

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2010

Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis (MD&A)		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Basic Financial Statements		29-41
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		44
Notes to Required Supplementary Information - Budgetary Reporting		45
Schedule of Funding Progress for the Retiree Health Plan		46
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	49
Schedule of Changes in Special Revenue Funds, Student Activity Accounts	3	50
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	4	51
Schedule of Expenditures of Federal Awards	5	52
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 <u>Government Auditing Standards</u>		53-54
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance		55-56
Schedule of Findings and Questioned Costs		57-65

Woodbury Central Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 Election)		
Marc Boothby	President	2011
Brian Sadler	Vice President	2009
Thomas Conolly	Board Member	2009
Chad Hayes	Board Member	2009
Kari Bappe	Board Member	2011
Eric Nelson	Board Member	2011
Gary Frafjord	Board Member	2011
Board of Education (After September 2009 Election)		
Marc Boothby	President	2011
Thomas Conolly	Vice President	2013
Kari Bappe	Board Member	2011
Eric Nelson	Board Member	2011
Gary Frafjord	Board Member	2011
Steve Steffen	Board Member	2013
Chad Hayes	Board Member	2013
School Officials		
Doug Glackin	Superintendent	2010
Christen Howrey	Business Manager/ District Secretary	2010
James Hanks	Attorney	2010

WOODBURY CENTRAL 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
Woodbury Central 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 Woodbury Central Community School District, Merville, 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 Woodbury Central 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 February 1, 2011 on our consideration of the Woodbury Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 46 are not required parts of the

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Woodbury Central Community School District's basic financial statements. Another auditor 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 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary 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.

February 1, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Woodbury Central Community School District provides this Management's Discussion and Analysis of the Woodbury Central Community School District. This narrative overview analysis of the financial activities of the Woodbury Central Community School District 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

- ❖ \$5,337,417 in general fund revenue
- ❖ \$5,250,421 in general fund expenses

- ❖ The District's General Fund balance increased to a balance of \$117,117 in fiscal 2010 as compared to \$30,121 in fiscal year 2009. This increase in fund balance is largely due to the District's conscious effort to decrease expenditures combined with an increase in local tax revenue.

- ❖ The District reported a deficit of \$27,406 in the Special Education Department compared to a deficit \$1,657.50 in 2009. The district is required by law to maintain a certain level of funding per pupil in the area of Special Education.

- ❖ The district purchased a piece of property connected to current school property on contract. This contract required an initial payment of \$60,000 in 2009 and three annual payments of \$20,000 each. This year was the first annual payment of \$20,000, leaving a balance due of \$40,000.

- ❖ The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) increased as compared to fiscal 2009. At June 30, 2009 the District's solvency ratio was a negative 0.31% as compared to a positive 0.78% at June 30, 2010. The State School Budget Committee recommends a solvency ratio between 5% - 10%.

Using This Annual Report

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

- ❖ Management 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 the District as a whole and present an overall view of the District's finances.

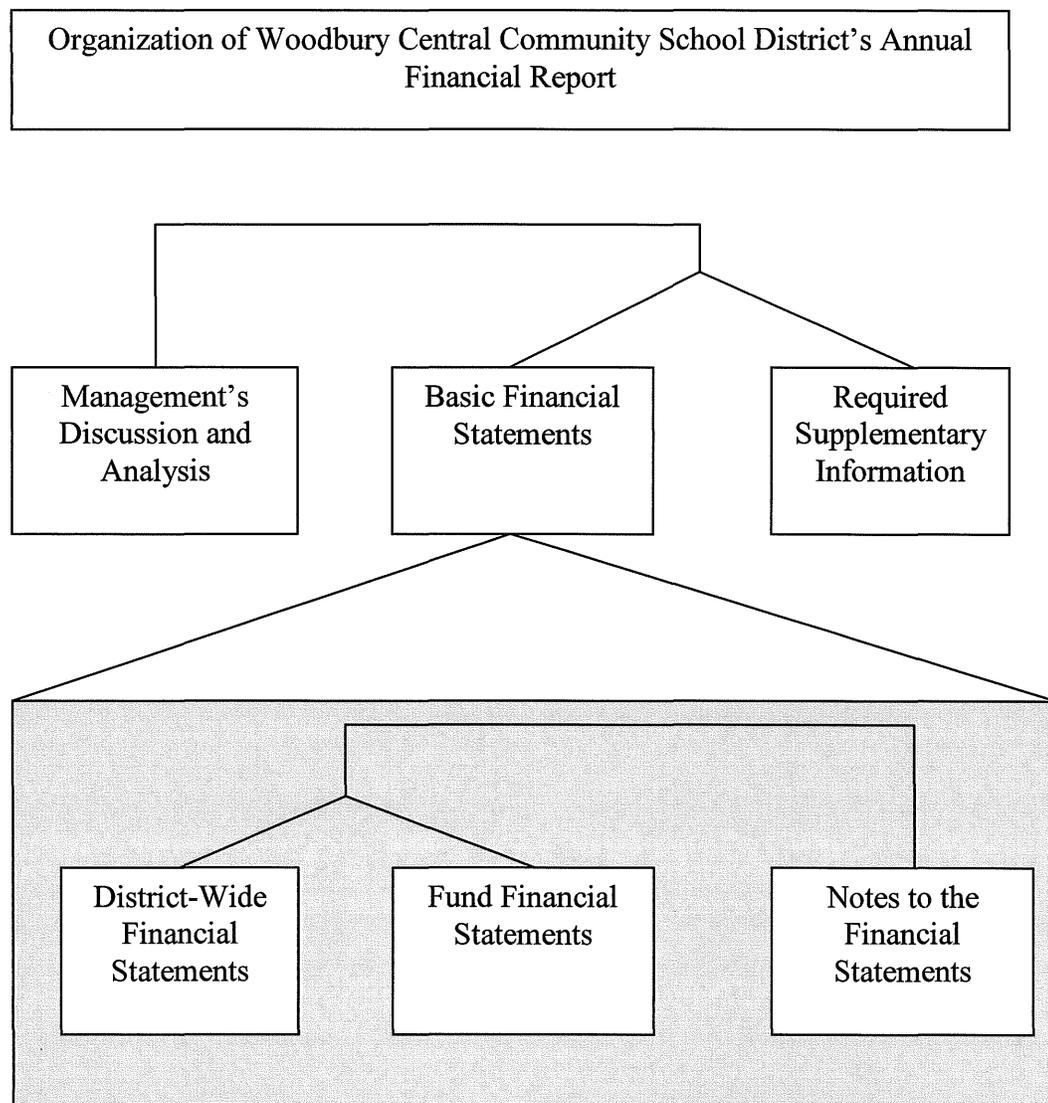
- ❖ The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

Figure A-1



Summary ← -----→ Detail

Figure A-2 below 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. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of District-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Reporting the District's Financial Activities

Government-wide Financial Statements - The Government-wide 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 the 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, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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 taxes 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 would be included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

- ❖ *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 funds statements provide a detailed short-term view that helps you 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 the Capital Projects Fund.

