

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

JUNE 30, 2010

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Woodbine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 election)		
Amy Sherer	President	2011
Mike Staben	Vice President	2009
Joanna Shaw	Board Member	2009
Amber Nelson	Board Member	2011
Todd Heistand	Board Member	2011
Board of Education (After September 2009 election)		
Joanna Shaw	President	2013
Amy Sherer	Vice President	2011
Mike Staben	Board Member	2013
Amber Nelson	Board Member	2011
Todd Heistand	Board Member	2011
School Officials		
Dr. Tom Vint	Superintendent	2010
Connie Waite	Board Secretary/Treasurer	2010
Derrick Franck	Attorney	2010

Woodbine Community School District

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Woodbine Community School District, Woodbine, Iowa as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodbine Community School District at June 30, 2010, 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 December 27, 2010 on our consideration of the Woodbine Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Findings Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information

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required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Woodbine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 through 5, 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 PC
NOLTE, CORNMAN & JOHNSON, P.C.

December 27, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Woodbine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$4,593,556 in fiscal 2009 to \$4,482,234 in fiscal 2010, while General Fund expenditures decreased from \$4,756,451 in fiscal 2009 to \$4,624,719 in fiscal 2010. This resulted in a decrease in the District's General Fund balance from a deficit \$310,762 in fiscal 2009 to a deficit balance of \$453,247 in fiscal 2010.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1
Woodbine Community School District Annual Financial Report

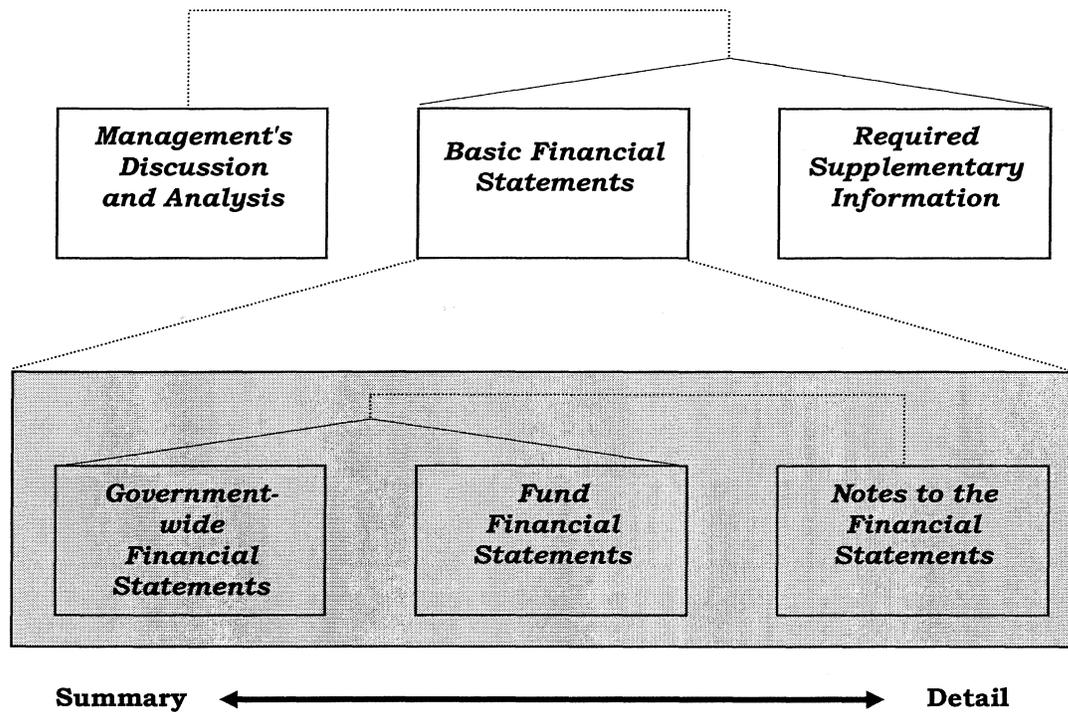


Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide

financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Day Care Fund.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business Type		Total		Total Change June 30, 2009-10
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2010	2009	2010	2009	2010	2009	
Current and other assets	\$ 3,892,718	4,846,693	78,629	56,332	3,971,347	4,903,025	-19.00%
Capital assets	6,479,874	6,658,162	56,861	58,497	6,536,735	6,716,659	-2.68%
Total assets	10,372,592	11,504,855	135,490	114,829	10,508,082	11,619,684	-9.57%
Long-term obligations	4,500,154	4,510,983	0	0	4,500,154	4,510,983	-0.24%
Other liabilities	2,563,039	3,716,203	3,616	1,950	2,566,655	3,718,153	-30.97%
Total liabilities	7,063,193	8,227,186	3,616	1,950	7,066,809	8,229,136	-14.12%
Net assets:							
Invested in capital assets, net of related debt	2,424,874	2,313,162	56,861	58,497	2,481,735	2,371,659	4.64%
Restricted	1,458,321	1,174,262	0	0	1,458,321	1,174,262	24.19%
Unrestricted	(573,796)	(209,755)	75,013	54,382	(498,783)	(155,373)	-221.02%
Total net assets	\$ 3,309,399	3,277,669	131,874	112,879	3,441,273	3,390,548	1.50%

