

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2010

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Woodward-Granger Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2009 election)</b>		
Howard Schutt	President	2011
Jim Gibson	Vice President	2009
Mark Roberts	Board Member	2011
Jane Sweeney	Board Member	2009
Jennifer Pierce	Board Member	2011
<b>Board of Education (After September 2009 election)</b>		
Howard Schutt	President	2011
Jennifer Pierce	Vice President	2011
Mark Roberts	Board Member	2011
Rebecca Carroll	Board Member	2013
Colleen Scharlau	Board Member	2013
<b>School Officials</b>		
Jody Gray	Superintendent	2010
Bob Torrence	District Secretary/ Treasurer and Business Manager	2010
Ahlers Law Firm	Attorney	2010

WOODWARD-GRANGER 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  
Woodward-Granger Community School District:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodward-Granger Community School District at June 30, 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 24, 2011 on our consideration of Woodward-Granger Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, Retiree Health Plan, and Component Unit Financial Statements on pages 7 through 16 and 46 through 51 are not required

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodward-Granger Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 24, 2011

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

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

### **2010 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$10,355,139 in fiscal 2009 to \$10,855,478 in fiscal 2010, while General Fund expenditures increased from \$10,187,078 in fiscal 2009 to \$10,484,482 in fiscal 2010. This resulted in an increase in the District's General Fund balance from \$577,151 in fiscal 2009 to \$948,147 in fiscal 2010, a 64.28% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and federal grant revenue in fiscal 2010. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits, increased heating and building maintenance costs, as well as additional costs associated with the Woodward Academy.
- The High School/Middle School building project continued in fiscal 2010, which increased expenditures for the District.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

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

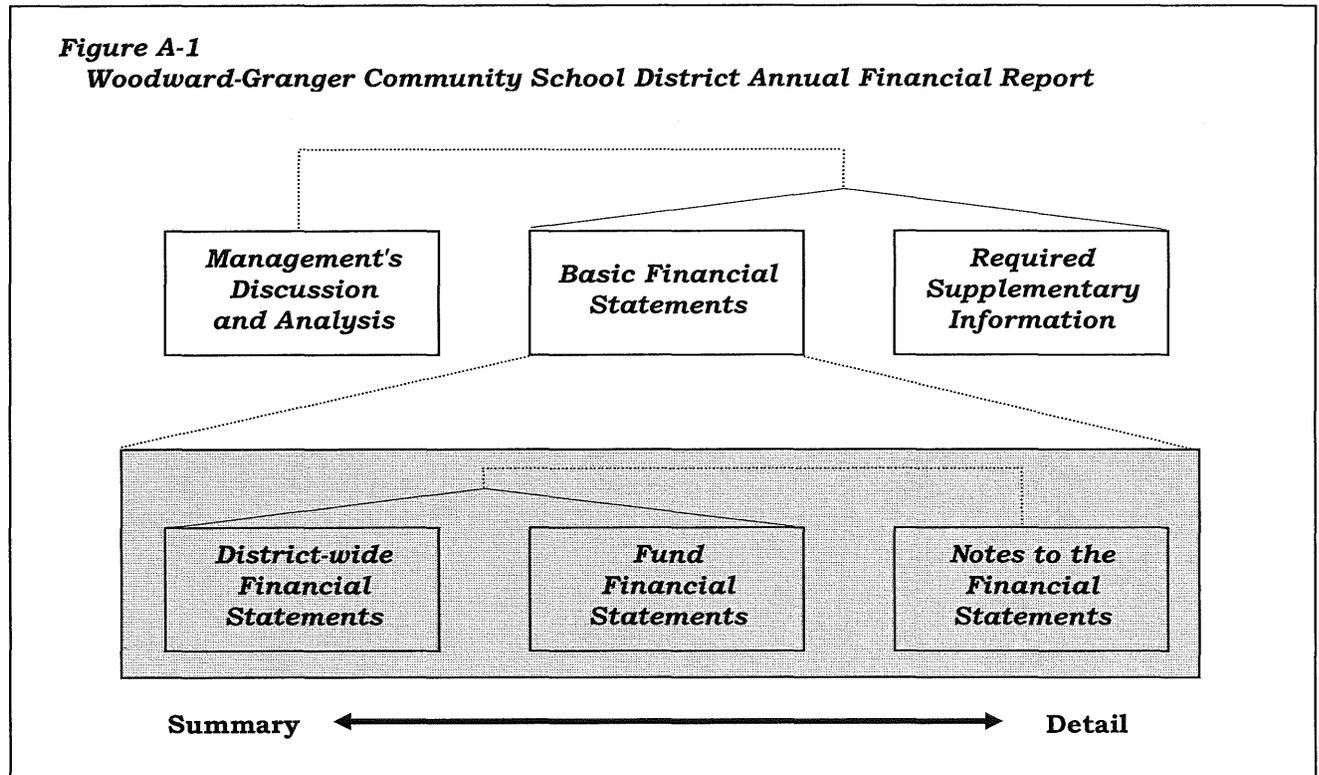


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to

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measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.
- *Component unit:* This includes the activities of The Hawk Stadium Project. The District receives significant financial benefits from this component unit although it is a legally separate entity.

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

- Agency Fund – These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.
- Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3  
Condensed Statement of Net Assets

	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	\$ 8,897,830	12,772,572	75,989	(95,446)	8,973,819	12,677,126	-29.21%
Capital assets	13,274,679	12,047,584	109,428	123,846	13,384,107	12,171,430	9.96%
Total assets	22,172,509	24,820,156	185,417	28,400	22,357,926	24,848,556	-10.02%
Long-term obligations	9,615,704	10,243,132	7,319	0	9,623,023	10,243,132	-6.05%
Other liabilities	6,113,765	8,844,357	173,283	35,457	6,287,048	8,879,814	-29.20%
Total liabilities	15,729,469	19,087,489	180,602	35,457	15,910,071	19,122,946	-16.80%
Net assets:							
Invested in capital assets, net of related debt	4,276,408	3,970,801	109,428	123,846	4,385,836	4,094,647	7.11%
Restricted	1,325,404	1,100,141	0	0	1,325,404	1,100,141	20.48%
Unrestricted	841,228	661,725	(104,613)	(130,903)	736,615	530,822	38.77%
Total net assets	\$ 6,443,040	5,732,667	4,815	(7,057)	6,447,855	5,725,610	12.61%

The District's combined net assets increased by 12.61%, or \$722,245, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$225,263, or 20.48% over the prior year. The increase was primarily a result of the increase in the Capital Projects, Statewide Sales and Services Tax fund balance.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$205,793, or 38.77%. This increase in unrestricted net assets was a result of the District’s increase in the General Fund balance.

