

WOODBINE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

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Woodbine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Joanna Shaw	President (Resigned February 2011)	2013
Amy Sherer	President (Assigned March 2011)	2011
Amy Sherer	Vice President (Resigned March 2011)	2011
Karen Lance	Vice President (Assigned March 2011)	2011
Mike Staben	Board Member	2013
Amber Nelson	Board Member	2011
Todd Heistand	Board Member	2011
<b>School Officials</b>		
Dr. Tom Vint	Superintendent	2011
Connie Waite	Board Secretary Treasurer	2011
Derrick Frank	Attorney	2011

Woodbine Community School District

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

**Certified Public Accountants**

**(a professional corporation)**

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

**Telephone (641) 792-1910**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Woodbine Community School District, Woodbine, Iowa as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodbine Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2012 on our consideration of the Woodbine Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Findings Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 48 are not required parts of the basic financial statements, but are supplementary information

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Woodbine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

March 14, 2012

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

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Woodbine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2011 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$4,482,234 in fiscal 2010 to \$4,830,853 in fiscal 2011, while General Fund expenditures decreased from \$4,624,719 in fiscal 2010 to \$4,410,589 in fiscal 2011. This resulted in an increase in the District's General Fund balance from a deficit \$453,247 in fiscal 2010 to a deficit balance of \$32,983 in fiscal 2011, which is a 92.72% increase from the prior year.
- The increase in General Fund revenues was attributable to increases in local and state sources in fiscal 2011. The decrease in expenditures was due primarily to decreases in the instruction functional area.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

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

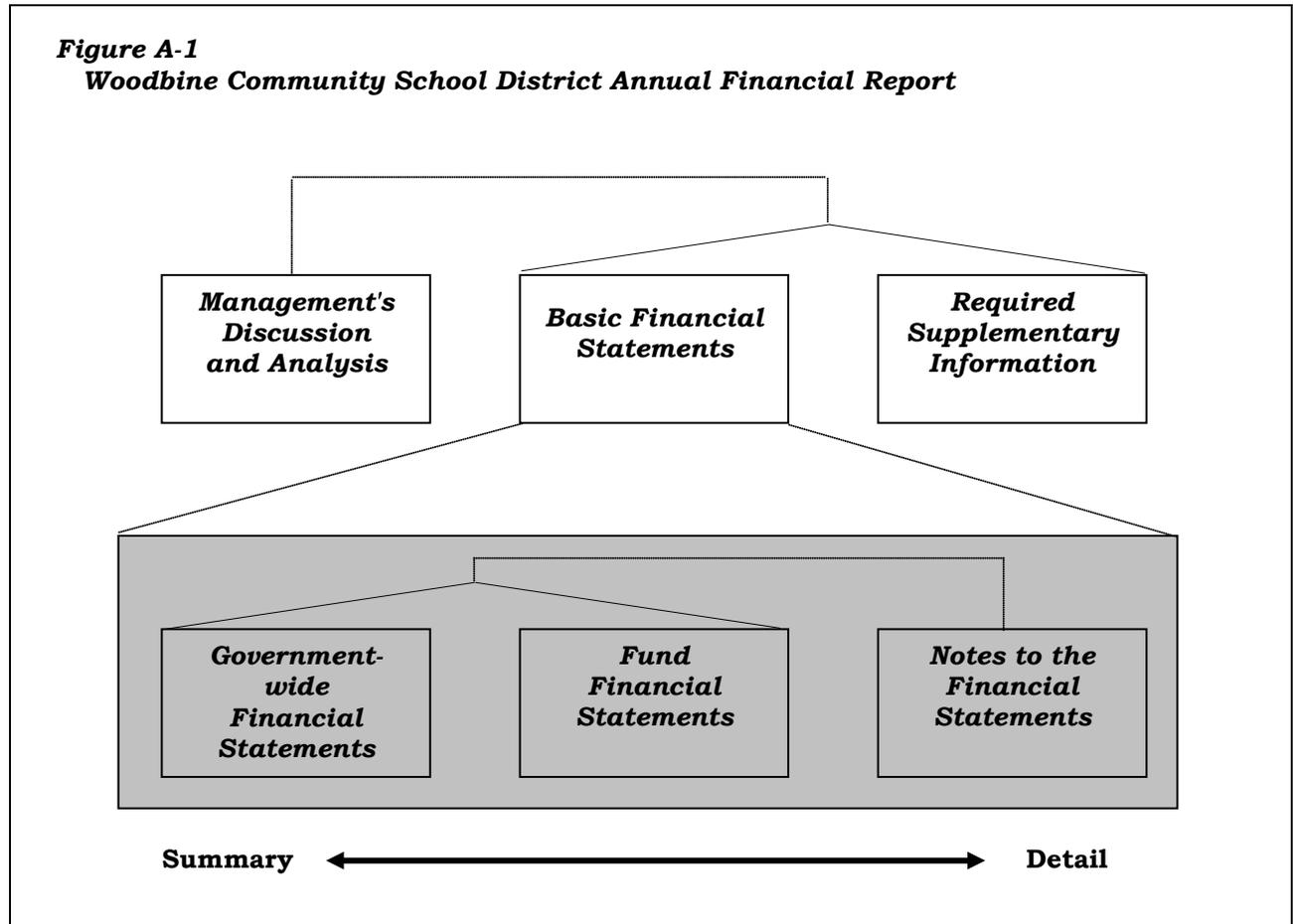


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 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.

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. The Private-Purpose Trust is the District's only fiduciary fund.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2011 compared to June 30, 2010.