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

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

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

- ❖ *Fiduciary Funds:* The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Private Purpose Trust Fund. The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

Government-Wide Financial Analysis

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

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 3,784,561	5,507,878	29,455	16,274	3,814,016	5,524,152	-30.96%
Capital assets	5,285,789	5,241,969	23,760	13,096	5,309,549	5,255,065	1.04%
Total assets	9,070,350	10,749,847	53,215	29,370	9,123,565	10,779,217	-15.36%
Long-term obligations	138,436	60,000	484	0	138,920	60,000	131.53%
Other liabilities	2,479,994	4,431,279	27,742	18,285	2,507,736	4,449,564	-43.64%
Total liabilities	2,618,430	4,491,279	28,226	18,285	2,646,656	4,509,564	-41.31%
Net assets:							
Invested in capital assets, net of related debt	5,245,789	5,181,969	23,760	13,096	5,269,549	5,195,065	1.43%
Restricted	1,075,047	1,093,318	0	0	1,075,047	1,093,318	-1.67%
Unrestricted	131,084	(16,719)	1,229	(2,011)	132,313	(18,730)	806.42%
Total net assets	\$ 6,451,920	6,258,568	24,989	11,085	6,476,909	6,269,653	3.31%

The District's combined net assets increased by \$207,256 or 3.31% 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 invested 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 decreased \$18,271 or 1.67% over the prior year. This decrease is due primarily to the decrease in fund balance of the Capital Projects Fund.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$151,043 or 806.42%. The increase in unrestricted net assets can be attributed to the increase in General Fund balance.

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

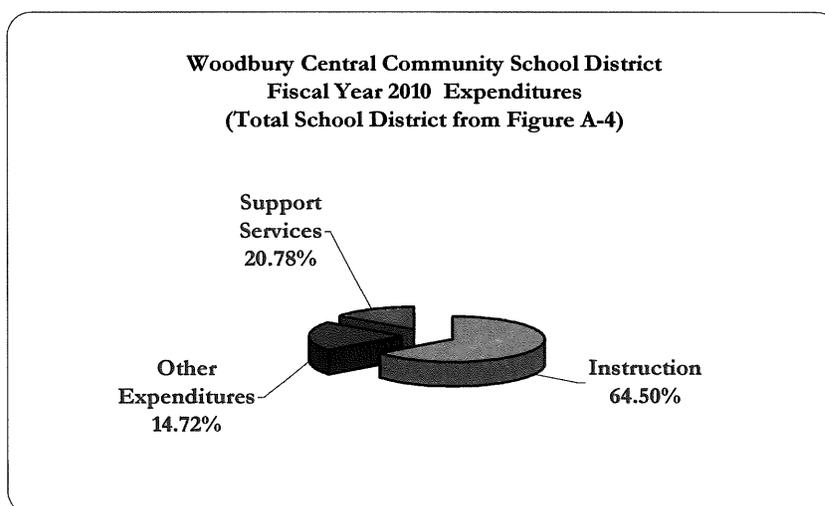
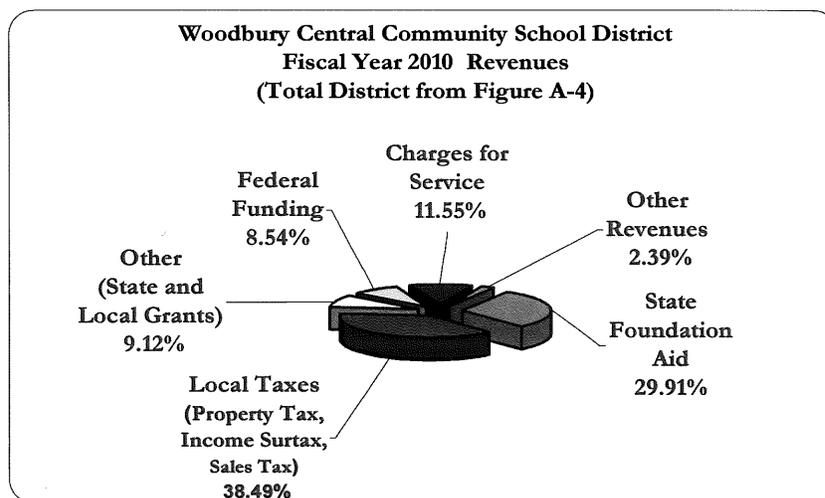
Figure A-4 Changes in Net Assets							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues & Transfers:							
Program revenues:							
Charges for services	\$ 609,877	633,866	154,921	157,356	764,798	791,222	-3.34%
Operating grants and contributions and restricted interest	1,067,093	837,047	102,757	70,458	1,169,850	907,505	28.91%
General revenues:							
Property tax	1,833,600	1,772,939	0	0	1,833,600	1,772,939	3.42%
Income surtax	238,212	115,411	0	0	238,212	115,411	106.40%
Statewide sales, service and use tax	476,918	479,954	0	0	476,918	479,954	-0.63%
Unrestricted state grants	1,981,226	2,443,455	0	0	1,981,226	2,443,455	-18.92%
Other	156,810	69,592	1,108	129	157,918	69,721	126.50%
Transfers	(16,159)	0	16,159	0	0	0	0.00%
Total revenues & transfers	6,347,577	6,352,264	274,945	227,943	6,622,522	6,580,207	0.64%
Program expenses:							
Governmental activities:							
Instruction	3,969,335	3,958,263	0	0	3,969,335	3,958,263	0.28%
Support services	1,276,246	1,725,179	0	0	1,276,246	1,725,179	-26.02%
Non-instructional programs	0	0	261,041	225,408	261,041	225,408	15.81%
Other expenses	908,644	269,625	0	0	908,644	269,625	237.00%
Total expenses	6,154,225	5,953,067	261,041	225,408	6,415,266	6,178,475	3.83%
Change in net assets	193,352	399,197	13,904	2,535	207,256	401,732	48.41%
Net assets beginning of year	6,258,568	5,859,371	11,085	8,550	6,269,653	5,867,921	-6.85%
Net assets end of year	\$ 6,451,920	6,258,568	24,989	11,085	6,476,909	6,269,653	3.31%

In fiscal year 2010, property tax, income surtax and unrestricted state grants accounted for 63.85% (68.19% in fiscal 2009) of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 93.72% (99.94% in fiscal 2009) of business type activities revenue.

The District's total revenues were approximately \$6.62 million, of which approximately \$6.35 million was for governmental activities and approximately \$0.27 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.64% increase in revenues and a 3.83% increase in expenses. The District's expenses primarily relate to instruction and support services, which account for 81.77% of the total expenses (91.99 % in 2009).

Figure A-5



Governmental Activities - Revenues for governmental activities were \$6,347,577, while expenses were \$6,154,225 for the year ended June 30, 2010.

Figure A-6 presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses for the years ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-6
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	\$ 3,969,335	3,958,263	0.28%	2,536,072	2,699,613	-6.06%
Support services	1,276,246	1,725,179	-26.02%	1,264,568	1,724,976	-26.69%
Other expenses	908,644	269,625	237.00%	676,615	57,565	1075.39%
Totals	\$ 6,154,225	5,953,067	3.38%	4,477,255	4,482,154	-0.11%

- The cost financed by users of the District's programs was \$609,877 (\$633,866 in 2009).
- The federal and state governments subsidized certain programs with grants and contributions totaling \$1,067,093 (\$837,047 in 2009).
- The net cost of governmental activities was financed with \$2,548,730 in property and other taxes (\$2,368,304 in 2009) and \$1,981,226 in unrestricted state grants (\$2,443,445 in 2009).