The District's combined net assets increased by 1.50%, or \$50,725 over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately 24.19% or \$284,059 compared to the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately 221.02% or \$343,410.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for services	\$ 258,753	369,267	186,206	179,014	444,959	548,281	-18.84%
Operating grants and contributions and restricted interest	1,011,255	795,680	103,521	100,420	1,114,776	896,100	24.40%
General revenues:							
Property tax	1,925,436	1,872,107	0	0	1,925,436	1,872,107	2.85%
Income surtax	244,144	246,511	0	0	244,144	246,511	-0.96%
Statewide sales and service tax	249,006	250,937	0	0	249,006	250,937	-0.77%
Unrestricted state grants	1,551,728	1,732,945	0	0	1,551,728	1,732,945	-10.46%
Other	183,599	267,658	35	27	183,634	267,685	-31.40%
Total revenues	5,423,921	5,535,105	289,762	279,461	5,713,683	5,814,566	-1.74%
Program expenses:							
Governmental activities:							
Instructional	3,640,486	3,686,882	0	0	3,640,486	3,686,882	-1.26%
Support services	1,236,518	1,297,191	0	0	1,236,518	1,297,191	-4.68%
Non-instructional programs	74	0	270,767	268,845	270,841	268,845	0.74%
Other expenses	515,113	530,678	0	0	515,113	530,678	-2.93%
Total expenses	5,392,191	5,514,751	270,767	268,845	5,662,958	5,783,596	-2.09%
Change in net assets	31,730	20,354	18,995	10,616	50,725	30,970	63.79%
Net assets beginning of year	3,277,669	3,257,315	112,879	102,263	3,390,548	3,359,578	0.92%
Net assets end of year	\$ 3,309,399	3,277,669	131,874	112,879	3,441,273	3,390,548	1.50%

In fiscal 2010, local tax (property tax, income surtax and statewide sales and services tax) and unrestricted state grants account for 73.20% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.99% of the revenue from business type activities.

The District's total revenues were approximately \$5.71 million of which \$5.42 million was for governmental activities and approximately \$.29 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 1.74% in revenues and a 2.09% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$5,423,921 and expenses were \$5,392,191.

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		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 3,640,486	3,686,882	-1.26%	2,548,065	2,350,155	8.42%
Support services	1,236,518	1,297,191	-4.68%	1,236,518	1,207,244	2.42%
Non-instructional	74	0	100.00%	74	0	100.00%
Other expenses	515,113	530,678	-2.93%	337,526	316,965	6.49%
Totals	\$ 5,392,191	5,514,751	-2.22%	4,122,183	3,874,364	6.40%

- The cost financed by users of the District's programs was \$258,753.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,011,255.
- The net cost of governmental activities was financed with \$1,925,437 in property tax, \$244,144 in income surtax, \$249,006 in statewide sales and services tax, \$1,551,728 in unrestricted state grants, \$19,827 in interest income and \$163,772 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$289,762 and expenses were \$270,767. The District's business-type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$981,562, above last year's ending fund balances of \$910,401. However, the primary reason for the increase in combined fund balances in fiscal 2010 is due to increased fund balance in the Debt Service Fund. This increase was the result of transfers to be held in escrow to pay debt in a future period.

Governmental Fund Highlights

- The District's General Fund financial position deteriorated from a deficit \$310,762 in fiscal 2009 to a deficit fund balance of \$453,247 at the end of fiscal 2010.
- The Capital Projects Fund balance increased from \$363,505 to \$417,572 during the year.
- The Debt Service Fund balance increased from \$694,688 to \$846,113 during the year.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$88,562 at June 30, 2009 to \$102,895 at June 30, 2010, representing an increase of 16.18%.

The Day Care Fund net assets increased from \$24,317 at June 30, 2009 to \$28,979 at June 30, 2010, representing an increase of 19.17%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$982,351 less than budgeted revenues, a variance of 14.71%. The most significant variance resulted from the District receiving less in local and state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$6.54 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$218,306.

The original cost of the District's capital assets was \$9,120,882. Governmental funds account for \$8,998,301 with the remaining of \$122,581 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the improvements other than buildings category. The amount reported for the District's buildings other than improvements category at June 30, 2009 was \$7,589 as compared to \$13,818 for June 30, 2010.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 48,655	48,655	0	0	48,655	48,655	0.00%
Buildings	6,329,088	6,489,235	0	0	6,329,088	6,489,235	-2.47%
Improvements other than buildings	13,818	7,589	0	0	13,818	7,589	82.08%
Machinery and equipment	88,313	112,683	56,861	58,497	145,174	171,180	-15.19%
Total	\$ 6,479,874	6,658,162	56,861	58,497	6,536,735	6,716,659	-2.68%

Long-Term Debt

At June 30, 2010, the District had \$4,376,092 in general obligation and other long-term debt outstanding. This represents a decrease of 3.0% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$2,485,000 at June 30, 2010.

The District had total outstanding Revenue Bonds payable of \$570,000 at June 30, 2010.

The District had total outstanding QZAB Bonds payable of \$1,000,000 and June 30, 2010. These bonds are due November 3, 2013.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$189,021 at June 30, 2010.

The District had net OPEB liability payable of \$132,071 at June 30, 2010.