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 6,041,611	3,892,718	84,101	78,629	6,125,712	3,971,347	54.25%
Capital assets	6,311,971	6,479,874	56,552	56,861	6,368,523	6,536,735	-2.57%
Total assets	12,353,582	10,372,592	140,653	135,490	12,494,235	10,508,082	18.90%
Long-term obligations	5,779,771	4,500,154	4,353	2,165	5,784,124	4,502,319	28.47%
Other liabilities	2,659,397	2,563,039	2,448	1,451	2,661,845	2,564,490	3.80%
Total liabilities	8,439,168	7,063,193	6,801	3,616	8,445,969	7,066,809	19.52%
Net assets:							
Invested in capital assets, net of related debt	3,208,309	2,424,874	56,552	56,861	3,264,861	2,481,735	31.56%
Restricted	1,068,571	1,458,321	0	0	1,068,571	1,458,321	-26.73%
Unrestricted	(362,466)	(573,796)	77,300	75,013	(285,166)	(498,783)	42.83%
Total net assets	\$ 3,914,414	3,309,399	133,852	131,874	4,048,266	3,441,273	17.64%

The District's combined net assets increased by 17.64%, or \$606,993 over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased 26.73% or \$389,750 compared to the prior year. The decrease in restricted net assets can be attributed in part to decreases in fund balances of the nonmajor governmental funds.

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 approximately 42.83% or \$213,617. The increase in unrestricted net assets is primarily the result of the increase in fund balance for the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 328,050	258,753	194,735	186,206	522,785	444,959	17.49%
Operating grants and contributions and restricted interest	529,970	1,011,255	112,733	103,521	642,703	1,114,776	-42.35%
Capital grants, contributions and restricted interest	2,239	0	0	0	2,239	0	100.00%
General revenues:							
Property tax	2,144,761	1,925,436	0	0	2,144,761	1,925,436	11.39%
Income surtax	248,009	244,144	0	0	248,009	244,144	1.58%
Statewide sales, services and use tax	298,661	249,006	0	0	298,661	249,006	19.94%
Unrestricted state grants	2,066,400	1,551,728	0	0	2,066,400	1,551,728	33.17%
Nonspecific program federal grants	135,563	0	0	0	135,563	0	100.00%
Unrestricted investment earnings	11,302	19,827	47	35	11,349	19,862	-42.86%
Other	92,149	163,772	590	0	92,739	163,772	-43.37%
Total revenues	5,857,104	5,423,921	308,105	289,762	6,165,209	5,713,683	7.90%
Program expenses:							
Governmental activities:							
Instructional	3,435,839	3,640,486	0	0	3,435,839	3,640,486	-5.62%
Support services	1,308,619	1,236,518	0	0	1,308,619	1,236,518	5.83%
Non-instructional programs	0	74	306,127	270,767	306,127	270,841	13.03%
Other expenses	507,631	515,113	0	0	507,631	515,113	-1.45%
Total expenses	5,252,089	5,392,191	306,127	270,767	5,558,216	5,662,958	-1.85%
Change in net assets	605,015	31,730	1,978	18,995	606,993	50,725	1096.63%
Net assets beginning of year, as restated	3,309,399	3,277,669	131,874	112,879	3,441,273	3,390,548	1.50%
Net assets end of year	\$ 3,914,414	3,309,399	133,852	131,874	4,048,266	3,441,273	17.64%

In fiscal 2011, local tax (property tax, income surtax and statewide sales and services tax), unrestricted state grants and nonspecific program federal grants account for 83.55% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.79% of the revenue from business type activities.

The District's total revenues were approximately \$6.17 million of which approximately \$5.86 million was for governmental activities and approximately \$0.31 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 7.90% in revenues and a 1.85% decrease in expenses. The increases in revenues were related to the unrestricted state grants which increased by \$514,672.

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## Governmental Activities

Revenues for governmental activities were \$5,857,104 and expenses were \$5,252,089.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional and other expenses for the year ended June 30, 2011 compared to the year ended June 30, 2010.

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 3,435,839	3,640,486	-5.62%	2,760,692	2,548,065	8.34%
Support services	1,308,619	1,236,518	5.83%	1,302,784	1,236,518	5.36%
Non-instructional	0	74	-100.00%	0	74	-100.00%
Other expenses	507,631	515,113	-1.45%	328,354	337,526	-2.72%
Totals	\$ 5,252,089	5,392,191	-2.60%	4,391,830	4,122,183	6.54%

For the year ended June 30, 2011

- The cost financed by users of the District's programs was \$328,050.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$532,209.
- The net cost of governmental activities was financed with \$2,144,761 in property tax, \$248,009 in income surtax, \$298,661 in statewide sales, services and use tax, \$2,066,400 in unrestricted state grants, \$135,563 in nonspecific federal grants, \$11,302 in interest income and \$92,149 in other general revenues.

## Business-Type Activities

Revenues of the District's business-type activities were \$308,105 and expenses were \$306,127. The District's business-type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$3,147,180, above last year's ending fund balances of \$981,562. The primary reason for the increase in combined fund balances in fiscal 2011 is due to increased fund balance in the Debt Service Fund.

## Governmental Fund Highlights

- The District's General Fund balance increased from a deficit \$453,247 on June 30, 2010 to a deficit \$32,983 on June 30, 2011. The fluctuation in the District's General Fund financial position is the product of many factors. Increase in local and state revenue led to an increase

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in revenues. The decrease in expenditures was due to the reductions of the expenditures in the instructional functional area. Revenues exceeded expenditures ensuring the increase in the District's financial position.

- The Capital Projects Accounts now includes the Statewide Sales, Services and Use Tax Fund and the Physical Plant and Equipment Levy Fund due to the reclassification by GASB 54. In the previous years Physical Plant and Equipment Levy Fund was not part of Capital Projects. The Capital Projects accounts balance overall increased from \$530,790 in fiscal 2010 to \$666,158 in fiscal 2011. Revenues for the Capital Projects accounts increased by \$56,930 or 12.92% and expenditures increased by \$415 or 0.11%.
- The Debt Service Fund balance increased from \$846,113 on June 30, 2010 to \$2,460,164 on June 30, 2011. The increase in fund balance is primarily due to the crossover refunding bond issuance in fiscal year 2011.

### **Proprietary Fund Highlights**

The School Nutrition Fund net assets increased from \$102,895 at June 30, 2010 to \$106,639 at June 30, 2011, representing an increase of 3.64%.

The Day Care Fund net assets decreased from \$28,979 at June 30, 2010 to \$27,213 at June 30, 2011, representing a decrease of 6.09%.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year Woodbine Community School District amended its budget one time to reflect additional expenditures associated with the final extinguishing of the PPEL QZAB debt.