Business type Activities - Revenues of the District's business type activities were \$274,945 (\$227,943 in 2009) and expenses were \$261,041 (\$225,408 in 2009). The District's business type activities consist of the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Governmental Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,189,563, higher than last year's ending fund balances of \$1,076,599. The District's proprietary fund reported end of year net assets of \$24,989, higher than last year's ending net assets of \$11,085.

Governmental Fund Highlights

The District's General Fund ended fiscal 2010 with a positive fund balance of \$117,117. The General Fund balance increase of \$86,996 from last year is due primarily to a decrease in staffing and instructional supplies expenses. A majority of the savings were realized by replacing a highly paid administrator who retired with a new administrator who is lower on the pay scale and a reduction in custodial staff and overtime.

The Capital Projects Fund had \$552,979 in expenditures including transfers. The annual payment on property purchased in 2009 accounted for \$20,000 of fund expenditures. Other purchases included \$171,077 in technology, \$31,742 for a tractor lawnmower, \$168,622 for three vehicles, one bus, and a tractor, and \$77,014 on grounds.

Proprietary Fund Highlights

Revenues for business type activities were \$274,945 and expenses were \$261,041. The District's business type activities included the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

Budgetary Highlights

The Districts actual receipts were \$823,318 less than budgeted receipts due primarily to cuts to revenues from state sources.

The District's actual disbursements were \$1,046,153 below budgeted amounts in the instructional, non-instructional and other expenditures functions.

The District does attempt to budget as closely as possible to what management believes actual receipts and expenditures will be. Ideally, management attempts to exceed all revenue budgets and under spend all expenditure budgets.

Capital Assets and Debt Administration

Capital Assets - **Figure A-7** shows that at June 30, 2010, the District had invested \$5,309,549, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$723,013.

The original cost of the District's capital assets was \$9,771,643. Governmental funds account for \$9,647,820 with the remainder of \$123,823 accounted for in the Proprietary, School Nutrition Fund.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 208,204	208,204	0	0	208,204	208,204	0.00%
Buildings	4,109,950	4,645,916	0	0	4,109,950	4,645,916	-11.54%
Land improvements	450,656	55,277	0	0	450,656	55,277	715.27%
Machinery and equipment	516,979	332,572	23,760	13,096	540,739	345,668	56.43%
Total	\$ 5,285,789	5,241,969	23,760	13,096	5,309,549	5,255,065	1.04%

Long-Term Debt - **Figure A-8** shows that at June 30, 2010, the District had land contract payable of \$40,000 that will be paid off after fiscal 2012. Also, during the year ended June 30, 2010, the District has a Net OPEB liability of \$26,000 due to the implementation of GASB 45.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land contract payable	\$ 40,000	60,000	0	0	40,000	60,000	-33.33%
Early retirement	72,920	0	0	0	72,920	0	100.00%
Net OPEB liability	25,516	0	484	0	26,000	0	100.00%
Total	\$ 138,436	60,000	484	0	138,920	60,000	131.53%

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared, the District was aware of the following existing circumstances that could affect its financial health in the future.

- The District's funding is highly dependent upon its student enrollment. Enrollment for September 2010 was the same as 2009 Enrollment.
- The District has a heating and cooling system in the elementary that will need to be replaced in the near future.

- The District also has some urgent needs in the transportation area to replace some of its aging fleet of vehicles. The District will need to replace a bus and possibly a smaller vehicle in the upcoming school year.
- The District also is contracted to pay an annual amount of \$20,000 on a property purchase for the next two (2) fiscal years.
- The District has plans to sell the Superintendent's house as is it no longer used.
- The District plans to cut expenses significantly over the next few years in multiple areas.

Contacting the District's Financial Management

The financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Christen Howrey, Woodbury Central Community School District, 408 South 4th, Merville, Iowa 51039.

BASIC FINANCIAL STATEMENTS

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 1,359,177	8,913	1,368,090
Receivables:			
Property tax:			
Delinquent	29,235	0	29,235
Succeeding year	1,947,544	0	1,947,544
Income surtax	115,004	0	115,004
Interfund	26,427	0	26,427
Accounts	205,340	0	205,340
Due from other governments	85,141	0	85,141
Inventories	16,693	20,542	37,235
Capital assets, net of accumulated depreciation	5,285,789	23,760	5,309,549
TOTAL ASSETS	9,070,350	53,215	9,123,565
LIABILITIES			
Interfund payable	0	26,427	26,427
Accounts payable	125,275	469	125,744
Salaries and benefits payable	407,175	0	407,175
Deferred revenue:			
Succeeding year property tax	1,947,544	0	1,947,544
Unearned revenue	0	846	846
Long-term liabilities:			
Portion due within one year:			
Land contract payable	20,000	0	20,000
Early retirement payable	22,305	0	22,305
Portion due after one year:			
Land contract payable	20,000	0	20,000
Early retirement payable	50,615	0	50,615
Net OPEB liability	25,516	484	26,000
TOTAL LIABILITIES	2,618,430	28,226	2,646,656
NET ASSETS			
Invested in capital assets, net of related debt	5,245,789	23,760	5,269,549
Restricted for:			
Categorical funding	75,521	0	75,521
Capital projects	591,961	0	591,961
Physical plant & equipment levy	120,088	0	120,088
Management levy	131,057	0	131,057
Debt service	1	0	1
Other special revenue purposes	156,419	0	156,419
Unrestricted	131,084	1,229	132,313
TOTAL NET ASSETS	\$ 6,451,920	24,989	6,476,909

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODBURY CENTRAL 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	Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,709,223	338,244	654,088	(1,716,891)	0	(1,716,891)
Special	517,796	26,328	137,967	(353,501)	0	(353,501)
Other	742,316	235,136	41,500	(465,680)	0	(465,680)
	<u>3,969,335</u>	<u>599,708</u>	<u>833,555</u>	<u>(2,536,072)</u>	<u>0</u>	<u>(2,536,072)</u>
Support services:						
Student	62,358	0	0	(62,358)	0	(62,358)
Instructional staff	42,252	0	0	(42,252)	0	(42,252)
Administration	555,241	0	0	(555,241)	0	(555,241)
Operation and maintenance of plant	437,403	0	0	(437,403)	0	(437,403)
Transportation	178,992	10,169	1,509	(167,314)	0	(167,314)
	<u>1,276,246</u>	<u>10,169</u>	<u>1,509</u>	<u>(1,264,568)</u>	<u>0</u>	<u>(1,264,568)</u>
Other expenditures:						
Facilities acquisitions	0	0	0	0	0	0
Long-term debt interest	0	0	0	0	0	0
AEA flowthrough	232,029	0	232,029	0	0	0
Depreciation(unallocated)*	676,615	0	0	(676,615)	0	(676,615)
	<u>908,644</u>	<u>0</u>	<u>232,029</u>	<u>(676,615)</u>	<u>0</u>	<u>(676,615)</u>
Total governmental activities	6,154,225	609,877	1,067,093	(4,477,255)	0	(4,477,255)
Business Type activities:						
Non-instructional programs:						
Nutrition services	261,041	154,921	102,757	0	(3,363)	(3,363)
Total business type activities	<u>261,041</u>	<u>154,921</u>	<u>102,757</u>	<u>0</u>	<u>(3,363)</u>	<u>(3,363)</u>
Total	\$ <u>6,415,266</u>	<u>764,798</u>	<u>1,169,850</u>	<u>(4,477,255)</u>	<u>(3,363)</u>	<u>(4,480,618)</u>
General Revenues & Transfers:						
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,793,701	0	1,793,701
Capital outlay				39,899	0	39,899
Income surtax				238,212	0	238,212
Statewide sales, services and use tax				476,918	0	476,918
Unrestricted state grants				1,981,226	0	1,981,226
Unrestricted investment earnings				14,057	23	14,080
Other				142,753	1,085	143,838
Transfers				(16,159)	16,159	0
Total general revenues & transfers				<u>4,670,607</u>	<u>17,267</u>	<u>4,687,874</u>
Changes in net assets				193,352	13,904	207,256
Net assets beginning of year				<u>6,258,568</u>	<u>11,085</u>	<u>6,269,653</u>
Net assets end of year				\$ <u>6,451,920</u>	<u>24,989</u>	<u>6,476,909</u>