Figure A-7
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2010	2009	2009-10
General obligation bonds	\$ 2,485,000	2,650,000	-6.2%
Revenue bonds	570,000	695,000	-18.0%
QZAB bonds	1,000,000	1,000,000	0.0%
Early retirement	189,021	165,983	13.9%
Net OPEB Liability	132,071	0	100.0%
Totals	\$ 4,376,092	4,510,983	-3.0%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Connie Waite, District Secretary, Woodbine Community School District, 501 Weare Street, Woodbine, Iowa, 51579.

Woodbine Community School District

BASIC FINANCIAL STATEMENTS

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments:			
Other	1,286,454	70,610	1,357,064
Receivables:			
Property tax:			
Delinquent	24,139	0	24,139
Succeeding year	2,052,038	0	2,052,038
Income surtax	244,144	0	244,144
Interfund	6,036	0	6,036
Accounts	32,859	1,095	33,954
Due from other governments	247,048	0	247,048
Inventories	0	6,924	6,924
Capital assets, net of accumulated depreciation	6,479,874	56,861	6,536,735
Total Assets	10,372,592	135,490	10,508,082
Liabilities			
Excess warrants over bank balance	113,432	0	113,432
Accounts payable	111,123	0	111,123
Interfund	6,036	0	6,036
Salaries and benefits payable	361,621	0	361,621
Accrued interest payable	24,172	0	24,172
Deferred revenue:			
Succeeding year property tax	2,052,038	0	2,052,038
Other	18,679	0	18,679
Unearned revenue	0	1,451	1,451
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	180,000	0	180,000
Revenue bonds payable	135,000	0	135,000
Early retirement	30,059	0	30,059
Portion due after one year:			
General obligation bonds payable	2,305,000	0	2,305,000
Revenue bonds payable	435,000	0	435,000
QZAB bonds payable	1,000,000	0	1,000,000
Early retirement	158,962	0	158,962
Net OPEB Liability	132,071	2,165	134,236
Total Liabilities	7,063,193	3,616	7,066,809
Net Assets			
Invested in capital assets, net of related debt	2,424,874	56,861	2,481,735
Restricted for:			
Categorical funding	64,867	0	64,867
Physical plant and equipment levy	113,218	0	113,218
Capital projects	417,572	0	417,572
Debt service	846,113	0	846,113
Other special revenue purposes	16,551	0	16,551
Unrestricted	(573,796)	75,013	(498,783)
Total Net Assets	\$ 3,309,399	131,874	3,441,273

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular	\$ 2,417,431	119,614	776,843	(1,520,974)	0	(1,520,974)
Special	635,104	64,196	23,097	(547,811)	0	(547,811)
Other	587,951	74,943	33,728	(479,280)	0	(479,280)
	<u>3,640,486</u>	<u>258,753</u>	<u>833,668</u>	<u>(2,548,065)</u>	<u>0</u>	<u>(2,548,065)</u>
Support services:						
Student services	89,030	0	0	(89,030)	0	(89,030)
Instructional staff	35,745	0	0	(35,745)	0	(35,745)
Administration	466,713	0	0	(466,713)	0	(466,713)
Operation and maintenance of plant	444,746	0	0	(444,746)	0	(444,746)
Transportation	200,284	0	0	(200,284)	0	(200,284)
	<u>1,236,518</u>	<u>0</u>	<u>0</u>	<u>(1,236,518)</u>	<u>0</u>	<u>(1,236,518)</u>
Non-instructional programs	74	0	0	(74)	0	(74)
Other expenditures:						
Facilities acquisitions	19,268	0	0	(19,268)	0	(19,268)
Long-term debt interest	164,340	0	0	(164,340)	0	(164,340)
AEA flowthrough	177,587	0	177,587	0	0	0
Depreciation(unallocated)*	153,918	0	0	(153,918)	0	(153,918)
	<u>515,113</u>	<u>0</u>	<u>177,587</u>	<u>(337,526)</u>	<u>0</u>	<u>(337,526)</u>
Total governmental activities	5,392,191	258,753	1,011,255	(4,122,183)	0	(4,122,183)
Business-Type activities:						
Non-instructional programs:						
Nutrition services	184,558	95,335	103,521	0	14,298	14,298
Day care services	86,209	90,871	0	0	4,662	4,662
Total business type activities	<u>270,767</u>	<u>186,206</u>	<u>103,521</u>	<u>0</u>	<u>18,960</u>	<u>18,960</u>
Total	\$ 5,662,958	444,959	1,114,776	(4,122,183)	18,960	(4,103,223)
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,433,175	0	1,433,175
Capital outlay				188,275	0	188,275
Debt service				303,986	0	303,986
Income surtax				244,144	0	244,144
Statewide sales and services tax				249,006	0	249,006
Unrestricted state grants				1,551,728	0	1,551,728
Unrestricted investment earnings				19,827	35	19,862
Other general revenues				163,772	0	163,772
Total general revenues				<u>4,153,913</u>	<u>35</u>	<u>4,153,948</u>
Change in net assets				31,730	18,995	50,725
Net assets beginning of year				<u>3,277,669</u>	<u>112,879</u>	<u>3,390,548</u>
Net assets end of year				<u>\$ 3,309,399</u>	<u>131,874</u>	<u>3,441,273</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
Assets					
Cash and pooled investments:					
Other	0	277,704	841,480	163,187	1,282,371
Receivables:					
Property tax:					
Delinquent	17,605	0	4,633	1,901	24,139
Succeeding year	1,559,203	0	311,630	181,205	2,052,038
Income surtax	179,039	0	0	65,105	244,144
Interfund	0		0	6,036	6,036
Accounts	32,859	0	0	0	32,859
Due from other governments	107,180	139,868	0	0	247,048
Total Assets	\$ 1,895,886	417,572	1,157,743	417,434	3,888,635
Liabilities and Fund Balances					
Liabilities:					
Excess warrants over bank balance	\$ 113,432	0	0	0	113,432
Accounts payable	111,123	0	0	0	111,123
Interfund	6,036	0	0	0	6,036
Salaries and benefits payable	361,621	0	0	0	361,621
Deferred revenue:					
Succeeding year property tax	1,559,203	0	311,630	181,205	2,052,038
Income surtax	179,039	0	0	65,105	244,144
Other	18,679	0	0	0	18,679
Total liabilities	2,349,133	0	311,630	246,310	2,907,073
Fund balances:					
Reserved for:					
Categorical funding	64,867	0	0	0	64,867
Debt service	0	0	846,113	0	846,113
Unreserved	(518,114)	417,572	0	171,124	135,449
Total fund balances	(453,247)	417,572	846,113	171,124	981,562
Total Liabilities and Fund Balances	\$ 1,895,886	417,572	1,157,743	417,434	3,888,635