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

Figure A-4  
Changes of Net Assets

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 3,463,145	3,282,565	194,586	210,848	3,657,731	3,493,413	4.70%
Operating grants and contributions and restricted interest	1,868,093	1,271,581	121,788	115,488	1,989,881	1,387,069	43.46%
General revenues:							
Property tax	3,683,933	3,436,112	0	0	3,683,933	3,436,112	7.21%
Income surtax	341,699	367,371	0	0	341,699	367,371	-6.99%
Statewide sales and services tax	426,587	554,872	0	0	426,587	554,872	-23.12%
Unrestricted state grants	2,704,533	3,230,042	0	0	2,704,533	3,230,042	-16.27%
Other	94,646	271,788	2,134	0	96,780	271,788	-64.39%
Transfers	(58,654)	(4,844)	58,654	828	0	(4,016)	-100.00%
Total revenues	12,523,982	12,409,487	377,162	327,164	12,901,144	12,736,651	1.29%
Program expenses:							
Governmental activities:							
Instruction	8,130,442	7,905,224	0	0	8,130,442	7,905,224	2.85%
Support services	2,703,197	2,448,460	516	290	2,703,713	2,448,750	10.41%
Non-instructional programs	25	0	364,774	363,154	364,799	363,154	0.45%
Other expenses	1,103,454	877,336	0	0	1,103,454	877,336	25.77%
Total expenses	11,937,118	11,231,020	365,290	363,444	12,302,408	11,594,464	6.11%
Change in net assets before extraordinary item	586,864	1,178,467	11,872	(36,280)	598,736	1,142,187	138.07%
Extraordinary item:							
Compensation for loss of capital assets	123,509	0	0	0	123,509	0	100.00%
Change in net assets	710,373	1,178,467	11,872	(36,280)	722,245	1,142,187	-36.77%
Net assets beginning of year	5,732,667	4,554,200	(7,057)	29,223	5,725,610	4,583,423	24.92%
Net assets end of year	\$ 6,443,040	5,732,667	4,815	(7,057)	6,447,855	5,725,610	12.61%

In fiscal 2010, property tax and unrestricted state grants account for 51.01% of the revenue from governmental activities while charges for services and operating grants and contributions account for 83.88% of the revenue from business type activities.

The District’s total revenues were approximately \$12.9 million of which \$12.5 million was for governmental activities and \$.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 1.29% in revenues and a 6.11% increase in expenses. The increase in expenses was related to the increase in support services costs during the year.

## Governmental Activities

Revenues for governmental activities were \$12,523,982 and expenses were \$11,937,118.

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

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 8,130,442	7,905,224	2.85%	3,127,681	3,634,778	-13.95%
Support services	2,703,197	2,448,460	10.40%	2,680,497	2,435,022	10.08%
Non-Instructional	25	0	100.00%	25	0	100.00%
Other expenses	1,103,454	877,336	25.77%	797,677	607,074	31.40%
Totals	\$ 11,937,118	11,231,020	6.29%	6,605,880	6,676,874	-1.06%

- The cost financed by users of the District's programs was \$3,463,145.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,868,093.
- The net cost of governmental activities was financed with \$3,683,933 in property tax, \$341,699 in income surtax, \$426,587 in statewide sales and services tax, \$2,704,533 in unrestricted state grants, \$51,722 in interest income and \$42,924 in other general revenue.

## Business-Type Activities

Revenues of the District's business type activities were \$377,162 and expenses were \$365,290. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,517,607, compared to last year's ending fund balances of \$3,655,523. However, the primary reason for the decrease in combined fund balances in fiscal 2010 is due to the construction associated with the issuance of general obligation bonds and capital loan notes in fiscal 2009.

## Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in local tax, state and federal grants resulted in an increase in revenues. The increase in revenues was partially offset by the District's increase in General Fund expenditures, resulting in a fund balance increase from \$577,151, to \$948,147.
- The Capital Projects Fund balance decreased from \$2,447,852 in fiscal 2009 to \$1,072,385 in fiscal 2010. This was due to the continued construction costs on District buildings.

- The Special Revenue, Physical Plant and Equipment Levy fund balance decreased from \$294,345 in fiscal 2009 to \$241,632 in fiscal 2010. This was the result of the District repaying capital loan notes issued during the 2009 fiscal year.

### Proprietary Fund Highlights

The School Nutrition Fund net assets increased from a deficit \$7,057 at June 30, 2009 to a positive \$4,815 at June 30, 2010. The increase was primarily due to capital contributions from the Capital Projects fund.

### BUDGETARY HIGHLIGHTS

The District's revenues were \$1,320,217 less than budgeted revenues, a variance of 9.28%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

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

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2010, the District had invested \$13.38 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$251,674.

The original cost of the District's capital assets was \$16.90 million. Governmental funds account for \$16.69 million with the remainder of \$.21 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$7,009,231 at June 30, 2010, compared to \$5,547,929 reported at June 30, 2009. This increase resulted from the new middle school construction projects.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 14,204	14,204	0	0	14,204	14,204	0.00%
Construction in progress	7,009,231	5,547,929	0	0	7,009,231	5,547,929	26.34%
Buildings	6,078,441	6,250,747	0	0	6,078,441	6,250,747	-2.76%
Machinery and equipment	172,803	234,704	109,428	123,846	282,231	358,550	-21.29%
Total	\$ 13,274,679	12,047,584	109,428	123,846	13,384,107	12,171,430	9.96%

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## Long-Term Debt

At June 30, 2010, the District had \$9,623,023 in general obligation and other long-term debt outstanding. This represents a decrease of 6.05% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$7,680,000 at June 30, 2010.

The District had total outstanding Revenue Bonds payable of \$55,000 at June 30, 2010.

The District had total outstanding capital loan notes payable of \$1,570,000 at June 30, 2010.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$118,665 at June 30, 2010.

The District had total outstanding Compensated Absences payable from the General Fund of \$34,543 at June 30, 2010.

The District had total outstanding Net OPEB liability payable from the General and Nutrition Fund of \$164,815 at June 30, 2010.

Figure A-7  
Outstanding Long-Term Obligations

	Total		Total
	School District		Change
	June 30,		June 30,
	2010	2009	2009-10
General Obligation Bonds	\$ 7,680,000	7,950,000	-3.40%
Revenue Bonds	55,000	340,000	-83.82%
Capital Loan Note	1,570,000	1,740,000	-9.77%
Computer Lease	0	17,935	-100.00%
Early Retirement	118,665	168,989	-29.78%
Compensated Absences	34,543	26,208	31.80%
Net OPEB Liability	164,815	0	100.00%
Totals	\$ 9,623,023	10,243,132	-6.05%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- The current Federal and State budget issues will continue to negatively impact Woodward-Granger Schools.

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## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Torrence, District Secretary/Treasurer, Woodward-Granger Community School District, 306 West 3<sup>rd</sup> Street, Woodward, Iowa, 50276.