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

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Capital Projects	Nonmajor Special Revenue Funds	Total
ASSETS				
Cash and pooled investments	\$ 340,898	539,790	478,489	1,359,177
Receivables:				
Property tax:				
Delinquent	26,687	0	2,548	29,235
Succeeding year	1,784,320	0	163,224	1,947,544
Income surtax	115,004	0	0	115,004
Interfund	26,427	0	13,105	39,532
Accounts	205,340	0	0	205,340
Due from other governments	9,727	75,414	0	85,141
Inventories	16,693	0	0	16,693
TOTAL ASSETS	\$ 2,525,096	615,204	657,366	3,797,666
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund payable	\$ 13,105	0	0	13,105
Accounts payable	88,375	23,243	13,657	125,275
Salaries and benefits payable	407,175	0	0	407,175
Deferred revenue:				
Succeeding year property tax	1,784,320	0	163,224	1,947,544
Income surtax	115,004	0	0	115,004
Total liabilities	<u>2,407,979</u>	<u>23,243</u>	<u>176,881</u>	<u>2,608,103</u>
Fund balances:				
Reserved for:				
Debt service	0	0	1	1
Categorical funding	75,521	0	0	75,521
Unreserved	41,596	591,961	480,484	1,114,041
Total fund balances	<u>117,117</u>	<u>591,961</u>	<u>480,485</u>	<u>1,189,563</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,525,096	615,204	657,366	3,797,666

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODBURY CENTRAL 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)	\$ 1,189,563
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,285,789
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	115,004
Long-term liabilities, including land contract payable, early retirement payable and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(138,436)</u>
Net assets of governmental activities (page 18)	<u><u>\$ 6,451,920</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	General	Capital Projects	Total Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,796,908	476,918	159,900	2,433,726
Tuition	351,156	0	0	351,156
Other	139,297	805	273,579	413,681
State sources	2,582,131	0	113	2,582,244
Federal sources	466,050	0	0	466,050
Total revenues	<u>5,335,542</u>	<u>477,723</u>	<u>433,592</u>	<u>6,246,857</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,650,935	0	4,719	2,655,654
Special	550,836	0	0	550,836
Other	541,391	0	236,938	778,329
	<u>3,743,162</u>	<u>0</u>	<u>241,657</u>	<u>3,984,819</u>
Support services:				
Student	98,593	0	0	98,593
Instructional staff	77,127	0	0	77,127
Administration	423,368	190,366	0	613,734
Operation and maintenance of plant	439,226	32,438	66,194	537,858
Transportation	220,757	90,424	4,955	316,136
	<u>1,259,071</u>	<u>313,228</u>	<u>71,149</u>	<u>1,643,448</u>
Non-instructional programs:				
Other enterprise operations	16,159	0	0	16,159
Other expenditures:				
Facilities acquisitions	0	219,751	19,562	239,313
Long-term debt:				
Principal	0	0	20,000	20,000
AEA flowthrough	232,029	0	0	232,029
	<u>232,029</u>	<u>219,751</u>	<u>39,562</u>	<u>491,342</u>
Total expenditures	<u>5,250,421</u>	<u>532,979</u>	<u>352,368</u>	<u>6,135,768</u>
Excess(deficiency) of revenues over(under) expenditures	85,121	(55,256)	81,224	111,089
Other financing sources(uses):				
Transfer in	0	9	20,000	20,009
Transfer out	0	(20,000)	(9)	(20,009)
Sale of equipment	1,875	0	0	1,875
Total other financing sources(uses)	<u>1,875</u>	<u>(19,991)</u>	<u>19,991</u>	<u>1,875</u>
Net change in fund balances	86,996	(75,247)	101,215	112,964
Fund balance beginning of year	30,121	667,208	379,270	1,076,599
Fund balance end of year	<u>\$ 117,117</u>	<u>591,961</u>	<u>480,485</u>	<u>1,189,563</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 22) \$ 112,964

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

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

Capital outlays	\$ 761,518	
Depreciation expense	(717,698)	43,820

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:

Repayments		20,000
------------	--	--------

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 115,004

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 fund.

Early retirement	\$ (72,920)	
Other postemployment benefits	(25,516)	(98,436)

Changes in net assets of governmental activities (page 19) \$ 193,352

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

	<u>School Nutrition</u>
ASSETS	
Current assets:	
Cash and pooled investments	\$ 8,913
Inventories	20,542
Total current assets	<u>29,455</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>23,760</u>
TOTAL ASSETS	<u>53,215</u>
LIABILITIES	
Current liabilities:	
Interfund payable	26,427
Accounts payable	469
Unearned revenue	846
Total current liabilities	<u>27,742</u>
Long-term liabilities:	
Net OPEB liability	484
Total long-term liabilities	<u>484</u>
TOTAL LIABILITIES	<u>28,226</u>
NET ASSETS	
Invested in capital assets	23,760
Unrestricted	1,229
TOTAL NET ASSETS	<u>\$ 24,989</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 154,921
Miscellaneous	1,085
TOTAL OPERATING REVENUES	156,006
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	92,361
Benefits	18,731
Supplies	144,454
Depreciation	5,315
TOTAL OPERATING EXPENSES	260,861
OPERATING LOSS	(104,855)
NON-OPERATING REVENUES:	
State sources	3,020
Federal sources	99,737
Interest income	23
TOTAL NON-OPERATING REVENUES	102,780
Change in net assets before other financing sources(uses)	(2,075)
Other financing sources(uses):	
Capital contributions	16,159
Transfer out	(180)
Total other financing sources(uses)	15,979
Change in net assets	13,904
Net assets beginning of year	11,085
Net assets end of year	\$ 24,989

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

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

	School Nutrition
Cash flows from operating activities:	
Cash received from charges for services	\$ 155,767
Cash received from miscellaneous operating activities	1,085
Cash payments to employees for services	(110,608)
Cash payments to suppliers for goods or services	(124,867)
Net cash used in operating activities	(78,623)
Cash flows from non-capital financing activities:	
Borrowings from the General Fund	8,329
State grants received	3,020
Federal grants received	75,711
Net cash provided by non-capital financing activities	87,060
Cash flows from investing activities:	
Interest on investment	23
Net increase in cash and cash equivalents	8,460
Cash and cash equivalents at beginning of year	453
Cash and cash equivalents at end of year	\$ 8,913
Reconciliation of operating loss to net cash provided by(used in) operating activities:	
Operating loss	\$ (104,855)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	24,026
Depreciation	5,315
Increase in inventories	(4,721)
Increase in accounts payable	282
Increase in unearned revenues	846
Increase in other postemployment benefits	484
Net cash provided by(used in) operating activities	\$ (78,623)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$24,026.