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances of governmental funds (page 20)	\$	981,562
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		6,479,874
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		244,144
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		4,083
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(24,172)
Long-term liabilities, including bonds payable and early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(4,376,092)</u>
 Net assets of governmental activities (page 18)	 \$	 <u><u>3,309,399</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 1,639,844	249,006	303,986	228,117	2,420,953
Tuition	183,810	0	0	0	183,810
Other	146,848	2,500	8,386	132,780	290,514
State sources	2,034,891	0	162	84	2,035,137
Federal sources	476,841	0	0	0	476,841
Total revenues	<u>4,482,234</u>	<u>251,506</u>	<u>312,534</u>	<u>360,981</u>	<u>5,407,255</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	2,089,710	0	0	163,955	2,253,665
Special instruction	635,104	0	0	0	635,104
Other instruction	587,166	0	0	0	587,166
	<u>3,311,980</u>	<u>0</u>	<u>0</u>	<u>163,955</u>	<u>3,475,935</u>
Support services:					
Student services	72,614	0	0	0	72,614
Instructional staff services	33,580	0	0	0	33,580
Administration services	454,678	0	0	3,375	458,053
Operation and maintenance of plant services	393,271	14,282	0	48,291	455,844
Transportation services	180,935	0	0	4,148	185,083
	<u>1,135,078</u>	<u>14,282</u>	<u>0</u>	<u>55,814</u>	<u>1,205,174</u>
Non-instructional programs	74	0	0	0	74
Other expenditures:					
Facilities acquisitions	0	0	0	19,268	19,268
Long-term debt:					
Principal	0	0	290,000	0	290,000
Interest	0	0	168,056	0	168,056
AEA flowthrough	177,587	0	0	0	177,587
	<u>177,587</u>	<u>0</u>	<u>458,056</u>	<u>19,268</u>	<u>654,911</u>
Total expenditures	<u>4,624,719</u>	<u>14,282</u>	<u>458,056</u>	<u>239,037</u>	<u>5,336,094</u>
Excess (deficiency) of revenues over (under) expenditures	(142,485)	237,224	(145,522)	121,944	71,161
Other financing sources (uses):					
Transfer in	0	0	296,947	0	296,947
Transfer out	0	(183,157)	0	(113,790)	(296,947)
Total other financing sources (uses)	<u>0</u>	<u>(183,157)</u>	<u>296,947</u>	<u>(113,790)</u>	<u>0</u>
Net change in fund balances	(142,485)	54,067	151,425	8,154	71,161
Fund balance beginning of year	(310,762)	363,505	694,688	162,970	910,401
Fund balance end of year	<u>\$ (453,247)</u>	<u>417,572</u>	<u>846,113</u>	<u>171,124</u>	<u>981,562</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2010

Net change in fund balances - total governmental funds (page 22)		\$ 71,161
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>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:</p>		
Capital outlays	31,609	
Depreciation expense	<u>(209,897)</u>	(178,288)
<p>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.</p>		
		3,716
<p>Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:</p>		
Repaid		290,000
<p>Net change in Internal Service Funds charged back against expenditures made for the flex benefit program at an entity-wide basis.</p>		
		2,617
<p>Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.</p>		
		(2,367)
<p>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.</p>		
Other Postemployment Benefit		(132,071)
Early Retirement		<u>(23,038)</u>
Changes in net assets of governmental activities (page 19)		<u>\$ 31,730</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
Assets				
Cash and pooled investments	\$ 42,726	27,884	70,610	4,083
Accounts receivable	0	1,095	1,095	0
Inventories	6,924	0	6,924	0
Capital assets, net of accumulated depreciation	56,861	0	56,861	0
Total Assets	106,511	28,979	135,490	4,083
Liabilities				
Unearned revenue	1,451	0	1,451	0
Other Postemployment Benefits	2,165	0	2,165	0
Total Liabilities	3,616	0	3,616	0
Net Assets				
Invested in capital assets	56,861	0	56,861	0
Unrestricted	46,034	28,979	75,013	4,083
Total Net Assets	\$ 102,895	28,979	131,874	4,083