The District's revenues were \$185,678 less than budgeted revenues, a variance of 2.93%. The most significant variance resulted from the District receiving less in local and state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional areas due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2011, the District had invested \$6.37 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$203,263.

The original cost of the District's capital assets was approximately \$9.14 million. Governmental funds account for approximately \$9.02 million, with the remainder of approximately \$0.12 million accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The amount reported for the District's land improvements category at June 30, 2010 was \$13,818 as compared to \$30,500 for June 30, 2011. The increase was due to parking lot improvements during the year.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 48,655	48,655	0	0	48,655	48,655	0.00%
Buildings	6,168,942	6,329,088	0	0	6,168,942	6,329,088	-2.53%
Land improvements	30,500	13,818	0	0	30,500	13,818	120.73%
Machinery and equipment	63,874	88,313	56,552	56,861	120,426	145,174	-17.05%
Total	\$ 6,311,971	6,479,874	56,552	56,861	6,368,523	6,536,735	-2.57%

### Long-Term Debt

At June 30, 2011, the District had \$5,784,124 in general obligation and other long-term debt outstanding. This represents an increase of 32.08% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$4,525,000 at June 30, 2011.

The District had total outstanding Revenue Bonds payable of \$435,000 at June 30, 2011.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$253,778 at June 30, 2011.

The District had total outstanding QZAB Bonds payable of \$300,000 and June 30, 2011. These bonds are due November 3, 2013.

The District had net OPEB liability payable of \$270,346 at June 30, 2011; \$265,993 is attributable to governmental activities and \$4,353 is attributable to business type activities.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
General obligation bonds	\$ 4,525,000	2,485,000	0	0	4,525,000	2,485,000	82.09%
Revenue bonds	435,000	570,000	0	0	435,000	570,000	-23.68%
Early retirement	253,778	189,021	0	0	253,778	189,021	34.26%
QZAB bonds	300,000	1,000,000	0	0	300,000	1,000,000	-70.00%
Net OPEB Liability	265,993	132,071	4,353	2,165	270,346	134,236	101.40%
Totals	\$ 5,779,771	4,376,092	4,353	2,165	5,784,124	4,378,257	32.08%

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## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- On July 1, 2011, the IPERS increase to 8.07% will increase the Woodbine Community Schools employer benefit costs during fiscal 2012. An additional increase to 8.67% is anticipated for fiscal year 2013.

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

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

BASIC FINANCIAL STATEMENTS

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
U.S. Treasury Securities on deposit with escrow agent	\$ 2,156,338	0	2,156,338
Cash and pooled investments	1,075,094	74,962	1,150,056
Receivables:			
Property tax:			
Delinquent	130,343	0	130,343
Succeeding year	2,179,303	0	2,179,303
Income surtax	264,063	0	264,063
Accounts	1,211	1,566	2,777
Due from other governments	235,259	0	235,259
Inventories	0	7,573	7,573
Capital assets, net of accumulated depreciation	6,311,971	56,552	6,368,523
<b>Total assets</b>	<b>12,353,582</b>	<b>140,653</b>	<b>12,494,235</b>
<b>Liabilities</b>			
Accounts payable	55,284	0	55,284
Salaries and benefits payable	386,110	0	386,110
Accrued interest payable	29,455	0	29,455
Deferred revenue:			
Succeeding year property tax	2,179,303	0	2,179,303
Other	9,245	0	9,245
Unearned revenue	0	2,448	2,448
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	185,000	0	185,000
Revenue bonds payable	135,000	0	135,000
Early retirement	44,206	0	44,206
Portion due after one year:			
General obligation bonds payable	4,340,000	0	4,340,000
Revenue bonds payable	300,000	0	300,000
QZAB bonds payable	300,000	0	300,000
Early retirement	209,572	0	209,572
Net OPEB Liability	265,993	4,353	270,346
<b>Total liabilities</b>	<b>8,439,168</b>	<b>6,801</b>	<b>8,445,969</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	3,208,309	56,552	3,264,861
Restricted for:			
Categorical funding	78,173	0	78,173
Debt service	303,826	0	303,826
Student activities	20,414	0	20,414
School infrastructure	511,836	0	511,836
Physical plant and equipment	154,322	0	154,322
Unrestricted	(362,466)	77,300	(285,166)
<b>Total net assets</b>	<b>\$ 3,914,414</b>	<b>133,852</b>	<b>4,048,266</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants, Capital Grants, Charges Contributions Contributions for and Restricted and Restricted			Govern- mental Activities	Business Type Activities	Total
		Services	Interest	Interest			
Functions/Programs							
Governmental activities:							
Instruction:							
Regular	\$ 2,390,416	188,338	178,456	0	(2,023,622)	0	(2,023,622)
Special	494,624	47,216	99,470	0	(347,938)	0	(347,938)
Other	550,799	92,496	69,171	0	(389,132)	0	(389,132)
	<u>3,435,839</u>	<u>328,050</u>	<u>347,097</u>	<u>0</u>	<u>(2,760,692)</u>	<u>0</u>	<u>(2,760,692)</u>
Support services:							
Student services	68,221	0	61	0	(68,160)	0	(68,160)
Instructional staff	64,504	0	0	0	(64,504)	0	(64,504)
Administration	524,118	0	0	0	(524,118)	0	(524,118)
Operation and maintenance							
of plant	450,462	0	3,535	2,239	(444,688)	0	(444,688)
Transportation	201,314	0	0	0	(201,314)	0	(201,314)
	<u>1,308,619</u>	<u>0</u>	<u>3,596</u>	<u>2,239</u>	<u>(1,302,784)</u>	<u>0</u>	<u>(1,302,784)</u>
Other expenses:							
Long-term debt interest	184,890	0	0	0	(184,890)	0	(184,890)
AEA flowthrough	179,277	0	179,277	0	0	0	0
Depreciation(unallocated)*	143,464	0	0	0	(143,464)	0	(143,464)
	<u>507,631</u>	<u>0</u>	<u>179,277</u>	<u>0</u>	<u>(328,354)</u>	<u>0</u>	<u>(328,354)</u>
Total governmental activities	5,252,089	328,050	529,970	2,239	(4,391,830)	0	(4,391,830)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	202,275	92,649	112,733	0	0	3,107	3,107
Day care services	103,852	102,086	0	0	0	(1,766)	(1,766)
Total business type activities	<u>306,127</u>	<u>194,735</u>	<u>112,733</u>	<u>0</u>	<u>0</u>	<u>1,341</u>	<u>1,341</u>
Total	<u>\$ 5,558,216</u>	<u>522,785</u>	<u>642,703</u>	<u>2,239</u>	<u>(4,391,830)</u>	<u>1,341</u>	<u>(4,390,489)</u>
<b>General Revenues:</b>							
Property tax levied for:							
General purposes					\$ 1,698,506	0	1,698,506
Capital outlay					134,925	0	134,925
Debt service					311,330	0	311,330
Income surtax					248,009	0	248,009
Statewide sales, services and use tax					298,661	0	298,661
Unrestricted state grants					2,066,400	0	2,066,400
Nonspecific program federal grants					135,563	0	135,563
Unrestricted investment earnings					11,302	47	11,349
Other general revenues					92,149	590	92,739
Total general revenues					<u>4,996,845</u>	<u>637</u>	<u>4,997,482</u>
Change in net assets					605,015	1,978	606,993
Net assets beginning of year					<u>3,309,399</u>	<u>131,874</u>	<u>3,441,273</u>
Net assets end of year					<u>\$ 3,914,414</u>	<u>133,852</u>	<u>4,048,266</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
<b>Assets</b>					
U.S. Treasury Securities on deposit with escrow agent	\$ 0	0	2,156,338	0	2,156,338
Cash and pooled investments	232,733	492,338	298,881	50,716	1,074,668
<b>Receivables:</b>					
Property tax:					
Delinquent	101,673	19,866	4,881	3,923	130,343
Succeeding year	1,675,582	115,591	303,130	85,000	2,179,303
Income surtax	188,616	75,447	0	0	264,063
Accounts	1,115	64	64	32	1,275
Due from other governments	79,739	155,456	0	0	235,195
<b>Total assets</b>	<b>\$ 2,279,458</b>	<b>858,762</b>	<b>2,763,294</b>	<b>139,671</b>	<b>6,041,185</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	52,888	1,566	0	830	55,284
Salaries and benefits payable	386,110	0	0	0	386,110
<b>Deferred revenue:</b>					
Succeeding year property tax	1,675,582	115,591	303,130	85,000	2,179,303
Income surtax	188,616	75,447	0	0	264,063
Other	9,245	0	0	0	9,245
<b>Total liabilities</b>	<b>2,312,441</b>	<b>192,604</b>	<b>303,130</b>	<b>85,830</b>	<b>2,894,005</b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Categorical funding	78,173	0	0	0	78,173
Crossover refunding bonds	0	0	2,156,338	0	2,156,338
Debt service	0	0	303,826	0	303,826
Management levy purposes	0	0	0	40,734	40,734
Student activities	0	0	0	20,414	20,414
School infrastructure	0	511,836	0	0	511,836
Physical plant and equipment	0	154,322	0	0	154,322
<b>Unassigned:</b>					
General	(111,156)	0	0	0	(111,156)
Student activities	0	0	0	(7,307)	(7,307)
<b>Total fund balances</b>	<b>(32,983)</b>	<b>666,158</b>	<b>2,460,164</b>	<b>53,841</b>	<b>3,147,180</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,279,458</b>	<b>858,762</b>	<b>2,763,294</b>	<b>139,671</b>	<b>6,041,185</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2011