During the year ended June 30, 2010, the Nutrition Fund received contributed capital from the General Fund valued at \$16,159.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2010

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 100,000
LIABILITIES	<u>0</u>
NET ASSETS	
Reserved for scholarships	<u>\$ 100,000</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
ADDITIONS:	
Interest income	\$ 4,998
DEDUCTIONS:	
Scholarships awarded	4,998
Change in net assets	0
Net assets beginning of year	100,000
Net assets end of year	<u>\$ 100,000</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

(1) Summary of Significant Accounting Policies

The Woodbury Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Merville, Iowa, and the predominate agricultural territory in Woodbury County in Iowa. 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, Woodbury Central 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 Woodbury Central 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 Woodbury County Assessor's Conference Board.

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for 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 Capital Projects Fund is used to account for all resources used in the acquisition of capital facilities.

The District reports the following proprietary fund:

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

The District also reports the three following non-major proprietary funds:

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

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested.

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.

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

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

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles, are reported in the applicable 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	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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	5-15 years

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

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

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

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

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

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

E. Budgeting and Budgetary Control

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

(2) Cash and Pooled Investments

The District's deposits at June 30, 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.

At June 30, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$263,249 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

(3) Iowa School Cash Anticipation Program (ISCAP)

The district participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. 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 the 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 the warrant proceeds may be used in an amount equal to 25% of the warrant amount. 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 for the year ended June 30, 2010 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2009-10A	6/25/2009	6/23/2010	\$ 0	750,000	750,000	0

During the year ended June 30, 2010, the District paid \$38,409 of interest on the ISCAP warrants.

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2010 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 26,427
Management Levy	General	12,417
Physical Plant and Equipment Levy	General	688
Total		<u>\$ 39,532</u>

The Nutrition Fund is repaying the General Fund for salaries and benefits paid in the prior year.

The General Fund is repaying the Management Levy Fund for property tax, Iowa Association of School Boards property insurance dividends and refund monies that were not placed in the proper fund.

The General Fund is repaying the Physical Plant and Equipment Levy Fund for property tax that was not placed in the proper fund.

(5) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 20,000
Capital Projects	Debt Service	9
Total		<u>\$ 20,009</u>

The transfer from the Capital Projects Fund to the Debt Service Fund was needed to make the payment on the land contract payable.

The transfer from the Debt Service Fund to the Capital Projects Fund was net transfers from the prior year to clear up the portion of the loan that was not repaid.

(6) 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	\$ 208,204	0	0	208,204
Total capital assets not being depreciated	208,204	0	0	208,204
Capital assets being depreciated:				
Buildings	7,263,952	1,530	430,502	6,834,980
Land improvements	455,958	534,498	0	990,456
Machinery and equipment	1,966,864	225,490	578,174	1,614,180
Total capital assets being depreciated	9,686,774	761,518	1,008,676	9,439,616
Less accumulated depreciation for:				
Buildings	2,618,036	537,496	430,502	2,725,030
Land improvements	400,681	139,119	0	539,800
Machinery and equipment	1,634,292	41,083	578,174	1,097,201
Total accumulated depreciation	4,653,009	717,698	1,008,676	4,362,031
Total capital assets being depreciated, net	5,033,765	43,820	0	5,077,585
Governmental activities capital assets, net	\$ 5,241,969	43,820	0	5,285,789
Business Type activities:				
Machinery and equipment	\$ 117,904	16,159	10,240	123,823
Less accumulated depreciation	104,808	5,315	10,060	100,063
Business Type activities capital assets, net	\$ 13,096	10,844	180	23,760

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 3,394
Other		4,284
Support services:		
Student		462
Instructional staff		3,327
Administration		4,812
Operation and maintenance of plant		6,416
Transportation		18,388
		41,083
Unallocated depreciation		676,615
Total governmental activities depreciation expense		\$ 717,698
Business Type activities:		
Food services		\$ 5,315

(7) 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
Governmental activities:					
Land contract payable	\$ 60,000	0	20,000	40,000	20,000
Early retirement	0	77,209	4,289	72,920	22,305
Net OPEB liability	0	25,516	0	25,516	0
Total	\$ 60,000	102,725	24,289	138,436	42,305
Business type activities:					
Net OPEB liability	\$ 0	484	0	484	0

Land Contract Payable

During fiscal 2009, the District entered into a contract to purchase real estate. The annual payments are \$20,000 per year made from the Capital Projects Fund.

Details of the District's June 30, 2010 land contract payable is as follows:

	Year Ending June 30,	Principal
	2011	\$ 20,000
	2012	20,000
Total		\$ 40,000

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-nine and have ten years or more of continuous service as a licensed full-time employee of the District. Eligible employees are required to submit an application to the Superintendent by March 31st of the year the employee wishes to retire. The application is then submitted to the Board of Directors of the District for approval. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the government-wide financial statements representing the District's commitment to fund non-current early retirement of \$72,920.

(8) 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 covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$242,294, \$232,581 and \$215,376, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No.45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 60 active and 3 retired members in the plan. Employees must be age 59 or older at retirement and have ten or more years of continuous service to the District.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit 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 of the District (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 41,000
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>41,000</u>
Contributions made	<u>(15,000)</u>
Increase in net OPEB obligation	26,000
Net OPEB obligation - beginning of year	<u>0</u>
Net OPEB obligation - end of year	<u><u>\$ 26,000</u></u>

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

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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 41,000	36.59%	\$ 26,000

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 \$649,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$649,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3.058 million, and the ratio of the UAAL to the covered payroll was 21.2%. 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 events far into the future. Examples include assumptions about future employment, mortality and the healthcare 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 the 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 that are 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 alternative measurement method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement assumptions were developed on the average retirement age of pension eligible retirees over the past five years. This valuation assumes a retirement age of 63 for all future retirees.

Projected claim costs of the medical plan are \$869 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, life, accidental death and dismemberment and long-term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2010 were \$304,473.

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

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

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$232,029 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.

(12) Operating Leases

The District is committed under two non-cancellable operating leases for copiers used in the District. During the year ended June 30, 2010, expenditures for these operating leases was \$17,820. The District has one payment remaining on the leases for fiscal year 2011 totaling \$7,425.