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business-Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 95,335	90,871	186,206	19,033
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	47,796	72,512	120,308	0
Benefits	15,584	10,113	25,697	16,416
Services	6,687	0	6,687	0
Supplies	104,256	3,584	107,840	0
Depreciation	8,409	0	8,409	0
Other	1,826	0	1,826	0
TOTAL OPERATING EXPENSES	184,558	86,209	270,767	16,416
OPERATING INCOME (LOSS)	(89,223)	4,662	(84,561)	2,617
NON-OPERATING REVENUES:				
Interest income	35	0	35	0
State sources	2,126	0	2,126	0
Federal sources	101,395	0	101,395	0
TOTAL NON-OPERATING REVENUES	103,556	0	103,556	0
Change in net assets	14,333	4,662	18,995	2,617
Net assets beginning of year	88,562	24,317	112,879	1,466
Net assets end of year	\$ 102,895	28,979	131,874	4,083

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
	Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 94,606	0	94,606	0
Cash received from miscellaneous sources	251	90,871	91,122	19,033
Cash payments to employees for services	(61,215)	(82,625)	(143,840)	(16,416)
Cash payments to suppliers for goods or services	(98,561)	(3,237)	(101,798)	0
Net cash provided by(used in) operating activities	(64,919)	5,009	(59,910)	2,617
Cash flows from non-capital financing activities:				
State grants received	2,126	0	2,126	0
Federal grants received	87,707	0	87,707	0
Net cash provided by non-capital financing activities	89,833	0	89,833	0
Cash flows from capital financing activities:				
Acquisition of assets	(6,773)	0	(6,773)	0
Cash flow from investing activities:				
Interest on investments	35	0	35	0
Net increase(decrease) in cash and cash equivalents	18,176	5,009	23,185	2,617
Cash and cash equivalents at beginning of year	24,550	22,875	47,425	1,466
Cash and cash equivalents at end of year	\$ 42,726	27,884	70,610	4,083
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (89,223)	4,662	(84,561)	2,617
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	13,688	0	13,688	0
Depreciation	8,409	0	8,409	0
Decrease in accounts receivable	0	368	368	0
Decrease in inventories	520	0	520	0
Decrease in accounts payable	0	(21)	(21)	0
Increase in OPEB obligation	2,165	0	2,165	0
Decrease in unearned revenue	(478)	0	(478)	0
Net cash provided by(used in) operating activities	\$ (64,919)	5,009	(59,910)	2,617

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$13,688.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

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

Care Fund is used to account for the child care operations of the District. The Internal Service Fund is used to account for the self-funded insurance plan of the District.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

Asset Class	Amount
Land	\$ 0
Buildings	1,200
Land improvements	1,200
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,200

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5-10 years
Machinery and equipment	5-20 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used

to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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

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

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

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

As June 30, 2010, the District had no investments.

(3) Transfers

The detail of transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
	Special Revenue:	
	Physical Plant and	
Debt Service	Equipment Levy	\$ 113,790
Debt Service	Capital Projects	183,157
Total		<u>\$ 296,947</u>

The transfer from Special Revenue: Physical Plant and Equipment Levy is the annual transfer for payment of the District's QZAB bonds.

The transfer from capital projects to debt service consisted of \$32,025 for the QZAB payment and \$151,132 for the revenue bond payment.

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co. NA is the trustee for the program.

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. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the series 2008-09B warrants was 3.00%. The interest rate on the series 2009-10A warrants was 2.50%. The interest rate on the Series 2009-10B warrants is a variable rate, calculated daily based upon the Bankers Trust Co. NA prime rate plus 50 basis points with a minimum interest rate of 4.50%. A summary of the District's ISCAP activity in the General Fund for the year ended June 30, 2010 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2009-10A	6/25/09	6/23/10	\$ 0	400,000	400,000	0
			<u>\$ 0</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>