<b>Total fund balances of governmental funds(page 20)</b>	\$	3,147,180
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		6,311,971
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		264,063
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		426
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(29,455)
Long-term liabilities, including bonds payable and early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(5,779,771)</u>
 <b>Net assets of governmental activities(page 18)</b>	 \$	 <u><u>3,914,414</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 1,802,676	494,410	311,330	63,096	2,671,512
Tuition	157,938	0	0	0	157,938
Other	156,813	2,973	8,776	125,507	294,069
State sources	2,351,275	59	151	30	2,351,515
Federal sources	362,151	0	0	0	362,151
<b>Total revenues</b>	<b>4,830,853</b>	<b>497,442</b>	<b>320,257</b>	<b>188,633</b>	<b>5,837,185</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	2,146,499	3,032	0	47,776	2,197,307
Special	494,624	0	0	0	494,624
Other	427,252	0	0	122,762	550,014
	<b>3,068,375</b>	<b>3,032</b>	<b>0</b>	<b>170,538</b>	<b>3,241,945</b>
Support services:					
Student	64,564	0	0	0	64,564
Instructional staff	62,316	0	0	0	62,316
Administration	477,909	0	19,717	0	497,626
Operation and maintenance of plant	375,619	23,844	0	17,737	417,200
Transportation	182,529	3,174	0	4,423	190,126
	<b>1,162,937</b>	<b>27,018</b>	<b>19,717</b>	<b>22,160</b>	<b>1,231,832</b>
Other expenditures:					
Facilities acquisitions	0	26,191	0	0	26,191
Long-term debt:					
Principal	0	0	1,015,000	0	1,015,000
Interest and fiscal charges	0	0	179,607	0	179,607
AEA flowthrough	179,277	0	0	0	179,277
	<b>179,277</b>	<b>26,191</b>	<b>1,194,607</b>	<b>0</b>	<b>1,400,075</b>
<b>Total expenditures</b>	<b>4,410,589</b>	<b>56,241</b>	<b>1,214,324</b>	<b>192,698</b>	<b>5,873,852</b>
Excess(Deficiency) of revenues over(under) expenditures	420,264	441,201	(894,067)	(4,065)	(36,667)
Other financing sources(uses):					
Transfer in	0	0	305,833	0	305,833
Transfer out	0	(305,833)	0	0	(305,833)
Crossover refunding bond issuance	0	0	2,220,000	0	2,220,000
Premium crossover refunding bond issuance	0	0	247	0	247
Discount crossover refunding bond issuance	0	0	(17,962)	0	(17,962)
<b>Total other financing sources(uses)</b>	<b>0</b>	<b>(305,833)</b>	<b>2,508,118</b>	<b>0</b>	<b>2,202,285</b>
Net change in fund balances	420,264	135,368	1,614,051	(4,065)	2,165,618
Fund balance beginning of year, as restated	(453,247)	530,790	846,113	57,906	981,562
Fund balance end of year	\$ (32,983)	666,158	2,460,164	53,841	3,147,180

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds(page 22) \$ 2,165,618

**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	\$ 27,185	
Depreciation expense	(195,088)	(167,903)

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.