(13) 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 salary supplement	\$ 29,730
Professional development	24,091
Professional development, model core curriculum	15,781
Market factor incentives	4,334
Market factor	1,585
Total	<u>\$ 75,521</u>

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,198,563	156,029	3,354,592	3,265,032	3,265,032	89,560
State sources	2,582,244	3,020	2,585,264	3,624,929	3,624,929	(1,039,665)
Federal sources	466,050	99,737	565,787	439,000	439,000	126,787
Total revenues	<u>6,246,857</u>	<u>258,786</u>	<u>6,505,643</u>	<u>7,328,961</u>	<u>7,328,961</u>	<u>(823,318)</u>
Expenditures/Expenses:						
Instruction	3,984,819	0	3,984,819	4,226,000	4,226,000	241,181
Support services	1,643,448	0	1,643,448	1,982,500	1,982,500	339,052
Non-instructional programs	16,159	260,861	277,020	255,000	936,667	659,647
Other expenditures	491,342	0	491,342	636,667	636,667	145,325
Total expenditures/expenses	<u>6,135,768</u>	<u>260,861</u>	<u>6,396,629</u>	<u>7,100,167</u>	<u>7,781,834</u>	<u>1,385,205</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	111,089	(2,075)	109,014	228,794	(452,873)	561,887
Other financing sources, net	1,875	15,979	17,854	0	0	0
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	112,964	13,904	126,868	228,794	(452,873)	561,887
Balance beginning of year	1,076,599	11,085	1,087,684	560,482	560,482	527,202
Balance end of year	<u>\$ 1,189,563</u>	<u>24,989</u>	<u>1,214,552</u>	<u>789,276</u>	<u>107,609</u>	<u>1,089,089</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL 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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison 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.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$681,667.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 649	\$ 649	0.0%	\$ 3,058	21.2%

See Note 9 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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 189,645	157,400	131,443	478,488	1	478,489
Receivables:						
Property tax:						
Delinquent	1,915	0	633	2,548	0	2,548
Succeeding year	120,000	0	43,224	163,224	0	163,224
Interfund	12,417	0	688	13,105	0	13,105
TOTAL ASSETS	\$ 323,977	157,400	175,988	657,365	1	657,366
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 0	981	12,676	13,657	0	13,657
Deferred revenue:						
Succeeding year property tax	120,000	0	43,224	163,224	0	163,224
Total liabilities	120,000	981	55,900	176,881	0	176,881
Fund balances:						
Reserved for debt service	0	0	0	0	1	1
Unreserved	203,977	156,419	120,088	480,484	0	480,484
TOTAL LIABILITIES AND FUND BALANCES	\$ 323,977	157,400	175,988	657,365	1	657,366

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Other Nonmajor Governmental Funds
REVENUES:						
Local sources:						
Local tax	\$ 120,001	0	39,899	159,900	0	159,900
Other	208	273,180	181	273,569	10	273,579
State sources	85	0	28	113	0	113
TOTAL REVENUES	120,294	273,180	40,108	433,582	10	433,592
EXPENDITURES:						
Current:						
Instruction:						
Regular	4,719	0	0	4,719	0	4,719
Other	0	236,938	0	236,938	0	236,938
Support services:						
Operation and maintenance of plant	64,894	0	1,300	66,194	0	66,194
Transportation	680	0	4,275	4,955	0	4,955
Other expenditures:						
Facilities acquisitions	0	0	19,562	19,562	0	19,562
Long-term debt:						
Principal	0	0	0	0	20,000	20,000
TOTAL EXPENDITURES	70,293	236,938	25,137	332,368	20,000	352,368
Excess(deficiency) of revenues over(under) expenditures	50,001	36,242	14,971	101,214	(19,990)	81,224
Other financing sources(uses):						
Transfer in	0	0	0	0	20,000	20,000
Transfer out	0	0	0	0	(9)	(9)
Total other financing sources(uses)	0	0	0	0	19,991	19,991
Net change in fund balances	50,001	36,242	14,971	101,214	1	101,215
Fund balance beginning of year	153,976	120,177	105,117	379,270	0	379,270
Fund balance end of year	\$ 203,977	156,419	120,088	480,484	1	480,485

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL 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	Interfund and Intrafund Transfers	Balance End of Year
Theatre fund	\$ 5,738	3,677	6,357	(3,500)	(442)
Yearbook	4,058	8,078	4,906	0	7,230
Fine arts	(3,240)	0	769	3,500	(509)
Student trips	0	0	0	120	120
Global	0	7,707	0	0	7,707
Cat shop	4,173	419	1,767	0	2,825
HS choir	0	5,552	4,878	0	674
Band	3,718	3,762	2,975	(700)	3,805
Color guard	(2,427)	0	0	2,499	72
P.E. equipment	0	0	0	1,250	1,250
Boys and girls track	0	5,234	3,688	0	1,546
Golf	0	1,190	1,708	0	(518)
Athletics	20,213	5,575	8,157	0	17,631
Boys basketball	0	13,567	9,866	0	3,701
Football	0	29,029	18,640	0	10,389
Baseball	0	11,243	9,034	0	2,209
Wrestling	0	25,046	20,083	0	4,963
Wrestling mat	0	0	3,720	0	(3,720)
Girls basketball	0	4,203	1,558	0	2,645
Volleyball	0	4,669	2,312	0	2,357
Softball	0	18,971	20,678	0	(1,707)
Drill team	743	6,621	6,336	0	1,028
Cheerleaders	2,351	10,193	9,642	0	2,902
Athletic grounds	0	9,300	667	0	8,633
Petty cash	50	0	1,200	0	(1,150)
Weight room	5,317	11,727	8,455	0	8,589
Athletic pop fund	0	7,073	8,220	0	(1,147)
Class of 2009	156	0	0	0	156
Class of 2010	1,841	0	549	0	1,292
Class of 2011	166	7,973	7,253	0	886
Class of 2012	3	352	0	0	355
Class of 2013	0	216	59	0	157
Library	1,785	29	0	0	1,814
Miscellaneous resale	2,927	16,284	15,550	0	3,661
Home economics resale	0	1,634	677	0	957
Drivers education	0	0	0	5,945	5,945
National honor society	0	2,179	1,871	0	308
Student council	1,395	901	2,121	0	175
Family consumer coffee shop	0	0	0	161	161
Elementary fundraiser	9,492	24,147	16,388	0	17,251
Coffee machine	0	0	942	0	(942)
Reserve account	16,026	632	7,220	(1,000)	8,438
Interest	17,635	578	0	0	18,213
School cents	4,171	1,068	4,394	(1,800)	(955)
School gardens	260	0	0	0	260
Spanish club	45	0	0	0	45
Moville food pantry	585	0	0	0	585
Wellness	(131)	0	0	0	(131)
Middle school	10,299	11,714	8,544	(5,945)	7,524
Industrial arts	(807)	0	862	1,681	12
Concessions	8,028	12,452	13,713	(1,250)	5,517
Educational extras	4,646	185	1,179	0	3,652
Swing choir	194	0	0	(194)	0
Art club	326	0	0	(326)	0
Fundraisers	441	0	0	(441)	0
Total	\$ 120,177	273,180	236,938	0	156,419