During the year ended June 30, 2010, the District paid \$25,334 of interest on the ISCAP warrants.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 48,655	0	0	48,655
Total capital assets not being depreciated	<u>48,655</u>	<u>0</u>	<u>0</u>	<u>48,655</u>
Capital assets being depreciated:				
Buildings	8,082,314	0	0	8,082,314
Land improvements	93,516	7,000	0	100,516
Machinery and equipment	753,958	24,609	11,751	766,816
Total capital assets being depreciated	<u>8,929,788</u>	<u>31,609</u>	<u>11,751</u>	<u>8,949,646</u>
Less accumulated depreciation for:				
Buildings	1,593,079	160,147	0	1,753,226
Land improvements	85,927	771	0	86,698
Machinery and equipment	641,275	48,979	11,751	678,503
Total accumulated depreciation	<u>2,320,281</u>	<u>209,897</u>	<u>11,751</u>	<u>2,518,427</u>
Total capital assets being depreciated, net	<u>6,609,507</u>	<u>(178,288)</u>	<u>0</u>	<u>6,431,219</u>
Governmental activities capital assets, net	<u>\$ 6,658,162</u>	<u>(178,288)</u>	<u>0</u>	<u>6,479,874</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 115,808	6,773	0	122,581
Less accumulated depreciation	57,311	8,409	0	65,720
Business-type activities capital assets, net	<u>\$ 58,497</u>	<u>(1,636)</u>	<u>0</u>	<u>56,861</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 24,499
Special		0
Other		785
Support services:		
Operation and maintenance of plant		8,494
Transportation		15,201
		<u>48,979</u>
Unallocated depreciation		<u>160,918</u>
Total governmental activities depreciation expense		<u>\$ 209,897</u>
Business-type activities:		
Food services		<u>\$ 8,409</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 2,650,000	0	165,000	2,485,000	180,000
Revenue Bonds	695,000	0	125,000	570,000	135,000
Early Retirement	165,983	49,007	25,969	189,021	30,059
QZAB Bonds	1,000,000	0	0	1,000,000	0
Net OPEB liability	0	132,071	0	132,071	0
Total	\$ 4,510,983	181,078	315,969	4,376,092	345,059

General Obligation Bonds Payable

Details of the District's June 30, 2010 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue of January 1, 2002		
	Interest Rates	Principal	Interest
2011	5.00	180,000	126,630
2012	5.00	185,000	117,630
2013	5.25	190,000	108,380
2014-2018	5.00-5.25	1,120,000	384,332
2019-2021	5.10-5.20	810,000	1,091,341
Total		\$ 2,485,000	1,828,313

Revenue Bonds Payable

Details of the District's June 30, 2010 revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue of August 1, 2005			Issue of June 30, 2006			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2011	3.70	60,000	8,525	5.75	75,000	16,244	135,000	24,769	159,769
2012	3.80	60,000	6,275	5.75	75,000	11,931	135,000	18,206	153,206
2013	3.90	65,000	3,867	5.75	80,000	7,475	145,000	11,342	156,342
2014	4.00	65,000	1,300	5.75	90,000	2,587	155,000	3,887	158,887
Total		\$ 250,000	19,967		\$ 320,000	38,237	\$ 570,000	58,204	628,204

District has pledged future local option sales and services tax revenues to repay the \$695,000 bonds issued August 1, 2005 and June 30, 2006. The bonds were issued for the purpose of defraying a portion of the cost of renovations at the school.

option sales and services tax revenues received by the District and are payable through 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 39 percent of the local option sales and service tax revenues. The total principal and interest remaining to be paid on the notes is \$628,204. For the current year \$183,157 in principal and interest was paid on the bonds and total local option sales and services tax revenues were \$303,986.

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

- a) The bonds will only be redeemed from the future earnings of the local option sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made to the Local Option Sales and Service Tax Sinking Fund for the purpose of making the bond principal and interest payments when due.
- c) A separate bond reserve fund will be maintained to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Local Option Sales and Services Tax Reserve Fund.

Quality Zone Academy Bonds (QZAB)

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

Early Retirement

The District offers a voluntary early retirement plan to its certified and non-certified employees. Eligible employees must be at least age fifty-five and employees must have completed twenty years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2010, totaled \$25,969. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered payroll for years ended June 30, 2010, 2009 and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$177,770, \$177,891 and \$174,950 respectively, equal to the required contributions for each year.

(8) Other Post-employment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 54 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Districts OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 163,206
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>163,206</u>
Contributions made	<u>28,970</u>
Increase in net OPEB obligation	<u>134,236</u>
Net OPEB obligation beginning of year	<u>0</u>
Net OPEB obligation end of year	<u>\$ 134,236</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$28,970 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 163,206	17.75%	\$ 134,236

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1,512,811, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,506,823. The covered payroll (annual payroll of active employees covered by the plan) was \$2,357,512, and the ratio of the UAAL to covered payroll was 63.92%. As of June 30, 2010 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

Projected claim costs of the medical plan are \$562.96 for single and \$1,407.42 for family under Plan 200, \$526.79 for single and \$1,317.00 for family under Plan 500, and \$445.56 for single and \$1,113.93 for family under Plan 1250 for retirees less than age 65 and \$2,431 per month for retirees who have attained age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$177,587 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Deficit Fund Balance/Net Assets

At the year ended June 30, 2010, The General Fund had a deficit unreserved undesignated fund balance of \$518,114.