(5,283)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	\$ (2,220,000)	
Repaid	1,015,000	(1,205,000)

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

(3,657)

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

19,919

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.

Other postemployment benefit	\$ (133,922)	
Early retirement	(64,757)	(198,679)

**Changes in net assets of governmental activities(page 19)**

**\$ 605,015**

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
	Assets			
Cash and pooled investments	\$ 49,315	25,647	74,962	426
Accounts receivable	0	1,566	1,566	0
Inventories	7,573	0	7,573	0
Capital assets, net of accumulated depreciation	56,552	0	56,552	0
Total assets	113,440	27,213	140,653	426
Liabilities				
Unearned revenue	2,448	0	2,448	0
Net OPEB liability	4,353	0	4,353	0
Total liabilities	6,801	0	6,801	0
Net Assets				
Invested in capital assets	56,552	0	56,552	0
Unrestricted	50,087	27,213	77,300	426
Total net assets	\$ 106,639	27,213	133,852	426

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	Business-Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
	Operating revenues:			
Local sources:				
Charges for services	\$ 92,649	102,086	194,735	0
Miscellaneous	590	0	590	20,483
Total operating revenues	93,239	102,086	195,325	20,483
Operating expenses:				
Non-instructional programs:				
Salaries	51,007	85,986	136,993	0
Benefits	16,759	13,710	30,469	24,140
Services	6,548	0	6,548	0
Supplies	119,786	4,156	123,942	0
Depreciation	8,175	0	8,175	0
Other	0	0	0	0
Total operating expenses	202,275	103,852	306,127	24,140
Operating loss	(109,036)	(1,766)	(110,802)	(3,657)
Non-operating revenues				
Interest income	47	0	47	0
State sources	2,141	0	2,141	0
Federal sources	110,592	0	110,592	0
Total non-operating revenues	112,780	0	112,780	0
Change in net assets	3,744	(1,766)	1,978	(3,657)
Net assets beginning of year	102,895	28,979	131,874	4,083
Net assets end of year	\$ 106,639	27,213	133,852	426

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	Business Type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	School Nutrition	Day Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 93,646	102,086	195,732	0
Cash received from miscellaneous sources	590	0	590	20,483
Cash payments to employees for services	(65,578)	(99,696)	(165,274)	(24,140)
Cash payments to suppliers for goods or services	(116,916)	(4,627)	(121,543)	0
Net cash used in operating activities	(88,258)	(2,237)	(90,495)	(3,657)
Cash flows from non-capital financing activities:				
State grants received	2,141	0	2,141	0
Federal grants received	100,525	0	100,525	0
Net cash provided by non-capital financing activities	102,666	0	102,666	0
Cash flows from capital financing activities:				
Acquisition of assets	(7,866)	0	(7,866)	0
Cash flow from investing activities:				
Interest on investments	47	0	47	0
Net increase(decrease) in cash and cash equivalents	6,589	(2,237)	4,352	(3,657)
Cash and cash equivalents at beginning of year	42,726	27,884	70,610	4,083
Cash and cash equivalents at end of year	\$ 49,315	25,647	74,962	426
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	\$ (109,036)	(1,766)	(110,802)	(3,657)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	10,067	0	10,067	0
Depreciation	8,175	0	8,175	0
Increase in accounts receivable	0	(471)	(471)	0
Increase in inventories	(649)	0	(649)	0
Increase in other postemployment benefits liability	2,188	0	2,188	0
Increase in unearned revenue	997	0	997	0
Net cash used in operating activities	\$ (88,258)	(2,237)	(90,495)	(3,657)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2011, the District received Federal commodities valued at \$10,067.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2011

	<u>Private Purpose</u>
	<u>Trust</u>
	<u>Scholarship</u>
Assets	
Cash and pooled investments	\$ 25,000
Liabilities	<u>0</u>
Net assets	
Restricted for scholarships	<u>\$ 25,000</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Contributions	\$ 25,000
Deductions:	0
Change in net assets	25,000
Net assets beginning of year	0
Net assets end of year	\$ 25,000

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

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

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

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. The value of the U.S. Treasury Securities on deposit with escrow agent as part of the crossover refunding bond issue has been added to the invested in capital assets, net of related debt.

*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. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, Enterprise, Day Care Fund and the Internal Service Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the child care operations of the District. The Internal Service Fund is used to account for the flex benefit plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Assets and the Statement of Activities.

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net

assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

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

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

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

#### D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

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

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

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

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

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

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

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

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

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

Fund Equity - 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 - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation

Unassigned - All amounts not included in other spendable classifications.

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. For the year ended June 30, 2011, District expenditures in the other expenditures functional area exceeded the budgeted amount.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2011, the District had investments in U.S. Treasury Securities which are stated at the fair value of \$2,156,338. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**(3) Transfers**

The detail of transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 192,043
Debt Service	Capital Projects: Physical Plant and Equipment Levy	113,790
		<u>\$ 305,833</u>

The transfer from Capital Projects: Statewide Sales, Services and Use Tax to Debt Service was need to make the annual \$32,025 QZAB debt sinking payment as well as principal and interest payments on the District's revenue bond debt.

The transfer from Capital Projects: Physical Plant and Equipment Levy to Debt Service was need to make the final payment on the District's QZAB bond debt.