BASIC FINANCIAL STATEMENTS

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government		Component Units	
	Governmental Activities	Business Type Activities	Total	Total Discrete
<b>Assets</b>				
Cash and pooled investments	\$ 3,106,050	9,794	3,115,844	72,611
Receivables:				
Property tax:				
Delinquent	44,394	0	44,394	0
Succeeding year	4,007,897	0	4,007,897	0
Income surtax	299,568	0	299,568	0
Interfund	137,482	0	137,482	0
Accounts	16,707	0	16,707	0
Due from other governments	1,285,732	0	1,285,732	0
Inventories	0	7,541	7,541	0
Prepaid expenses	0	58,654	58,654	0
Capital assets, net of accumulated depreciation	13,274,679	109,428	13,384,107	0
<b>Total Assets</b>	<b>22,172,509</b>	<b>185,417</b>	<b>22,357,926</b>	<b>72,611</b>
<b>Liabilities</b>				
Interfund payable	0	137,482	137,482	0
Accounts payable	1,127,846	156	1,128,002	0
Salaries and benefits payable	827,256	25,005	852,261	0
Accrued interest payable	33,110	0	33,110	0
Deferred revenue:				
Succeeding year property tax	4,007,897	0	4,007,897	0
Other	117,656	0	117,656	0
Unearned revenue	0	10,640	10,640	0
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	285,000	0	285,000	0
Revenue bonds payable	55,000	0	55,000	0
Capital loan notes payable	175,000	0	175,000	0
Early retirement payable	30,000	0	30,000	0
Compensated absences	34,543	0	34,543	0
Portion due after one year:				
General obligation bonds payable	7,395,000	0	7,395,000	0
Capital loan notes payable	1,395,000	0	1,395,000	0
Early retirement payable	88,665	0	88,665	0
Net OPEB liability	157,496	7,319	164,815	0
<b>Total Liabilities</b>	<b>15,729,469</b>	<b>180,602</b>	<b>15,910,071</b>	<b>0</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	4,276,408	109,428	4,385,836	0
Restricted for:				
Debt service	4,777	0	4,777	0
Management levy	65,725	0	65,725	0
Categorical funding	181,338	0	181,338	0
Capital projects	765,656	0	765,656	0
Physical plant and equipment levy	241,632	0	241,632	0
Other special revenue purposes	66,276	0	66,276	0
Unrestricted	841,228	(104,613)	736,615	72,611
<b>Total Net Assets</b>	<b>\$ 6,443,040</b>	<b>4,815</b>	<b>6,447,855</b>	<b>72,611</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Primary Government		Total	Component Units Total Discrete
				Governmental Activities	Business Type Activities		
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	\$ 3,242,441	1,063,380	874,650	(1,304,411)	0	(1,304,411)	0
Special	3,756,910	2,181,750	158,892	(1,416,268)	0	(1,416,268)	0
Other	1,131,091	218,015	506,074	(407,002)	0	(407,002)	0
	<u>8,130,442</u>	<u>3,463,145</u>	<u>1,539,616</u>	<u>(3,127,681)</u>	<u>0</u>	<u>(3,127,681)</u>	<u>0</u>
<b>Support services:</b>							
Student	278,850	0	0	(278,850)	0	(278,850)	0
Instructional staff	260,489	0	0	(260,489)	0	(260,489)	0
Administration	967,566	0	0	(967,566)	0	(967,566)	0
Operation and maintenance of plant	884,589	0	0	(884,589)	0	(884,589)	0
Transportation services	311,703	0	22,700	(289,003)	0	(289,003)	0
	<u>2,703,197</u>	<u>0</u>	<u>22,700</u>	<u>(2,680,497)</u>	<u>0</u>	<u>(2,680,497)</u>	<u>0</u>
<b>Non-instructional programs:</b>							
Community service and education operations	25	0	0	(25)	0	(25)	0
<b>Other expenditures:</b>							
Facilities acquisitions	211,231	0	0	(211,231)	0	(211,231)	0
Long-term debt interest	414,140	0	0	(414,140)	0	(414,140)	0
AEA flowthrough	305,777	0	305,777	0	0	0	0
Depreciation (unallocated)*	172,306	0	0	(172,306)	0	(172,306)	0
	<u>1,103,454</u>	<u>0</u>	<u>305,777</u>	<u>(797,677)</u>	<u>0</u>	<u>(797,677)</u>	<u>0</u>
<b>Total governmental activities</b>	<b>11,937,118</b>	<b>3,463,145</b>	<b>1,868,093</b>	<b>(6,605,880)</b>	<b>0</b>	<b>(6,605,880)</b>	<b>0</b>
<b>Business Type activities:</b>							
<b>Support services:</b>							
Operation and maintenance of plant	516	0	0	0	(516)	(516)	0
<b>Non-instructional programs:</b>							
Nutrition services	364,774	194,586	121,788	0	(48,400)	(48,400)	0
<b>Total business type activities</b>	<b>365,290</b>	<b>194,586</b>	<b>121,788</b>	<b>0</b>	<b>(48,916)</b>	<b>(48,916)</b>	<b>0</b>
<b>Total primary government</b>	<b>\$ 12,302,408</b>	<b>3,657,731</b>	<b>1,989,881</b>	<b>(6,605,880)</b>	<b>(48,916)</b>	<b>(6,654,796)</b>	<b>0</b>
<b>Total component units</b>	<b>\$ 180,271</b>	<b>0</b>	<b>245,382</b>				<b>65,111</b>
<b>General Revenues and Transfers:</b>							
<b>General Revenues:</b>							
Property tax for:							
General purposes				\$ 2,761,027	0	2,761,027	0
Capital outlay				312,701	0	312,701	0
Debt service				610,205	0	610,205	0
Income surtax				341,699	0	341,699	0
Statewide sales, services and use tax				426,587	0	426,587	0
Unrestricted state grants				2,704,533	0	2,704,533	0
Unrestricted investment earnings				51,722	0	51,722	0
Other				42,824	2,134	45,058	0
Transfers				(58,654)	58,654	0	0
<b>Total general revenues and transfers</b>				<b>7,192,744</b>	<b>60,788</b>	<b>7,253,532</b>	<b>0</b>
<b>Changes in net assets before extraordinary item</b>				<b>586,864</b>	<b>11,872</b>	<b>598,736</b>	<b>65,111</b>
<b>Extraordinary Item:</b>							
Compensation for loss of capital assets				123,509	0	123,509	0
<b>Changes in net assets</b>				<b>710,373</b>	<b>11,872</b>	<b>722,245</b>	<b>65,111</b>
<b>Net assets beginning of year</b>				<b>5,732,667</b>	<b>(7,057)</b>	<b>5,725,610</b>	<b>7,500</b>
<b>Net assets end of year</b>				<b>\$ 6,443,040</b>	<b>4,815</b>	<b>6,447,855</b>	<b>72,611</b>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and pooled investments	\$ 1,312,338	1,301,062	492,650	3,106,050
Receivables:				
Property tax:				
Delinquent	30,263	0	14,131	44,394
Succeeding year	2,921,771	0	1,086,126	4,007,897
Income surtax	299,568	0	0	299,568
Interfund	137,482	0	0	137,482
Accounts	16,707	0	0	16,707
Due from other governments	1,216,964	68,764	4	1,285,732
<b>Total Assets</b>	<b>\$ 5,935,093</b>	<b>1,369,826</b>	<b>1,592,911</b>	<b>8,897,830</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 820,695	297,441	9,710	1,127,846
Salaries and benefits payable	827,256	0	0	827,256
Deferred revenue:				
Succeeding year property tax	2,921,771	0	1,086,126	4,007,897
Income surtax	299,568	0	0	299,568
Other	117,656	0	0	117,656
Total liabilities	4,986,946	297,441	1,095,836	6,380,223
Fund balances:				
Reserved for:				
Debt service	0	0	4,777	4,777
Capital facility construction	0	306,729	0	306,729
Categorical funding	181,338	0	0	181,338
Unreserved	766,809	765,656	492,298	2,024,763
Total fund balances	948,147	1,072,385	497,075	2,517,607
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,935,093</b>	<b>1,369,826</b>	<b>1,592,911</b>	<b>8,897,830</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2010