(12) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

<u>Project</u>	<u>Amount</u>
Teacher quality	\$ 22,650
Gifted and Talented	7,153
Core curriculum	11,633
Professional development	18,672
Vocational Ed Secondary	4,759
Total reserved for categorical funding	<u>\$ 64,867</u>

WOODBINE COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2010

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Funds		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 2,895,277	186,241	3,081,518	3,661,770	3,661,770	(580,252)
State sources	2,035,137	2,126	2,037,263	2,644,598	2,644,598	(607,335)
Federal sources	476,841	101,395	578,236	373,000	373,000	205,236
Total revenues	5,407,255	289,762	5,697,017	6,374,140	6,679,368	(982,351)
Expenditures/Expenses:						
Instruction	3,475,935	0	3,475,935	3,812,725	3,812,725	336,790
Support services	1,205,174	0	1,205,174	1,543,084	1,543,084	337,910
Non-instructional programs	74	270,767	270,841	380,263	380,263	109,422
Other expenditures	654,911	0	654,911	1,041,607	1,041,607	386,696
Total expenditures/expenses	5,336,094	270,767	5,606,861	6,777,679	6,777,679	1,170,818
Excess(deficiency) of revenues over(under) expenditures	71,161	18,995	90,156	(403,539)	(98,311)	188,467
Other financing sources, net	0	0	0	(305,228)	(305,228)	305,228
Balance beginning of year	910,401	112,879	1,023,280	850,423	850,423	172,857
Balance end of year	\$ 981,562	131,874	1,113,436	141,656	446,884	666,552

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010

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

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

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

WODDBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2010

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 1,506,823	\$ 1,506,823	0.00%	\$ 2,357,215	63.92%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Special Revenue Funds			Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Other Nonmajor Governmental Funds
Assets				
Cash and pooled investments	\$ 40,859	16,551	105,777	163,187
Receivables:				
Property tax:				
Delinquent	496	0	1,405	1,901
Succeeding year	60,000	0	121,205	181,205
Income surtax	0	0	65,105	65,105
Interfund Loan	0	0	6,036	6,036
Total Assets	\$ 101,355	16,551	299,528	417,434
Liabilities and Fund Balances				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ 60,000	0	121,205	181,205
Income surtax	0	0	65,105	65,105
Total liabilities	60,000	0	186,310	246,310
Unreserved fund balances	41,355	16,551	113,218	171,124
Total Liabilities and Fund Balances	\$ 101,355	16,551	299,528	417,434

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Other Nonmajor Governmental Funds
REVENUES:				
Local sources:				
Local tax	\$ 39,842	0	188,275	228,117
Other	7,957	124,154	669	132,780
State sources	22	0	62	84
TOTAL REVENUES	47,821	124,154	189,006	360,981
EXPENDITURES:				
Current:				
Instruction:				
Regular	42,249	120,673	1,033	163,955
Support services:				
Administration services	0	0	3,375	3,375
Operation and maintenance of plant	21,537	0	26,754	48,291
Student transportation	4,148	0	0	4,148
Other expenditures:				
Facilities acquisitions	0	0	19,268	19,268
TOTAL EXPENDITURES	67,934	120,673	50,430	239,037
Excess(Deficiency) of revenues over(under) expenditures	(20,113)	3,481	138,576	121,944
Other financing uses:				
Transfer out	0	0	(113,790)	(113,790)
Total other financing uses	0	0	(113,790)	(113,790)
Net change in fund balances	(20,113)	3,481	24,786	8,154
FUND BALANCES BEGINNING OF YEAR	61,468	13,070	88,432	162,970
FUND BALANCES END OF YEAR	\$ 41,355	16,551	113,218	171,124

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Designated Fund	\$ 2,821	2,914	4,603	1,132
Operetta	2,885	302	64	3,123
Activity	(10,611)	86,091	76,532	(1,052)
K-6	840	12,508	13,306	42
Yearbook	13,875	11,279	16,074	9,080
W-Club	485	468	953	0
Class of 2008	502	0	0	502
Class of 2010	1,720	16	1,377	359
Class of 2011	0	9,990	7,416	2,574
Computer Club	402	525	348	579
Interest	151	61	0	212
Total	\$ 13,070	124,154	120,673	16,551

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 2,420,954	2,358,642	2,289,183	2,188,125	2,065,249	2,058,290	1,890,392
Tuition	183,810	295,482	223,694	222,668	120,781	163,711	190,571
Other	290,514	389,605	310,471	399,215	406,127	344,900	245,736
Intermediate sources	0	0	0	0	0	0	6,071
State sources	2,035,137	2,234,409	2,155,957	2,308,579	2,222,875	1,961,514	2,024,192
Federal sources	476,841	215,976	177,443	233,768	298,245	647,953	1,083,012
Total	\$ 5,407,256	5,494,114	5,156,748	5,352,355	5,113,277	5,176,368	5,439,974
Expenditures:							
Current:							
Instruction:							
Regular instruction	\$ 2,253,665	2,425,586	2,198,926	2,107,162	2,020,427	2,010,483	1,903,327
Special instruction	635,104	602,944	528,295	561,241	512,589	503,880	506,712
Other instruction	587,166	523,719	466,003	527,568	454,405	357,885	390,626
Support services:							
Student services	72,614	86,684	56,849	80,130	83,373	149,154	149,263
Instructional staff services	33,580	49,168	21,175	14,107	7,404	14,797	8,510
Administration services	458,053	470,929	538,021	548,768	534,350	519,223	539,786
Operation and maintenance of plant services	455,844	438,572	461,536	426,666	420,393	440,454	421,652
Transportation services	185,083	193,358	269,174	166,973	178,444	180,563	225,637
Central support services	0	0	0	0	0	0	49,839
Non-instructional programs	74	0	0	0	0	0	0
Other expenditures:							
Facilities acquisitions	19,268	2,484	0	314,236	1,738,265	3,235,458	1,636,879
Long-term debt:							
Principal	290,000	275,000	260,000	195,000	135,000	125,000	120,000
Interest	168,056	181,649	195,009	197,266	181,314	207,086	175,120
AEA flow-through	177,587	164,166	156,919	155,118	151,527	149,175	153,457
Total	\$ 5,336,094	5,414,259	5,151,907	5,294,235	6,417,491	7,893,158	6,280,808