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 2,433,726	2,368,304	2,300,132	2,187,089	1,984,174	1,963,383	2,038,319
Tuition	351,156	270,513	324,527	231,250	293,308	271,566	298,383
Other	413,681	417,667	472,883	539,798	449,128	393,048	358,377
State sources	2,582,244	3,091,406	3,157,963	2,760,912	2,757,304	2,628,864	2,314,577
Federal sources	466,050	203,575	134,105	134,510	198,690	150,870	181,976
Total	\$ 6,246,857	6,351,465	6,389,610	5,853,559	5,682,604	5,407,731	5,191,632
Expenditures:							
Instruction:							
Regular	\$ 2,655,654	2,802,025	2,889,640	2,646,504	2,363,040	2,111,127	2,141,512
Special	550,836	626,030	610,468	485,550	583,421	635,044	594,627
Other	778,329	360,405	388,271	445,464	379,421	401,815	408,801
Support services:							
Student	98,593	182,321	175,246	151,574	145,745	141,388	142,366
Instructional staff	77,127	74,557	74,968	83,174	72,562	68,508	66,163
Administration	613,734	667,293	649,883	589,661	509,217	499,501	467,476
Operation and maintenance of plant	537,858	448,908	518,160	535,530	550,229	499,483	473,330
Transportation	316,136	246,459	261,823	209,210	259,496	223,872	261,576
Non-instructional programs	16,159	0	0	0	0	0	0
Other expenditures:							
Facilities acquisitions	239,313	294,000	461,136	674,468	264,775	343,110	616,951
Long-term debt:							
Principal	20,000	255,000	245,000	240,000	240,000	235,000	220,000
Interest and fiscal charges	0	58,006	78,053	52,659	21,040	25,152	35,553
AEA flow-through	232,029	212,060	213,923	187,063	172,135	180,772	166,997
Total	\$ 6,135,768	6,227,064	6,566,571	6,300,857	5,561,081	5,364,772	5,595,352

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	\$ 12,076
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	87,661 *
			<u>99,737</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	7098-G	33,965
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	7,510
			<u>41,475</u>
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	1,247
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 10	21,401
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 10	4,199
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	253,747
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 10	28,549
ARRA - SPECIAL EDUCATION GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 10	62,450
			<u>90,999</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	5,106
TOTAL			<u>\$ 517,911</u>

* - Includes \$24,026 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Woodbury Central 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
Woodbury Central 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 Woodbury Central 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 February 1, 2011. 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 Woodbury Central 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 Woodbury Central Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodbury Central 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 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 misstatement 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 and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings 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 deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-10 and II-C-10 to be significant deficiencies.

Compliance and Other Matters

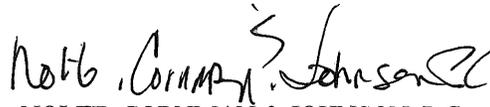
As part of obtaining reasonable assurance about whether Woodbury Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could 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.

Woodbury Central 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 Woodbury Central 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 Woodbury Central Community School District and other parties to whom Woodbury Central Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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


NOLTE, CORNMAN & JOHNSON, P.C.

February 1, 2011

NOLTE, CORNMAN & JOHNSON P.C.

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Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Woodbury Central Community School District:

Compliance

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

In our opinion, Woodbury Central 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 Woodbury Central 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 Woodbury Central 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 Woodbury Central Community School District's internal control over compliance.

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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 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 we consider to be a material weakness.

A deficiency in 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 Findings and Questioned Costs as item III-A-10 to be a material weakness.

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


NOLTE, CORNMAN & JOHNSON, P.C.

February 1, 2011

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

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 the 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 disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - Individual
 - CFDA Number 84.391 - ARRA - State Fiscal Stabilization Fund (SFSF)
Education State Grants, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Woodbury Central Community School District did not qualify as a low-risk auditee.

WOODBURY CENTRAL 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 noted.

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

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

Response - The District understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. The District will review its procedures and implement changes as deemed necessary to achieve better segregation of duties.

Conclusion - Response accepted.

II-B-10 Gate Admissions - It was noted that the District does not utilize pre-numbered tickets for event admissions and a reconciliation is not performed after the event.

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

- a. Cash or change boxes should be established with a specified amount.
- b. The District should use pre-numbered tickets.
- c. Two or more individuals should be involved in the cash collection/ticket sales process. In addition to cash collection/ticket sales procedures, the individuals should be instructed to not leave the cash/change boxes unattended under any circumstances.
- d. At the end of the event, cash should be counted and reconciled (by two or more individuals) to sales/pre-numbered tickets sold including the amount of the beginning cash.
- e. To reconcile, the next unsold ticket number less the beginning ticket number determines the number of tickets sold. This number times the price per ticket equals total sales. Total sales compared to total collected should reconcile. Variances, if any should be minimal.

- f. A reconciliation form should be completed and signed off by the individuals responsible for counting and reconciling the cash.
- g. The cash and change box should be turned into the Athletic Director (AD) or designee responsible for the "accounting" function at the event.
- h. The AD or designee should be required to take the cash collections to the night depository at the bank or at a minimum, lock the cash collections in the District's vault or other secure location at the District's office for deposit on the next working day. District procedures should prohibit individuals from taking cash collections home.
- i. A pre-numbered receipt should be issued by the Business Office the next working day in the amount of the confirmed deposit.
- j. Administrative personnel should periodically review/test the process to ensure procedures are working as prescribed.

Response - All individuals scheduled to work will be briefed on procedures prior to the issuance of the cash box.

Cash in the change box will start with \$400 for all events. This money will be verified by the individual(s) who are collecting money during the event.

The district will use a system to account for the number of paying customers at any given event. The system will use either a counter or numbered tickets to assist in determining the number of paying customers, depending on the number of workers available for the event.

The division of duties at all events will include:

One individual to take the money

One individual to count or issue numbered tickets

When possible, other individuals will assist in these areas, pass out programs, and stamp individuals for readmittance

Individuals who are in charge of the cashbox will not leave it unattended for any reason.

The athletic director or an administrator will determine when to stop charging at the gates. At that point, the money will be brought to the office. Each collection box will be reconciled using the reconciliation sheet by a minimum of two people. Both will sign the reconciliation sheet. The sheet will contain the starting balance, the number of paying adults, the number of paying students, the total that should have been collected, the amount collected, and the breakdown of cash by denomination. The athletic director or an administrator will secure the money in the safe.

The superintendent's secretary will issue a pre-numbered receipt the next working day to the bank in the amount of the confirmed deposit.

The superintendent will periodically review the process to ensure procedures are followed.

Conclusion - Response accepted.

II-C-10 Receipting Procedures - We noted that sponsors of student organizations were collecting money from individuals, fundraising events and other revenue fees. These collections are turned into the office for receipting, depositing and posting only after the event or fundraising drive is completed. When the money is turned into the office there does not appear to be supporting documentation for the money collected that later could be used for reconciliation uses. We noted that once collected at the office, these were handled in a comparable manner as receipts directly delivered to the office, where receipts are given and deposited. The copies of the receipts issued at the buildings are provided to the central office for posting and reconciling the bank statement. There does not appear to be controls in place to document monies collected and turned in from sponsors to be reconciled to the actual deposit.