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

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

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants is 1.20% plus the on-month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the LIBOR rate plus 120 basis points. A summary of the District's ISCAP activity for the year ended June 30, 2011 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2010-11A	6/30/10	6/23/11	\$ 0	400,000	400,000	0
2010-11B	1/26/11	1/25/12	0	52,268	52,268	0
			<u>\$ 0</u>	<u>452,268</u>	<u>452,268</u>	<u>0</u>

During the year ended June 30, 2011, the District paid \$2,391 of interest on the ISCAP warrants.

**(5) Capital Assets**

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 122,581	7,866	8,440	\$ 122,007
Less accumulated depreciation	65,720	8,175	8,440	65,455
Business-type activities capital assets, net	<u>\$ 56,861</u>	<u>(309)</u>	<u>0</u>	<u>\$ 56,552</u>

	Balance			Balance
	Beginning			End
	of Year	Increases	Decreases	of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 48,655	0	0	48,655
Total capital assets not being depreciated	48,655	0	0	48,655
Capital assets being depreciated:				
Buildings	8,082,314	0	0	8,082,314
Land improvements	100,516	18,372	0	118,888
Machinery and equipment	766,816	8,813	6,000	769,629
Total capital assets being depreciated	8,949,646	27,185	6,000	8,970,831
Less accumulated depreciation for:				
Buildings	1,753,226	160,146	0	1,913,372
Land improvements	86,698	1,690	0	88,388
Machinery and equipment	678,503	33,252	6,000	705,755
Total accumulated depreciation	2,518,427	195,088	6,000	2,707,515
Total capital assets being depreciated, net	6,431,219	(167,903)	0	6,263,316
Governmental activities capital assets, net	\$ 6,479,874	(167,903)	0	6,311,971
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 9,382
Other				785
Support services:				
Operation and maintenance of plant				9,397
Transportation				13,688
				33,252
Unallocated depreciation				161,836
Total governmental activities depreciation expense				\$ 195,088
Business-type activities:				
Food services				\$ 8,175

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 2,485,000	2,220,000	180,000	4,525,000	185,000
Revenue Bonds	570,000	0	135,000	435,000	135,000
Early Retirement	189,021	96,427	31,670	253,778	44,206
QZAB Bonds	1,000,000	0	700,000	300,000	0
Net OPEB liability	132,071	133,922	0	265,993	0
<b>Total</b>	<b>\$ 4,376,092</b>	<b>2,450,349</b>	<b>1,046,670</b>	<b>5,779,771</b>	<b>364,206</b>

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 2,165	2,188	0	4,353	0

#### General Obligation Bonds Payable

On August 26, 2010, the District issued \$2,220,000 of general obligation refunding bonds, with interest rates ranging from 1.20% to 2.85%, for a crossover refunding of a portion of the general obligation bonds dated January 1, 2002. The District entered into an escrow agreement whereby the proceeds from the general obligation refunding bonds were converted into U.S. Treasury Securities. These securities along with additional cash were placed in an escrow account for the express purpose of paying the \$2,120,000 principal of the refunded general obligation bonds when they become callable on May 1, 2013 and the interest from May 1, 2011 to and including May 1, 2013 on the refunding bonds. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the District. The transactions, balances and liabilities of the escrow account are recorded by the District since the refunded debt is not considered extinguished. The present value of savings of the crossover refunding is \$193,165.

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue of August 26, 2010				Issue of January 1, 2002				Total		
	Interest Rates	Principal	Interest	Total	Interest Rates	Principal	Interest	Total	Principal	Interest	Total
2012	% \$	0	44,270	44,270	5.000	% \$ 185,000	117,630	302,630	185,000	161,900	346,900
2013	1.200	230,000	44,270	274,270	5.250	190,000	108,380	298,380	420,000	152,650	572,650
2014	1.250	230,000	41,510	271,510	5.250	200,000	98,405	298,405	430,000	139,915	569,915
2015	1.400	240,000	38,635	278,635	4.875	215,000	87,905	302,905	455,000	126,540	581,540
2016	1.700	245,000	35,005	280,005	5.000	225,000	77,424	302,424	470,000	112,429	582,429
2017-2021	2.000-2.850	1,275,000	100,310	1,375,310	5.000-5.200	1,290,000	206,206	1,496,206	2,565,000	306,516	2,871,516
<b>Total</b>		<b>\$ 2,220,000</b>	<b>304,000</b>	<b>2,524,000</b>		<b>\$ 2,305,000</b>	<b>695,950</b>	<b>3,000,950</b>	<b>4,525,000</b>	<b>999,950</b>	<b>5,524,950</b>

Revenue Bonds Payable

Details of the District's June 30, 2011 revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue of August 1, 2005			Issue of June 30, 2006			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2012	3.80%	\$ 60,000	6,275	5.75%	\$ 75,000	11,931	135,000	18,206	153,206
2013	3.90	65,000	3,867	5.75	80,000	7,475	145,000	11,342	156,342
2014	4.00	65,000	1,300	5.75	90,000	2,587	155,000	3,887	158,887
Total		<u>\$ 190,000</u>	<u>11,442</u>		<u>\$ 245,000</u>	<u>21,993</u>	<u>\$ 435,000</u>	<u>33,435</u>	<u>468,435</u>

District has pledged future statewide sales, service and use tax revenues to repay the \$695,000 bonds issued August 1, 2005 and June 30, 2006. The bonds were issued for the purpose of defraying a portion of the cost of renovations at the school. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 51 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$468,435. For the current year \$135,000 in principal and \$24,769 in interest was paid on the bonds and total statewide sales, service and use tax revenues were \$298,661.

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

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

Quality Zone Academy Bonds(QZAB)

During the year ended June 30, 2006, the District issued two Quality Zone Academy Bonds (QZAB) for \$700,000 and \$300,000. Annual transfers of \$31,447 are being made annually from the Capital Projects: Statewide Sales, Services and Use Tax Fund to an escrow account earning 1.50% interest. Annual transfers of \$113,132 had been made from the Capital Projects: Physical Plant

and Equipment Fund to an escrow account earning 1.25% interest. The QZAB bonds of \$700,000 were paid November 1, 2010. QZAB bonds still outstanding at June 30, 2011 are \$300,000. The District is contingently liable in the event the balance in the escrow account is not sufficient to repay the QZAB bonds.