<b>Total fund balances of governmental funds (page 20)</b>	\$	2,517,607
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		13,274,679
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		299,568
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as liability in the governmental funds.		(33,110)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, net OPEB liability capital loan notes payable, early retirement payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(9,615,704)</u>
<b>Net assets of governmental activities (page 18)</b>	<b>\$</b>	<b><u><u>6,443,040</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 2,863,706	426,587	1,172,645	4,462,938
Tuition	3,199,273	0	0	3,199,273
Other	120,297	23,226	238,928	382,451
State sources	3,520,267	0	0	3,520,267
Federal sources	1,028,426	0	0	1,028,426
Total revenues	<u>10,731,969</u>	<u>449,813</u>	<u>1,411,573</u>	<u>12,593,355</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	3,192,705	0	0	3,192,705
Special	3,697,322	0	0	3,697,322
Other	896,103	0	231,541	1,127,644
	<u>7,786,130</u>	<u>0</u>	<u>231,541</u>	<u>8,017,671</u>
Support services:				
Student	284,119	0	0	284,119
Instructional staff	260,217	0	0	260,217
Administration	872,624	39,232	41,566	953,422
Operation and maintenance of plant	716,330	0	155,343	871,673
Transportation	253,409	6,000	9,720	269,129
	<u>2,386,699</u>	<u>45,232</u>	<u>206,629</u>	<u>2,638,560</u>
Non-instructional programs	25	0	0	25
Other expenditures:				
Facilities acquisitions	0	1,595,788	135,399	1,731,187
Long-term debt:				
Principal	0	0	742,935	742,935
Interest	0	0	418,625	418,625
AEA flowthrough	305,777	0	0	305,777
	<u>305,777</u>	<u>1,595,788</u>	<u>1,296,959</u>	<u>3,198,524</u>
Total expenditures	<u>10,478,631</u>	<u>1,641,020</u>	<u>1,735,129</u>	<u>13,854,780</u>
Excess(deficiency) of revenues over(under) expenditures	253,338	(1,191,207)	(323,556)	(1,261,425)
Other financing sources(uses):				
Compensation for loss of assets	123,509	0	0	123,509
Transfers in	0	5,851	420,829	426,680
Transfers out	(5,851)	(190,111)	(230,718)	(426,680)
Total other financing sources(uses)	<u>117,658</u>	<u>(184,260)</u>	<u>190,111</u>	<u>123,509</u>
Net change in fund balances	370,996	(1,375,467)	(133,445)	(1,137,916)
Fund balance beginning of year	577,151	2,447,852	630,520	3,655,523
Fund balance end of year	<u>\$ 948,147</u>	<u>1,072,385</u>	<u>497,075</u>	<u>2,517,607</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds (page 22) \$ (1,137,916)

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

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

Capital outlays	\$ 1,470,265	
Depreciation expense	(237,256)	
Loss on disposal	(5,914)	1,227,095

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. (10,719)

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. 742,935

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 4,485

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

Early Retirement	\$ 50,324	
Compensated Absences	(8,335)	
Net OPEB liability	(157,496)	(115,507)

Changes in net assets of governmental activities (page 19) \$ 710,373

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUND  
 JUNE 30, 2010

	School Nutrition
<b>Assets</b>	
Cash and pooled investments	\$ 9,794
Inventories	7,541
Prepaid items	58,654
Capital assets, net of accumulated depreciation	109,428
<b>Total Assets</b>	<u>185,417</u>
<b>Liabilities</b>	
Interfund payable	137,482
Accounts payable	156
Salaries and benefits payable	25,005
Unearned revenue	10,640
Net OPEB liability	7,319
<b>Total Liabilities</b>	<u>180,602</u>
<b>Net Assets</b>	
Invested in capital assets	109,428
Reserve for prepaid items	58,654
Unrestricted	(163,267)
<b>Total Net Assets</b>	<u>\$ 4,815</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2010

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 194,586
Miscellaneous	2,134
TOTAL OPERATING REVENUES	196,720
OPERATING EXPENSES:	
Support services:	
Operation and maintenance of plant:	
Services	516
Non-instructional programs:	
Food service operations:	
Salaries	119,120
Benefits	69,343
Supplies	161,893
Depreciation	14,418
	364,774
TOTAL OPERATING EXPENSES	365,290
OPERATING LOSS	(168,570)
NON-OPERATING REVENUES:	
State sources	2,838
Federal sources	118,950
TOTAL NON-OPERATING REVENUES	121,788
Change in net assets before capital contributions	(46,782)
OTHER FINANCING SOURCES:	
Capital contributions	58,654
Change in net assets	11,872
Net assets beginning of year	(7,057)
Net assets end of year	\$ 4,815

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2010

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 196,094
Cash received from miscellaneous operating activities	2,134
Cash payments to employees for services	(182,464)
Cash payments to suppliers for goods or services	(136,002)
Net cash used in operating activities	(120,238)
Cash flows from non-capital financing activities:	
Interfund borrowings from the General Fund	2,463
State grants received	2,838
Federal grants received	90,554
Net cash provided by non-capital financing activities	95,855
Net decrease in cash and cash equivalents	(24,383)
Cash and cash equivalents at beginning of year	34,177
Cash and cash equivalents at end of year	\$ 9,794
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (168,570)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	28,396
Depreciation	14,418
Increase in inventories	(2,145)
Increase in accounts payable	156
Decrease in salaries and benefits payable	(1,320)
Increase in unearned revenue	1,508
Increase in other postemployment liabilities	7,319
Net cash used in operating activities	\$ (120,238)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2010, the District received \$28,396 of federal commodities.

During the year ended June 30, 2010, the District received \$58,654 of capital contributions from the Capital Projects Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and pooled investments	\$ 46,771	1,633
Accounts receivable	0	8,399
<b>Total Assets</b>	<u>46,771</u>	<u>10,032</u>
<b>Liabilities</b>		
Due to other groups	0	10,032
<b>Total Liabilities</b>	<u>0</u>	<u>10,032</u>
<b>Net Assets</b>		
Unrestricted	46,771	0
<b>Total Net Assets</b>	<u>\$ 46,771</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2010

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 956
Contributions	1,500
Total additions	<u>2,456</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>2,750</u>
Change in net assets	(294)
Net assets beginning of year	<u>47,065</u>
Net assets end of year	<u>\$ 46,771</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

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

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

A. Reporting Entity

For financial reporting purposes, Woodward-Granger Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Woodward-Granger Community School District has one organization that is considered a component unit according to the Governmental Accounting Standards Board criteria.

These financial statements present the Woodward-Granger Community School District (the primary government) and its component unit.

The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District. These organizations do not produce separately prepared financial statements. In accordance with criteria set forth by the Governmental Accounting Standards Board, these organizations meet the definition of a component unit which should be discretely presented. These organizations are accounted for as a Governmental fund in these financial statements.

Discretely Presented Component Units - The Hawk Stadium Project was created to raise money through, contributions and fundraising to build a new football stadium and track

for Woodward-Granger High School. It is a legally separate not-for-profit organization with its own accounting records and board of directors. Directors volunteer and may serve for long as they are willing.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

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

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

Property Tax Receivable - Property tax in the governmental

funds are accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1% 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, equipment and intangibles are reported in the applicable governmental or business type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and

regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 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 and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2010 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$298,752 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 Investor's Service.

(3) **Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Special Revenue: Physical Plant and Equipment Levy	\$ 230,718
Debt Service	Capital Projects: Statewide Sales and Services Tax	190,111
Capital Projects: Statewide Sales and Services Tax	General	5,851
Total		\$ 426,680

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

**(4) Due from and Due to Other Funds**

At June 30, 2010 the interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Enterprise, School Nutrition	\$ 137,482

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

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

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 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	6/24/09	6/23/10	\$ 0	200,000	200,000	0

During the year ended June 30, 2010 the District paid \$59,397 of interest on the ISCAP warrants.