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
DIRECT:			
U.S. DEPARTMENT OF EDUCATION:			
RURAL EDUCATION ACHIEVEMENT PROGRAM	84.358	FY 10	\$ 26,637
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	10,964
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	90,431 *
			<u>101,395</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G	56,178
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	18,627
			<u>74,805</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	3,390
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	1,349
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 10	25,115
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 10	2,886
ARRA - STATE FISCAL STABILIZATION FUND(SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	208,367
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER (IDEA)			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 10	23,097
ARRA - SPECIAL EDUCATION GRANTS TO STATES, RECOVERY ACT	84.391	FY 10	63,156
			<u>86,253</u>
TOTAL			<u>\$ 530,197</u>

* - Includes \$13,688 of non-cash awards

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Woodbine 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
Woodbine Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Finding and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Finding and Questioned Costs as items II-B-10 and II-C-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodbine Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part 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, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

December 27, 2010

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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
Woodbine Community School District

Compliance

We have audited the compliance of Woodbine 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, 2010. Woodbine 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 Woodbine Community School District's management. Our responsibility is to express an opinion on Woodbine 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 Woodbine 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 Woodbine Community School District's compliance with those requirements.

In our opinion, Woodbine 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, 2010.

Internal Control Over Compliance

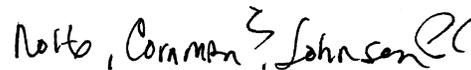
The management of Woodbine Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Woodbine 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Woodbine Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Finding and Questionable Costs as item III-A-10 as a material weakness.

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

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


NOLTE, CORNMAN & JOHNSON, P.C.

December 27, 2010

WOODBINE 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 and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund - Education State Grants, Recovery Act.
 - Clustered Programs:
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Woodbine Community School District did not qualify as a low-risk auditee.

WOODBINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of cash receipts to the cash receipts journal were all done by the same person.

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

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

Conclusion – Response accepted.

II-B-10 Authorized Check Signatures - Checks written from the Nutrition Funds lacked two signatures; the board president is not signing these checks.

Recommendation – The Board President and Board Secretary are required to sign all checks to be in compliance with Chapter 291.1 of the Code of Iowa. However, the Board President can designate an authorized signer on his or her behalf.

Response -- Action has been taken to ensure this does not happen again.

Conclusion – Response accepted

II-C-10 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - The District needs to determine if the checks need to be voided, reissued or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response – These outstanding checks have been cleared from the reconciliation at this time.

Conclusion – Response accepted

WOODBINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 84.394: ARRA – State Fiscal Stabilization Fund – Education State Grants,
Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2010
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-A-10 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 duties of two individuals include preparing checks and recording the transactions in the general ledger.

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

WOODBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District disbursements for the year ended June 30, 2010, did not exceed the amount budgeted.

IV-B-10 Questionable Disbursements - We noted disbursements from the activity fund for student meals at state tournaments where students received a specified amount of cash without any documentation as to the amount. In addition the students were not required to submit any documentation subsequently to support the amount.

Recommendation – Disbursements to students should include a sign-off sheet as a practice for internal control measures. It allows the reconciliation of how many students received the money to the amount being disbursed, as well as provides documentation of who received how much.

Response – We will incorporate a sign-off sheet for activity funds used for travel.

Conclusion – Response accepted

IV-C-10 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-10 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Connie Waite, Board Secretary Sister owns Shadow Valley Golf Course	Purchased Services	\$2,610
Amy Sherer, Board Member Substitute teacher for District	Services	\$865
Joanna Shaw, Board President Spouse owns Shaw's Screen Printing	Purchased Services	\$1,030

In accordance with the Attorney’s General’s opinion dated November 9, 1976, the above transactions with the spouse of Joanna Shaw do not appear to represent a conflict of interest.

In accordance with the Attorney’s General’s opinion dated November 9, 1976, the above transactions with the sister of Connie Waite do not appear to be a conflict of interest.

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

IV-E-10 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-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- IV-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- IV-H-10 Supplementary Weighting – No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 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-J-10 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-K-10 Financial Condition - At the year ended June 30, 2010, The General Fund had a deficit unreserved undesignated fund balance of \$518,114 and the Activity account within the Student Activity Fund was deficit \$1,052.

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

Response – We will monitor these funds and investigate available options to reduce expenses.

Conclusion – Response accepted

- IV-L-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-M-10 Statewide Sales and Servicing Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and servicing tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning Balance		\$	60,269
Statewide sales and servicing tax revenue			249,006
Expenditures/transfers out:			
School Infrastructure			
Equipment	\$		
Other improvements		14,282	
Debt service for school infrastructure			
QZAB bonds		32,025	
Revenue bonds		151,132	
Ending Balance			<u>\$ 111,836</u>

As a result of the statewide sales, service and use tax revenue received during the year ended June 30, 2010 the District reduced the following levy:

	<u>Per \$1000 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Physical plant and equipment levy	0.59516	65,106