#### Early Retirement

The District offers a voluntary early retirement plan to its certified and non-certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement benefits paid during the year ended June 30, 2011, totaled \$31,670. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

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

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$186,771, \$177,770, and \$177,891 respectively, equal to the required contributions for each year.

#### **(8) Other Post-employment Benefits (OPEB)**

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

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

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

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

The following table shows the components of the Districts OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 177,715
Interest on net OPEB obligation	3,356
Adjustment to annual required contribution	(14,788)
Annual OPEB cost	<u>166,283</u>
Contributions made	<u>(30,173)</u>
Increase in net OPEB obligation	136,110
Net OPEB obligation beginning of year	<u>134,236</u>
Net OPEB obligation end of year	<u><u>\$ 270,346</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, 2011.

For the year ended June 30, 2011, the District contributed \$30,173 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 163,206	17.75%	\$ 134,236
2011	166,283	18.15%	270,346

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$1,486,414, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,486,414. The covered payroll (annual payroll of active employees covered by the plan) was \$2,152,157, and the ratio of the UAAL to covered payroll was 69.07%. As of June 30, 2011 there were no trust fund assets.

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

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

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

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

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

**(9) Risk Management**

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

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$179,277 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Deficit Fund Balance/Net Assets**

At the year ended June 30, 2011, the General Fund had a deficit unassigned fund balance of \$111,156 and the activity fund had a deficit unassigned fund balance of \$7,307. The District also had a deficit unrestricted net assets balance in the governmental activities of \$362,466.

**(12) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2011, expenditures in the other expenditures function exceeded the budgeted amount.

**(13) Categorical Funding**

The District's ending restricted balances for categorical funding as of June 30, 2011 comprised of the following projects:

<u>Project</u>	<u>Amount</u>
Gifted and talented	\$ 7,000
Model core curriculum	19,147
Professional development	34,334
Statewide voluntary preschool	17,692
Total	<u>\$ 78,173</u>

**(14) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 417,572	113,218
Change in fund type classification per implementation of GASB Statement No. 54	113,218	(113,218)
Balances July 1, 2010, as restated	<u>\$ 530,790</u>	<u>0</u>

Woodbine Community School District

REQUIRED SUPPLEMENTAL INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND  
 CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2011

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,123,519	195,372	3,318,891	3,486,609	3,486,609	(167,718)
State sources	2,351,515	2,141	2,353,656	2,534,359	2,534,359	(180,703)
Federal sources	362,151	110,592	472,743	310,000	310,000	162,743
Total revenues	5,837,185	308,105	6,145,290	6,330,968	6,330,968	(185,678)
Expenditures/Expenses:						
Instruction	3,241,945	0	3,241,945	3,768,090	3,768,090	526,145
Support services	1,231,832	0	1,231,832	1,552,658	1,552,658	320,826
Non-instructional programs	0	306,127	306,127	354,627	354,627	48,500
Other expenditures	1,400,075	0	1,400,075	1,075,871	1,204,165	(195,910)
Total expenditures/expenses	5,873,852	306,127	6,179,979	6,751,246	6,879,540	699,561
Excess(Deficiency) of revenues over(under) expenditures	(36,667)	1,978	(34,689)	(420,278)	(548,572)	513,883
Other financing sources, net	2,202,285	0	2,202,285	0	0	2,202,285
Balance beginning of year	981,562	131,874	1,113,436	871,421	871,421	242,015
Balance end of year	\$ 3,147,180	133,852	3,281,032	451,143	322,849	2,958,183

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2011

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the general Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$128,294.

During the year ended June 30, 2011, expenditures in the other expenditures function exceeded the budgeted amount.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS FOR THE  
 RETIREE HEALTH PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2011

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 1,506,823	\$ 1,506,823	0.00%	\$ 2,357,215	63.92%
2011	July 1, 2009	0	1,486,414	1,486,414	0.00%	2,152,157	69.07%

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

OTHER SUPPLEMENTARY INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 37,609	13,107	50,716
Receivables:			
Property tax:			
Delinquent	3,923	0	3,923
Succeeding year	85,000	0	85,000
Accounts	32	0	32
Total Assets	\$ 126,564	13,107	139,671
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Accounts payable	\$ 830	0	830
Succeeding year property tax	85,000	0	85,000
Total liabilities	85,830	0	85,830
Fund Balances			
Restricted for:			
Management levy purposes	40,734	0	40,734
Student activities	0	20,414	20,414
Unassigned	0	(7,307)	(7,307)
Total fund balances	40,734	13,107	53,841
Total Liabilities and Fund Balances	\$ 126,564	13,107	139,671