**(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	\$ 14,204	0	0	14,204
Construction in progress	5,547,929	1,461,302	0	7,009,231
Total capital assets not being depreciated	<u>5,562,133</u>	<u>1,461,302</u>	<u>0</u>	<u>7,023,435</u>
Capital assets being depreciated:				
Buildings	8,962,340	0	0	8,962,340
Machinery and equipment	713,449	8,963	20,450	701,962
Total capital assets being depreciated	<u>9,675,789</u>	<u>8,963</u>	<u>20,450</u>	<u>9,664,302</u>
Less accumulated depreciation for:				
Buildings	2,711,593	172,306	0	2,883,899
Machinery and equipment	478,745	64,950	14,536	529,159
Total accumulated depreciation	<u>3,190,338</u>	<u>237,256</u>	<u>14,536</u>	<u>3,413,058</u>
Total capital assets being depreciated, net	<u>6,485,451</u>	<u>(228,293)</u>	<u>5,914</u>	<u>6,251,244</u>
Governmental activities capital assets, net	<u>\$ 12,047,584</u>	<u>1,233,009</u>	<u>5,914</u>	<u>13,274,679</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 210,259	0	0	210,259
Less accumulated depreciation	86,413	14,418	0	100,831
Business type activities capital assets, net	<u>\$ 123,846</u>	<u>(14,418)</u>	<u>0</u>	<u>109,428</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 17,280
Support services:		
Instructional staff		593
Administration		564
Operation and maintenance of plant		3,460
Transportation		43,053
		<u>64,950</u>
Unallocated depreciation		<u>172,306</u>
Total governmental activities depreciation expense		<u>\$ 237,256</u>
Business type activities:		
Food services		<u>\$ 14,418</u>

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 7,950,000	0	270,000	7,680,000	285,000
Revenue Bonds	340,000	0	285,000	55,000	55,000
Capital Loan Notes	1,740,000	0	170,000	1,570,000	175,000
Computer Leases	17,935	0	17,935	0	0
Early Retirement	168,989	0	50,324	118,665	30,000
Compensated Absences	26,208	34,543	26,208	34,543	34,543
Net OPEB Liability	0	157,496	0	157,496	0
Total	\$ 10,243,132	192,039	819,467	9,615,704	579,543

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business type activities: Net OPEB Liability	\$ 0	7,319	0	7,319	0

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of July 1, 2004			Year Ending June 30,	Bond Issue of June 3, 2008			Total		
	Interest Rates	Principal	Interest		Interest Rates	Principal	Interest	Principal	Interest	Total
2011	5.00	125,000	115,300	2011	4.10	160,000	213,295	285,000	328,595	613,595
2012	5.00	130,000	109,051	2012	4.10	170,000	206,735	300,000	315,786	615,786
2013	5.00	135,000	102,550	2013	4.10	175,000	199,765	310,000	302,315	612,315
2014	5.00	145,000	95,800	2014	4.10	180,000	192,590	325,000	288,390	613,390
2015-2019	4.125-5.00	820,000	377,495	2015-2019	4.10	1,035,000	844,665	1,855,000	1,222,160	3,077,160
2020-2024	5.00	1,030,000	159,000	2020-2024	4.00	1,300,000	615,800	2,330,000	774,800	3,104,800
2025-2028	5.00	-	-	2025-2028	4.00	2,275,000	232,200	2,275,000	232,200	2,507,200
Total		\$ 2,385,000	959,196	Total		\$ 5,295,000	2,505,050	\$ 7,680,000	3,464,246	11,144,246

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue dated August 27, 2006			
	Interest Rate	Principal	Interest	Total
2011	4.35	55,000	2,392	57,392
Total		\$ 55,000	2,392	57,392

The District has pledged future statewide sales, services and use tax revenues to repay the \$360,000 bonds issued in August 2006. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2011. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 55.2 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$57,392. For the current year principal of \$285,000 and interest of \$13,170 was paid on the bonds and the total statewide sales, services and use tax revenues were \$389,672.

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

- a) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- b) Monies in the Revenue Account shall be disbursed to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies in the Revenue Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes Payable

During the year ended June 30, 2008 the District issued \$1,900,000 in capital loan notes which are payable from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2010 capital loan notes indebtedness are as follows:

Year Ending June 30,	Note Issue of June 3, 2008			
	Interest Rates	Principal	Interest	Total
2011	4.10	175,000	54,367	229,367
2012	4.10	180,000	48,242	228,242
2013	4.10	185,000	41,942	226,942
2014	4.10	190,000	35,930	225,930
2015-2018	4.10	840,000	76,831	916,831
Total		\$ 1,570,000	257,312	1,827,312

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 100% of a single plan health insurance coverage with the district's maximum expenditure not to exceed \$4,000. The coverage terminates upon the employee reaching age 65 or upon the death of the employee, whichever is first. Early

retirement benefits paid during the year ended June 30, 2010, totaled \$50,324. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

**(8) 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 dental benefits for retirees and their spouses. There are 126 active and 10 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug dental benefit as active employees, which results in an implicit 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 is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding 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 the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 221,148
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>221,148</u>
Contributions made	<u>(56,333)</u>
Increase in net OPEB obligation	164,815
Net OPEB obligation beginning of year	<u>0</u>
Net OPEB obligation end of year	<u><u>\$ 164,815</u></u>

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

For the year ended June 30, 2010, the District contributed \$56,333 to the medical and dental plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 221,148	25.47%	\$ 164,815

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$1.297 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.245 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,367,794 and the ratio of the UAAL to covered payroll was 28.50%. 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 health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to 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 types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$599.94 for single and \$1,314.52 for family per month for PPO 250 and \$524.32 for single and \$1,159.95 for family per month for PPO 750 for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Pension and Retirement Benefits**

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

Plan members are required to contribute 4.30% of their annual salary and the District is required to contribute 6.65% of annual covered payroll for the years ended June 30, 2010, 2009 and 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$323,015, \$312,243, and \$284,205 respectively, equal to the required contributions for each year.

**(10) Risk Management**

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

**(11) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$305,777 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) Deficit Fund Balance/Net Assets**

The Enterprise, School Nutrition Fund had deficit unrestricted net assets of \$163,267 at June 30, 2010.

**(13) Construction Commitment**

The District has entered into various general contracts totaling \$7,327,794. As of June 30, 2010, costs of \$7,009,231 had been incurred against the contracts. The balance of \$318,563 remaining at June 30, 2010 will be paid as work on the project progresses.

**(14) Categorical Funding**

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

<u>Project</u>	<u>Amount</u>
Gifted and talented	\$ 13,544
Dropout and dropout prevention	47,452
Educator quality, salary improvement program	56,460
Educator quality, professional development	49,730
Educator quality, model core curriculum	13,298
Nonpublic textbook services	226
Beginning Teacher Mentoring	628
Total categorical funding	<u>\$ 181,338</u>

**(15) Prepaid Items**

As of June 30, 2010, the District had continuing costs associated with construction of the new high school building. The prepaid items on Exhibit G, page 24, represent equipment costs paid from the statewide sales, service and use tax (Capital Projects) Fund to furnish the food service areas of the new building. Since construction of the building is not complete, food service equipment costs of \$58,654 have been recognized as prepaid items on Exhibit G and as contributed capital on Exhibit H, page 25, in the Nutrition Fund. The costs of the equipment will be added to the Nutrition Fund capital assets listing and begin depreciating upon completion of the building.