Recommendation - The district actually maintains multiple layers of receipting from, sponsors, to the building office, to the central office. When sponsors or fundraising chairpersons submit money to the office for multiple previously collected receipts, they should provide documentation of their receipts. This documentation should be used when reconciling deposits to receipts.

Response - The district will maintain multiple layers of receipting from, sponsors, to the building office, to the central office. When sponsors or fundraising chairperson submit money to the office for multiple previously collected receipts, they will provide documentation of their receipts. The documentation will be used to reconcile deposits to receipts. Sponsors will not keep funds collected in their rooms overnight. All collected funds will be placed in the school safe. Prior to any fundraising activity, the principal will brief the sponsor on the expected procedures.

Conclusion - Response accepted.

OTHER MATTERS:

II-D-10 Intangible Asset Policy - Although the District implemented Governmental Accounting Standards Board Statement No. 51 with regard to intangible assets, the District does not have a board policy addressing capitalization of intangible assets.

Recommendation - The District's Board of Directors should adopt an intangible asset policy addressing the capitalization threshold and useful life to be in compliance with Governmental Accounting Standards Board Statement No. 51.

Response - The District will adopt an intangible asset policy addressing the capitalization threshold and useful life.

Conclusion - Response accepted.

II-E-10 Student Activity Fund Interest - We noted during our audit that the Student Activity Fund has an interest account. It appears that interest earned during the year has not been allocated to individual accounts in the Student Activity Fund.

Recommendation - Interest earned each year should be allocated out on an annual basis to the individual activity accounts.

Response - The District will allocate interest annually to individual activity accounts.

Conclusion - Response accepted.

WOODBURY CENTRAL 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 noted.

INTERNAL CONTROL DEFICIENCIES:

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

CFDA Number 84.394: ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants,
Recovery Act
Federal Award Year: 2010
Department of Education
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 cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

Response - The District understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. The District will review its procedures and implement changes as deemed necessary to achieve better segregation of duties.

Conclusion - Response accepted.

WOODBURY CENTRAL 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 during our audit that the District wrote checks to students for sales incentives as top sellers for fundraisers. Checks written to students as incentives for top seller prizes do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District will discontinue issuing checks to students for sales incentives.

Conclusion - Response accepted.

Meal Money for state tournaments - We noted disbursements from the Student Activity Fund for student meals at state tournament events. Students received a specified amount of cash without documentation as to the amount or which students received the money. Students were not required to submit receipts for purchases made. There was no documentation of any unused funds being returned to the District.

Recommendation - Better internal controls would be for the District to maintain a sign-off sheet showing which students received meal money as well as the amount given. The District should require that meal receipts and any unused funds be returned to the Central Office after the event unless the amount has been approved as a de minimis meal allowance.

Response - The District will maintain records of students given funds and verification signatures from each. The District will collect unused funds and receipts unless the amount has been approved.

Conclusion - Response accepted.

IV-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses or District officials or employees were noted. No travel advances to District officials or employees were noted.

However, we noted that the Superintendent set the mileage reimbursement rate which is not in compliance with the District's board policy.

Recommendation - According to District Board Policy 803.9, the mileage reimbursement rate is to be set by the District's Board of Directors. The District should review Board Policy 803.9 and make necessary adjustments to comply.

Response - The Board will review the current policy and amend to read that the rate will be set at the state reimbursement rate.

Conclusion - Response accepted.

- IV-D-10 Business Transactions - No business transactions between the District and District officials were noted.
- 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. However, we noted that the minutes were not always published in a timely manner.
- Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by Chapter 279.35 of the Code of Iowa.
- Response - The District will provide verification that minutes were submitted for publication within two weeks of the Board Meeting to comply with Chapter 279.35 of the Code of Iowa.
- Conclusion - Response accepted.
- IV-G-10 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported on Line 2 as open enrolled out students was understated by one student.
- Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- Response - The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.
- Conclusion - Response accepted.
- IV-H-10 Supplementary Weighting - No variances in the basic enrollment data 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 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- IV-L-10 Statewide Sales, Services and Use Tax - According to the District's revenue purpose statement, statewide sales, services and use tax money can be spent for PPEL type expenditures. According to Chapter 298.3 of the Code of Iowa, PPEL monies may be used for a purchase of a single unit of equipment exceeding \$500 per unit. Therefore, statewide sales, services and use tax expenditures have the same \$500 per unit of equipment restriction as PPEL expenditures.

We noted during our audit that the District purchased forty-eight computers for a total of \$15,839.52, which is under the \$500 per unit of equipment restriction as mentioned above.

Recommendation - The District should review the revenue purpose statement for use of statewide sales, services and use tax as well as Chapter 298.3 of the Code of Iowa with regard to allowable expenditures from the PPEL Fund to avoid non compliance. The District should make a corrective transfer to the Capital Projects Funds from the General Fund for \$15,839.52.

Response - The District will transfer funds from the General Fund to the Capital Projects Fund to cover these expenses.

Conclusion - Response accepted.

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

Beginning Balance		\$	185,954
Statewide sales, services and use tax revenues			476,918
Ependitures/Transfers Out:			
School infrastructure:			
Buildings	\$	138,782	
Equipment		313,228	
Other improvements		80,969	
Debt service for school infrastructure:			
Land contract payment		20,000	552,979
			<hr/>
Ending Balance		\$	<u>109,893</u>

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

	<hr/> Per \$1,000 of Taxable Valuation <hr/>	<hr/> Property Tax Dollars <hr/>
Physical plant and equipment levy	\$ 1.35468	\$ 171,419
	<hr/>	<hr/>

IV-M-10 Financial Condition - The District had ten individual Student Activity Fund accounts with deficits totaling \$11,221.

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

Response - The District will monitor these funds and work with sponsors to eliminate the deficits.

Conclusion - Response accepted.

IV-N-10 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations of the General Fund and the Student Activity Fund that have been outstanding for over a year.

Recommendation - The District should determine if the outstanding checks should be reissued, voided or submitted to the State as unclaimed property. If the checks are submitted as unclaimed property, the District must do so annually before November 1st as required by Chapter 556.1(10) and 556.11 of the Code of Iowa.

Response - The District will determine whether outstanding checks should be reissued, voided or submitted to the State as unclaimed property and be handled appropriately.

Conclusion - Response accepted.

IV-O-10 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events. The District currently receipts this into the Student Activity Fund.

Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the General Fund. The district should receipt rent collected for facility usage into the General Fund.

Response - The District will receipt rent collected into the General Fund.

Conclusion - Response accepted.

IV-P-10 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District to be in compliance with 291.1 of the Code of Iowa.

Response - The District will have the Board President sign officiating contracts in the future.

Conclusion - Response accepted.

IV-Q-10 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. The Athletic Grounds, Library, Miscellaneous Resale, Home Economics Resale and Driver's Education accounts do not appear to be extra curricular or cocurricular in nature.

Recommendation - The District should review the propriety of revenues and expenditures that are recorded in the Student Activity Fund to ensure recording in the proper fund. It would appear that these accounts appear to be administratively maintained in nature or instructional in nature, rather than maintained by a club or organization. The District should review these accounts and reclassify/transfer to the appropriate fund in accordance with the guidelines mentioned in 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1).

Response - The District will move these funds to the General Fund.

Conclusion - Response accepted.