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2011

	Special Revenue		
	Manage-	Student	Total
	ment Levy	Activity	
Revenues:			
Local sources:			
Local tax	\$ 63,096	0	63,096
Other	6,189	119,318	125,507
State sources	30	0	30
Total revenues	<u>69,315</u>	<u>119,318</u>	<u>188,633</u>
Expenditures			
Current:			
Instruction:			
Regular	47,776	0	47,776
Other	0	122,762	122,762
Support services:			
Operation and maintenance of plant	17,737	0	17,737
Transportation	4,423	0	4,423
Total expenditures	<u>69,936</u>	<u>122,762</u>	<u>192,698</u>
Net change in fund balances	(621)	(3,444)	(4,065)
Fund balances beginning of year, as restated	<u>41,355</u>	<u>16,551</u>	<u>57,906</u>
Fund balances end of year	<u>\$ 40,734</u>	<u>13,107</u>	<u>53,841</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 356,380	135,958	492,338
<b>Receivables:</b>			
Property tax:			
Delinquent	0	19,866	19,866
Succeeding year	0	115,591	115,591
Income surtax	0	75,447	75,447
Accounts	0	64	64
Due from other governments	155,456	0	155,456
<b>Total Assets</b>	<b>\$ 511,836</b>	<b>346,926</b>	<b>858,762</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 0	1,566	1,566
<b>Deferred revenue:</b>			
Succeeding year property tax	0	115,591	115,591
Income surtax	0	75,447	75,447
<b>Total liabilities</b>	<b>0</b>	<b>192,604</b>	<b>192,604</b>
<b>Fund Balances:</b>			
<b>Restricted for:</b>			
School infrastructure	511,836	0	511,836
Physical plant and equipment	0	154,322	154,322
<b>Total fund balances</b>	<b>511,836</b>	<b>154,322</b>	<b>666,158</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 511,836</b>	<b>346,926</b>	<b>858,762</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 298,661	195,749	494,410
Other	1	2,972	2,973
State sources	0	59	59
Total revenues	<u>298,662</u>	<u>198,780</u>	<u>497,442</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,573	1,459	3,032
Support services:			
Operation and maintenance of plant	1,596	22,248	23,844
Transportation	0	3,174	3,174
Other expenditures:			
Facilities acquisitions	9,186	17,005	26,191
Total expenditures	<u>12,355</u>	<u>43,886</u>	<u>56,241</u>
Excess of revenues over expenditures	286,307	154,894	441,201
Other financing uses:			
Transfer out	(192,043)	(113,790)	(305,833)
Net change in fund balances	94,264	41,104	135,368
Fund balances beginning of year, as restated	<u>417,572</u>	<u>113,218</u>	<u>530,790</u>
Fund balances end of year	<u>\$ 511,836</u>	<u>154,322</u>	<u>666,158</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Designated Fund	\$ 1,132	2,766	3,269	629
Operetta	3,123	397	0	3,520
Activity	(1,052)	78,650	84,905	(7,307)
K-6	42	10,892	10,592	342
Yearbook	9,080	9,919	8,954	10,045
W-Club	0	3,896	1,622	2,274
Class of 2014	502	0	502	0
Class of 2010	359	0	116	243
Class of 2011	2,574	40	2,259	355
Class of 2012	0	12,727	9,985	2,742
Computer Club	579	0	359	220
Interest	212	31	199	44
Total	\$ 16,551	119,318	122,762	13,107

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 2,372,851	2,420,954	2,358,642	2,289,183	2,188,125	2,065,249	2,058,290	1,890,392
Tuition	157,938	183,810	295,482	223,694	222,668	120,781	163,711	190,571
Other	592,730	290,514	389,605	310,471	399,215	406,127	344,900	245,736
Intermediate sources	0	0	0	0	0	0	0	6,071
State sources	2,351,515	2,035,137	2,234,409	2,155,957	2,308,579	2,222,875	1,961,514	2,024,192
Federal sources	362,151	476,841	215,976	177,443	233,768	298,245	647,953	1,083,012
Total	\$ 5,837,185	5,407,256	5,494,114	5,156,748	5,352,355	5,113,277	5,176,368	5,439,974
Expenditures:								
Current:								
Instruction:								
Regular	\$ 2,197,307	2,253,665	2,425,586	2,198,926	2,107,162	2,020,427	2,010,483	1,903,327
Special	494,624	635,104	602,944	528,295	561,241	512,589	503,880	506,712
Other	550,014	587,166	523,719	466,003	527,568	454,405	357,885	390,626
Support services:								
Student	64,564	72,614	86,684	56,849	80,130	83,373	149,154	149,263
Instructional staff	62,316	33,580	49,168	21,175	14,107	7,404	14,797	8,510
Administration	497,626	458,053	470,929	538,021	548,768	534,350	519,223	539,786
Operation and maintenance of plant	417,200	455,844	438,572	461,536	426,666	420,393	440,454	421,652
Transportation	190,126	185,083	193,358	269,174	166,973	178,444	180,563	225,637
Central support	0	0	0	0	0	0	0	49,839
Non-instructional programs	0	74	0	0	0	0	0	0
Other expenditures:								
Facilities acquisitions	26,191	19,268	2,484	0	314,236	1,738,265	3,235,458	1,636,879
Long-term debt:								
Principal	1,015,000	290,000	275,000	260,000	195,000	135,000	125,000	120,000
Interest and fiscal charges	179,607	168,056	181,649	195,009	197,266	181,314	207,086	175,120
AEA flow-through	179,277	177,587	164,166	156,919	155,118	151,527	149,175	153,457
Total	\$ 5,873,852	5,336,094	5,414,259	5,151,907	5,294,235	6,417,491	7,893,158	6,280,808

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

**Certified Public Accountants**

**(a professional corporation)**

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 14, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as item II-A-11 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodbine Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters

that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 14, 2012

WOODBINE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2011

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-11 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of cash receipts to the cash receipts journal were all done by the same person.

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

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

Conclusion - Response accepted.

WOODBINE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2011

Part II: Other Findings Related to Required Statutory Reporting:

II-A-11 Certified Budget - District expenditures for the year ended June 30, 2011, exceeded the certified budget amounts in the other expenditures functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - The District will monitor spending within all functions and will amend the budget when necessary.

Conclusion - Response accepted.

II-B-11 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-11 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-11 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Connie Waite, Board Secretary Sister owns Shadow Valley Golf Course	Purchased Services	\$3,581
Joanna Shaw, Board President Spouse owns Shaw's Screen Printing	Purchased Services	\$5,877
Amy Sherer, Board Member Substitute teacher for District	Services	\$175

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the board secretary and board president do not appear to be a conflict of interest.

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

II-E-11 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-11 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-H-11 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-11 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-J-11 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-K-11 Financial Condition - At the year ended June 30, 2011, The General Fund had a deficit unassigned fund balance of \$111,156 and the one account within the Student Activity Fund was deficit \$7,307. The District also had a deficit unrestricted net assets balance in the governmental activities of \$362,466.

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

Response - The District will be increasing cash reserve levy for 2011 – 2012 to resolve the deficit General Fund balance. Student Activity accounts will be monitored more closely in the future.

Conclusion - Response accepted.

II-L-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-M-11 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use 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.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	417,572
Revenues:			
Sales tax revenues	\$	298,661	
Other local revenues		1	298,662
			<u>716,234</u>
Expenditures/transfers out:			
School infrastructure construction	\$	9,186	
Equipment		1,596	
Other		1,573	
Transfers to other funds:			
Debt service fund		192,043	204,398
Ending Balance			<u>\$ 511,836</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.