**(16) Extraordinary Item**

During the year ended June 30, 2010, the District received compensation for loss of capital assets due to a water damage caused by flooding resulting in the need to repair various items throughout the High School.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual
Revenues:			
Local sources	\$ 8,044,662	196,720	8,241,382
State sources	3,520,267	2,838	3,523,105
Federal sources	1,028,426	118,950	1,147,376
Total revenues	<u>12,593,355</u>	<u>318,508</u>	<u>12,911,863</u>
Expenditures/expenses:			
Instruction	8,017,671	0	8,017,671
Support services	2,638,560	516	2,639,076
Non-instructional programs	25	364,774	364,799
Other expenditures	3,198,524	0	3,198,524
Total expenditures/expenses	<u>13,854,780</u>	<u>365,290</u>	<u>14,220,070</u>
Deficiency of revenues under expenditures/expenses	(1,261,425)	(46,782)	(1,308,207)
Other financing sources(uses), net	<u>123,509</u>	<u>58,654</u>	<u>182,163</u>
Excess(deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(1,137,916)	11,872	(1,126,044)
Balance beginning of year	<u>3,655,523</u>	<u>(7,057)</u>	<u>3,648,466</u>
Balance end of year	<u>\$ 2,517,607</u>	<u>4,815</u>	<u>2,522,422</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Budgeted Amounts		Final to
Original	Final	Actual Variance
8,768,083	8,768,083	(526,701)
4,718,997	4,718,997	(1,195,892)
745,000	745,000	402,376
<u>14,232,080</u>	<u>14,232,080</u>	<u>(1,320,217)</u>
9,254,608	9,254,608	1,236,937
3,320,034	3,320,034	680,958
543,623	543,623	178,824
4,572,987	4,572,987	1,374,463
<u>17,691,252</u>	<u>17,691,252</u>	<u>3,471,182</u>
(3,459,172)	(3,459,172)	2,150,965
<u>78,000</u>	<u>78,000</u>	<u>104,163</u>
(3,381,172)	(3,381,172)	2,255,128
<u>3,892,670</u>	<u>3,892,670</u>	<u>(244,204)</u>
<u>511,498</u>	<u>511,498</u>	<u>2,010,924</u>

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

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

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

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

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
 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 Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2009	\$ 0	\$ 1,244,652	\$ 1,244,652	0.00%	\$ 4,367,794	28.50%

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

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 NET ASSETS - CASH BASIS -  
 DISCRETE COMPONENT UNITS  
 DECEMBER 31, 2009

	Hawks Stadium Project
Assets	
Cash	\$ 72,611
Total Assets	\$ 72,611
Total Liabilities	0
Net Assets	
Unrestricted	\$ 72,611
Total Net Assets	\$ 72,611

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES AND EXPENSES  
 AND CHANGES IN NET ASSETS - CASH BASIS -  
 DISCRETE COMPONENT UNITS  
 YEAR ENDED DECEMBER 31, 2009

	Hawk Stadium Project
Revenues:	
Donations	\$ 245,382
EXPENSES:	
Facilities/Equipment	174,761
Advertising	100
Bank charges	359
Other	5,051
TOTAL EXPENSES	180,271
Change in net assets	65,111
Net assets beginning of year	7,500
Net assets end of year	\$ 72,611

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

OTHER SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	Special Revenue Funds				Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds		
<b>Assets</b>						
Cash and pooled investments	181,379	75,986	237,863	495,228	(2,578)	492,650
Receivables:						
Property tax:						
Delinquent	3,010	0	3,768	6,778	7,353	14,131
Succeeding year	250,001	0	342,430	592,431	493,695	1,086,126
Due from other governments	1	0	1	2	2	4
<b>Total Assets</b>	<b>\$ 434,391</b>	<b>75,986</b>	<b>584,062</b>	<b>1,094,439</b>	<b>498,472</b>	<b>1,592,911</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 0	9,710	0	9,710	0	9,710
Deferred revenue:						
Succeeding year property tax	250,001	0	342,430	592,431	493,695	1,086,126
Total liabilities	250,001	9,710	342,430	602,141	493,695	1,095,836
Fund balances:						
Reserved for:						
Debt service	0	0	0	0	4,777	4,777
Unreserved	184,390	66,276	241,632	492,298	0	492,298
Total fund balances	184,390	66,276	241,632	492,298	4,777	497,075
<b>Total Liabilities and Fund Balances</b>	<b>\$ 434,391</b>	<b>75,986</b>	<b>584,062</b>	<b>1,094,439</b>	<b>498,472</b>	<b>1,592,911</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue Funds				Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds		
REVENUES:						
Local sources:						
Local tax	\$ 249,739	0	312,701	562,440	610,205	1,172,645
Other	14,105	224,018	703	238,826	102	238,928
TOTAL REVENUES	263,844	224,018	313,404	801,266	610,307	1,411,573
EXPENDITURES:						
Current:						
Instruction:						
Other	0	231,541	0	231,541	0	231,541
Support services:						
Administration	41,566	0	0	41,566	0	41,566
Operation and maintenance of plant	155,343	0	0	155,343	0	155,343
Transportation	9,720	0	0	9,720	0	9,720
Other expenditures:						
Facilities acquisitions	0	0	135,399	135,399	0	135,399
Long-term debt:						
Principal	0	0	0	0	742,935	742,935
Interest	0	0	0	0	418,625	418,625
TOTAL EXPENDITURES	206,629	231,541	135,399	573,569	1,161,560	1,735,129
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	57,215	(7,523)	178,005	227,697	(551,253)	(323,556)
OTHER FINANCING SOURCES (USES):						
Transfer in	0	0	0	0	420,829	420,829
Transfer out	0	0	(230,718)	(230,718)	0	(230,718)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(230,718)	(230,718)	420,829	190,111
NET CHANGE IN FUND BALANCE	57,215	(7,523)	(52,713)	(3,021)	(130,424)	(133,445)
FUND BALANCE BEGINNING OF YEAR	127,175	73,799	294,345	495,319	135,201	630,520
FUND BALANCE END OF YEAR	\$ 184,390	66,276	241,632	492,298	4,777	497,075

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<b>JH Athletic Accounts:</b>				
JH Boys Basketball	\$ 0	274	274	0
JH Wrestling	0	90	90	0
JH Girls Basketball	0	418	418	0
	<u>0</u>	<u>782</u>	<u>782</u>	<u>0</u>
<b>JH Athletic Fundraiser:</b>				
JH Boys Basketball	91	0	0	91
JH Football	253	0	0	253
JH Boys Track	173	0	0	173
JH Girls Basketball	381	0	0	381
JH Volleyball	209	0	0	209
Elementary Girls Basketball	688	0	0	688
	<u>1,795</u>	<u>0</u>	<u>0</u>	<u>1,795</u>
				0
<b>HS Athletic Accounts:</b>				
HS General Athletics	(749)	24,240	27,822	(4,331)
HS Golf	0	1,895	1,895	0
HS Boys Basketball	0	2,441	2,441	0
HS Football	0	5,045	5,045	0
HS Baseball	(100)	1,445	1,345	0
HS Boys Track	0	1,033	1,033	0
HS Wrestling	0	1,735	1,735	0
HS Girls Basketball	0	2,409	2,409	0
HS Volleyball	0	2,140	2,140	0
HS Softball	0	1,925	1,925	0
HS Girls Track	0	1,018	1,018	0
	<u>(849)</u>	<u>45,326</u>	<u>48,808</u>	<u>(4,331)</u>
<b>HS Athletic Fundraiser:</b>				
Girls and Boys Golf	29	0	0	29
Weightlifting	28	0	0	28
HS Boys Basketball	291	1,992	2,751	(468)
HS Football	3,038	20,901	24,355	(416)
Baseball	1,387	3,680	5,564	(497)
Baseball lights	(75)	5,000	4,675	250
HS Boys Track	1,269	0	403	866
HS Wrestling	3,779	3,752	4,326	3,205
HS Girls Basketball	85	2,664	2,065	684
HS Girls Volleyball	834	3,527	3,497	864
HS Girls Softball	574	2,290	2,821	43
HS Girls Track	1,044	3,659	3,234	1,469
	<u>12,283</u>	<u>47,465</u>	<u>53,691</u>	<u>6,057</u>

