the Private Purpose Trust Fund. The checks did not include the college the student was attending as the payee.

Recommendation - The checks issued for scholarship awards should be written out to the student and college the student is attending from the Private Purpose Trust Fund. The District should not write scholarship checks out of the Special Revenue, Student Activity Fund.

Response - We will issue scholarship checks to the student and the college.

Conclusion - Response accepted.

II-K-09 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund that the District did not price out the commodity inventory using the correct values at the end of the year.

Recommendation - The District should review procedures in place for calculation of commodity inventory prices. The State of Iowa provides a price guide listing of values to be used in the calculation. The District needs to use the correct price values in calculating the inventory value at year end.

Response - The District inadvertently used the wrong column on the commodity list when pricing inventory, but will use the correct information next year.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Agency Numbers: 7110-G and 7110-D
Federal Award Year: 2009
U.S. Department of Education
Passed through the Iowa Department of Education

III-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 the cash receipts to the cash receipts journal were all done by the same person.

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

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

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.

IV-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.

IV-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.

IV-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
Rich Ashton, Bus Driver Owner of Dicks Fire Extinguisher	Services	\$1,320

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the employee do not appear to represent a conflict of interest.

IV-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.

IV-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the board minutes do not appear to be signed by the Board President and Board Secretary.

Recommendation - The Board President and Board Secretary need to sign all board minutes.

Response - Since finding out about the law, the Board President and Board Secretary have signed all minutes at the meeting once the Board approves the minutes.

Conclusion - Response accepted.

IV-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-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.

IV-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.

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

IV-K-09 Statewide Sales and Services Tax - We noted an instance of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa. We noted equipment less than the \$500 threshold being purchased totaling \$5,851.04.

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			554,872
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	14,562	
Other improvements		13,535	
Debt service for school infrastructure:			
Revenue debt		276,774	304,871
			<u>304,871</u>
Ending balance		\$	<u>250,001</u>

Recommendation - The District should review Chapter 423F.3 of the Code of Iowa with regard to statewide sales and services tax revenue provisions and allowable expenditures. The District should make a corrective transfer from the General Fund to Capital Projects for \$5,851.04 for the unallowable equipment purchases.

Response - The District moved the \$5,851.04 expense to the General Fund.

Conclusion - Response accepted.

IV-L-09 Financial Condition - We noted during our audit that there were seven negative individual account balances totaling \$7,445 in the Student Activity Fund. The District also had deficit unrestricted net assets in the Enterprise, School Nutrition Fund of \$130,903.

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

Response - The District will continue to monitor and investigate alternative to make the necessary corrections needed.

Conclusion - Response accepted.

IV-M-09 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Per Chapter 9 of the LEA Financial Accounting Manual, "The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8)." Fundraisers and donations made to the school should be recorded in the fund in which they could be expended. In addition, the District has inactive accounts that need to be reviewed and closed.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

Book fair and book orders revenues and expenditures are being run through the Activity Fund. Book fair and book orders transactions should be run through the General Fund

because any profits that are paid on the fundraiser are used to buy instructional materials. General Fund is the only fund that can buy instructional materials, such as library books.

There are Class of 2007 and 2008 in the Student Activity Fund. Past graduating class accounts should be inactive accounts and should be closed and allocated to the other activity accounts.

There are several accounts that do not appear to cocurricular in nature and administratively maintained. The accounts are: Art Fundraiser, Book Orders, Elementary Book Fair, Grandwood Field Trip, Elementary Field Trip, Elementary Fundraiser, Lil Hawk Fundraiser, Elementary Music Fundraiser, Emergency Fund, Campus Project, Flag Team Fundraiser, HS Fundraiser, MS Fundraiser, Grandwood Fundraiser, Grounds Beautification, Industrial Arts, Miscellaneous, MS Science Fundraiser, TAG Fundraiser, W-G Planners, HS Library, Elementary Library, Student Public Relations and Tri-M Fundraiser. These accounts are not student run organizations and do not appear to be cocurricular in nature and should therefore, be run through the General Fund. In addition, inactive accounts should be closed.

The District should review the properness of receipts and expenditures that are recorded in the Student Activity Fund. The District should also review procedures that are in place in regards to the Activity Fund and follow the suggested recommendations to gain compliance and better internal controls.

Response - We will review our procedures for dealing with student activity funds.

Conclusion - Response accepted.

IV-N-09 Official Contracts - We noted during the audit that the Board President was not signing the athletic official contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts the District enters into to comply with Chapter 291.1 of the Code of Iowa. Currently, contracts are on-line. The contracts are to include the Board President signature.

Response - The District will investigate the current contract process to try to get the Board President's signature on the contracts.

Conclusion - Response accepted.

IV-O-09 Interfund Loans - We noted during our audit that the District has interfund loans which were on the balance sheets in the prior year and still on the current year balance sheets.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2009, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should seek financing from the local bank for the deficit in the Enterprise, Nutrition Fund. The District could approve the forgiveness of the loan through board action which would negatively impact the General Fund balance and spending authority.

Response - The District will investigate options for providing a loan to the Nutrition Fund.

Conclusion - Response accepted.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