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<b>Activities Accounts:</b>				
Art Fundraiser	665	0	0	665
Band and Chorus	2,744	4,825	3,671	3,898
Book Orders	0	6,107	6,107	0
Elementary Book Fair	1,075	7,210	7,678	607
Cash on hand	475	0	0	475
HS Cheerleaders	283	4,872	5,126	29
MS Cheerleaders	29	0	0	29
Class of 2007	2,294	0	2,294	0
Class of 2008	970	0	970	0
Class of 2009	2,104	0	1,458	646
Class of 2010	8,404	835	5,779	3,460
Class of 2011	5,207	21,884	21,962	5,129
Class of 2012	760	9,898	6,566	4,092
Clearing	430	21,597	22,027	0
Grandwood Field Trip	(4,622)	11,446	6,824	0
Elementary Field Trip	15	2,249	2,161	103
Concession Stand	1,753	0	0	1,753
HS Dance Team	1,568	0	340	1,228
Drama	4,766	1,943	2,649	4,060
Elementary Fundraiser	6,253	1,224	3,954	3,523
Lil Hawk Fundraiser	202	0	202	0
Elementary Music Fundraiser	275	625	709	191
Emergency Fund	943	1,551	0	2,494
Campus Projects	0	2,447	0	2,447
Flag Team Fundraiser	315	0	0	315
HS Fundraiser	4,126	0	0	4,126
MS Fundraiser	3,746	5	0	3,751
Grandwood Fundraiser	(1,143)	4,825	3,039	643
Grounds Beautification	353	0	0	353
Industrial Arts	2,995	0	0	2,995
Jazz Festival	3,064	5,898	7,477	1,485
Marketing Fundraiser	1,472	4,420	4,205	1,687
Miscellaneous	(99)	99	0	0
MS Science Fundraiser	83	0	0	83
Spanish Club	1,276	0	0	1,276
HS Student Council	683	4,851	3,284	2,250
MS Student Council	3,188	3,402	3,960	2,630
TAG Fundraiser	222	0	0	222
W-G Planners	5	0	5	0
Washington DC Trip	1,407	0	1,407	0
Yearbook	(657)	8,232	2,183	5,392
HS Liabrary	133	0	133	0
Elementary Library	403	0	403	0
Student Public Relations	1,687	0	1,687	0
Tri-M Fundraiser	718	0	0	718
	60,570	130,445	128,260	62,755
Total	\$ 73,799	224,018	231,541	66,276

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2010

	Capital Project Funds		
	GO Bond Construction	Statewide Sales and Services Tax	Total Capital Projects
<b>ASSETS</b>			
Cash and pooled investments	\$ 563,392	737,670	1,301,062
Due from other governments	0	68,764	68,764
<b>TOTAL ASSETS</b>	<b>\$ 563,392</b>	<b>806,434</b>	<b>1,369,826</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 256,663	40,778	297,441
Total liabilities	256,663	40,778	297,441
Fund balances:			
Reserved:			
Capital facility construction	306,729	0	306,729
Unreserved	0	765,656	765,656
Total fund balances	306,729	765,656	1,072,385
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 563,392</b>	<b>806,434</b>	<b>1,369,826</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2010

	Capital Projects Fund		
	GO Bond Construction	Statewide Sales and Services Tax	Total
REVENUES:			
Local sources			
Local tax	\$ 0	426,587	426,587
Other	23,215	11	23,226
Total revenues	<u>23,215</u>	<u>426,598</u>	<u>449,813</u>
EXPENDITURES:			
Current			
Support services:			
Administration	0	39,232	39,232
Transportation	0	6,000	6,000
Other expenditures:			
Facilities acquisitions	1,519,956	75,832	1,595,788
Total expenditures	<u>1,519,956</u>	<u>121,064</u>	<u>1,641,020</u>
Excess(deficiency) of revenues over(under) expenditures	(1,496,741)	305,534	(1,191,207)
OTHER FINANCING SOURCES(USES):			
Transfer in	0	5,851	5,851
Transfer out	0	(190,111)	(190,111)
TOTAL OTHER FINANCING SOURCES(USES)	<u>0</u>	<u>(184,260)</u>	<u>(184,260)</u>
Net change in fund balances	(1,496,741)	121,274	(1,375,467)
Fund balance beginning of year	<u>1,803,470</u>	<u>644,382</u>	<u>2,447,852</u>
Fund balance end of year	<u>\$ 306,729</u>	<u>765,656</u>	<u>1,072,385</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2010

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>Statewide Sales, Services and Use Tax</u></b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 0	126,899	126,899	0
Accounts receivable	0	8,399	0	8,399
	<u>\$ 0</u>	<u>135,298</u>	<u>126,899</u>	<u>8,399</u>
<b>LIABILITIES</b>				
Due to other groups	\$ 0	135,298	126,899	8,399
<b><u>Teacher Pop</u></b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 1,002	682	51	1,633
<b>LIABILITIES</b>				
Due to other groups	\$ 1,002	682	51	1,633
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 1,002	127,581	126,950	1,633
Accounts receivable	0	8,399	0	8,399
	<u>\$ 1,002</u>	<u>135,980</u>	<u>126,950</u>	<u>10,032</u>
<b>LIABILITIES</b>				
Due to other groups	\$ 1,002	135,980	126,950	10,032
	<u>\$ 1,002</u>	<u>135,980</u>	<u>126,950</u>	<u>10,032</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis				
	Years Ended June 30,				
	2010	2009	2008	2007	2006
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 4,462,938	4,334,175	3,562,849	3,411,897	2,970,812
Tuition	3,199,273	3,042,327	2,902,427	2,416,577	2,369,680
Other	382,451	525,164	490,237	387,814	367,226
State sources	3,520,267	4,018,933	3,846,070	3,627,329	3,201,767
Federal sources	1,028,426	469,552	387,945	366,931	392,317
<b>Total</b>	<b>\$ 12,593,355</b>	<b>12,390,151</b>	<b>11,189,528</b>	<b>10,210,548</b>	<b>9,301,802</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	\$ 3,192,705	3,352,348	3,477,718	3,113,317	2,672,466
Special	3,697,322	3,684,357	3,400,319	3,048,937	2,804,889
Other	1,127,644	854,627	584,943	435,368	639,858
Support services:					
Student	284,119	228,214	195,404	205,935	181,587
Instructional staff	260,217	217,634	190,316	190,944	251,380
Administration	953,422	966,516	980,359	1,018,479	997,818
Operation and maintenance of plant	871,673	673,494	651,067	630,563	518,574
Transportation	269,129	292,760	407,459	365,278	356,718
Non-instructional programs	25	0	0	0	0
Other expenditures:					
Facilities acquisitions	1,731,187	4,776,431	941,913	762,944	1,486,917
Long-term debt:					
Principal	742,935	761,309	522,319	461,462	336,864
Interest	418,625	443,513	171,897	168,299	163,341
AEA flow-through	305,777	270,262	254,635	235,532	206,218
<b>Total</b>	<b>\$ 13,854,780</b>	<b>16,521,465</b>	<b>11,778,349</b>	<b>10,637,058</b>	<b>10,616,630</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 7

Modified Accrual Basis				
Years Ended June 30,				
2005	2004	2003	2002	2001
2,866,489	2,485,726	2,185,352	1,884,332	1,911,211
2,367,322	1,416,833	1,389,836	1,292,354	1,210,339
321,089	271,143	297,421	365,365	294,099
3,034,280	2,512,232	2,633,980	2,668,856	2,596,378
371,799	344,294	284,470	201,329	111,946
<b>8,960,979</b>	<b>7,030,228</b>	<b>6,791,059</b>	<b>6,412,236</b>	<b>6,123,973</b>
2,492,078	2,537,706	2,357,986	2,500,950	2,400,876
2,832,695	1,930,535	1,806,257	1,675,244	1,376,826
618,314	416,418	428,947	414,246	364,136
222,986	214,108	229,148	185,611	171,221
182,376	157,706	230,269	225,250	193,318
688,281	675,188	694,672	685,349	593,605
429,979	472,061	373,353	361,264	449,664
248,768	203,210	185,966	333,294	307,805
0	0	70	10,570	21,268
1,877,531	199,688	94,283	72,967	222,801
304,313	235,000	234,531	222,990	212,975
151,545	76,235	75,566	86,332	96,297
193,002	184,489	198,188	194,812	197,105
<b>10,241,868</b>	<b>7,302,344</b>	<b>6,909,236</b>	<b>6,968,879</b>	<b>6,607,897</b>

WOODWARD-GRANGER 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	\$ 16,835
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	102,115 *
			<u>118,950</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER PROGRAM:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 09	23,092
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	317,845
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 09	152,268
			<u>493,205</u>
SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	1,123
SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	3,355
			<u>4,478</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 07	1,864
INNOVATIVE EDUCATION PROGRAM STRATEGIES	84.298	FY 06	1,127
			<u>2,991</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 10	22,999
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 10	6,338
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	325,293
HEARTLAND AREA EDUCATION AGENCY 11:			
SPECIAL EDUCATION CLUSTER (IDEA) PROGRAM:			
ARRA - SPECIAL EDUCATION - GRANTS TO STATES (PART B), RECOVERY ACT	84.391	FY 10	116,343
SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 10	42,549
SPECIAL EDUCATION - GRANTS TO STATES (SURVEYS)	84.027	FY 09	2,425
			<u>161,317</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 09	6,867
TOTAL			<u>\$ 1,142,438</u>

\* - Includes \$28,396 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodward-Granger Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 24, 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 Woodward-Granger Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Finding and Questioned Costs 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 Finding and Questioned Costs items II-B-10, II-C-10, and II-D-10 to be significant deficiencies.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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.

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

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

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

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 24, 2011

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

**Certified Public Accountants**

(a professional corporation)

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

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

Compliance

We have audited the compliance of Woodward-Granger Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Woodward-Granger Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Woodward-Granger Community School District's management. Our responsibility is to express an opinion on Woodward-Granger Community School District's compliance based on our audit.

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

In our opinion, Woodward-Granger Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

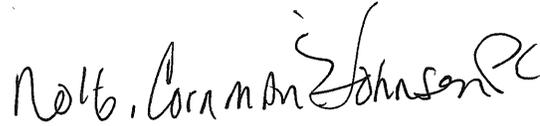
The management of Woodward-Granger Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Woodward-Granger Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Woodward-Granger Community School District's internal control over compliance.

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

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 24, 2011

WOODWARD-GRANGER 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 a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund - Education State Grants, Recovery Act.
  - Clustered Programs:
    - CFDA Number 84.010 – Title I Grant to Local Educational Agencies
    - CFDA Number 84.389 – ARRA – Title I Grant to Local Educational Agencies, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Woodward-Granger Community School District did not qualify as a low-risk auditee.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the 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 - We have added another person to try to improve segregation of duties.

Conclusion - Response accepted.

II-B-10 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), monies in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. More specific examples of these instances of questioned items and recommendations are as follows:

**Scholarships:** During our audit we noted scholarships were paid out of the Student Activity Fund. These expenditures are more appropriately paid from a Trust Fund.

Recommendation - The District should set up a Trust Fund to pay out scholarships.

Response - We will not pay scholarships out of the Student Activity Fund.

Conclusion - Response accepted.

**Fundraisers:** We noted during our audit that the District maintains fundraisers in the Student Activity Fund. However, all fundraisers are not being approved by the board.

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

Response - We will investigate alternatives and implement as soon as possible. The Board will approve all fundraisers.

Conclusion - Response accepted.

II-C-10 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund that the District did not price out the commodity inventory using the correct values at the end of the year.

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

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

Conclusion - Response accepted.

II-D-10 Employee Purchases From School Vendors - We noted during the audit that within the Enterprise, School Nutrition Fund there were checks from employees submitted to vendors for personal items included on invoices made to the school district.

Recommendation - The District should not allow employees to purchase items and subsequently pay through school vendors' payments; however, the vendors could set up an employee account for such purchases. When the District pays the vendor, the invoice needs to agree to the amount paid. Any instances of invoices differing from the amount to be paid must be documented and attached to the paid invoice as support for payment.

Response - This District will monitor this situation and stop sales through school accounts

Conclusion - Response accepted.

WOODWARD-GRANGER 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 DEFICIENCY:

CFDA Number 84.010 – Title I Grant to Local Educational Agencies  
CFDA Number 84.389 – ARRA – Title I Grant to Local Educational Agencies, Recovery Act  
Federal Award Year: 2010  
U.S. Department of Education  
Passed through the Iowa Department of Education

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

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 - We have added another person to try to improve segregation of duties.

Conclusion - Response accepted.

WOODWARD-GRANGER 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 that gift cards were purchased for students on the homecoming court. Giving cash or gift certificates/cards to students as incentives 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.

Response - The District will review procedures in place and make necessary adjustments.

Conclusion - Response accepted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Rich Ashton, Bus Driver Owner of Dicks Fire Extinguisher	Services	\$1,452

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

IV-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-10 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were reported on Line 1 as resident students was overstated by 3.0 students.

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

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

- IV-H-10 Supplementary Weighting – No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-10 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 - No instances of non-compliance with the used of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.3 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		\$	250,001
Statewide sales, services and use tax			426,587
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	70,305	
Other improvements		50,759	
Debt service for school infrastructure:			
Revenue debt		190,111	311,175
Ending balance			<u>\$ 365,413</u>

There was no tax reduction as a result of the statewide sales, services and use tax received during the year ended June 30, 2010.

- IV-M-10 Financial Condition - The District has a deficit unrestricted net assets in the Enterprise, School Nutrition Fund of \$163,267.

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

Response - The District has hired a food service management company to run the school nutrition program to try to improve the situation.

Conclusion - Response accepted.

- IV-N-10 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Per Chapter 9 of the LEA Financial Accounting Manual, "The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more

properly included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.8).” In addition, the District has inactive accounts that need to be reviewed and closed. More specific examples of these instances of questioned items and recommendations are as follows:

**Book Fairs** - It was noted during our audit that the District’s book fairs are recorded in the Activity Fund.

Recommendation - Book fair and book orders revenues and expenditures are being run through the Activity Fund. Book fair and book orders transactions should be run through the General Fund because any profits that are paid on the fundraiser are used to buy instructional materials. General Fund is the only fund that can buy instructional materials, such as library books.

Response - The District will review our procedure for dealing with Student Activity Funds.

Conclusion - Response accepted.

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

Recommendation -The District should review the properness of receipts and expenditures that are recorded in the Student Activity Fund. The District should also review procedures that are in place in regards to the Activity Fund and follow the suggested recommendations to gain compliance and better internal controls. The District should make these transfers to appropriate funds and subsequently account for these transactions in the appropriate fund

Response - The District will review our procedure for dealing with administratively maintained accounts in the Student Activity Fund and transfer the accounts that do not belong.

Conclusion - Response accepted.

**IV-O-10 Official Contracts** - We noted during the audit that the Board President was not signing the athletic official contracts for the District. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

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

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

Conclusion - Response accepted.

IV-P-10 Interfund Loans - We noted during our audit that the District has interfund loans which were on the balance sheets in the prior year and still on the current year balance sheets.

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

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

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

Conclusion - Response accepted.