

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

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Woodward-Granger Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Mark Roberts	President	2011
Jennifer Pierce	Vice President	2011
Howard Schutt	Board Member	2011
Rebecca Carroll	Board Member	2013
Colleen Scharlau	Board Member	2013
<b>School Officials</b>		
Jody Gray	Superintendent	2011
Bob Torrence	District Secretary/ Treasurer and Business Manager	2011
Ahlers Law Firm	Attorney	2011

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodward-Granger Community School District at June 30, 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 February 10, 2012 on our consideration of Woodward-Granger Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, Retiree Health Plan, and Component Unit Financial Statements on pages 7 through 16 and 46 through 50 are not required

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodward-Granger Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, somewhat stylized font.

NOLTE, CORNMAN & JOHNSON, P.C.

February 10, 2012

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

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Woodward-Granger Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 \$10,855,478 in fiscal 2010 to \$11,012,235 in fiscal 2011, while General Fund expenditures increased from \$10,484,482 in fiscal 2010 to \$10,517,844 in fiscal 2011. This resulted in an increase in the District's General Fund balance from \$948,147 in fiscal 2010 to \$1,442,538 in fiscal 2011, a 52.14% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and state grant revenue in fiscal 2011. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits, increased heating and building maintenance costs, as well as additional costs associated with the Woodward Academy.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

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

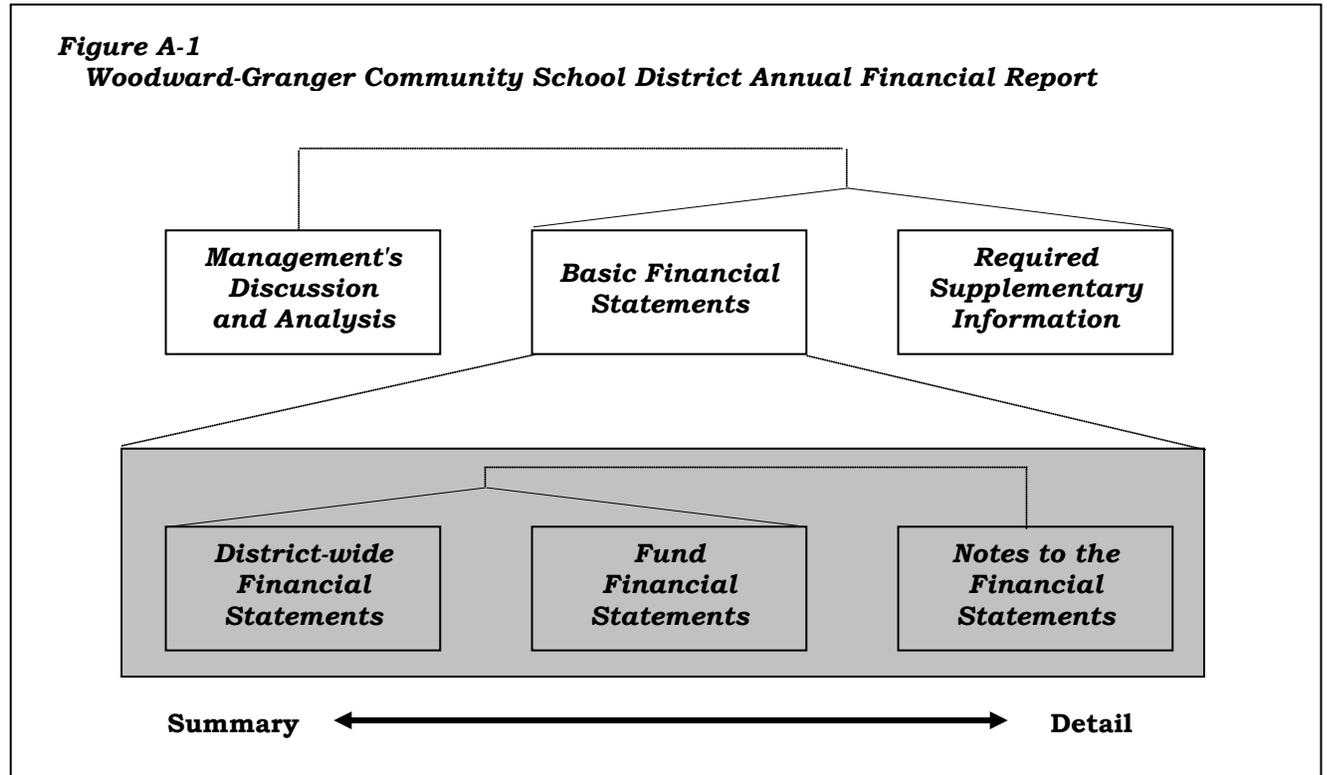


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.
- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust and the Agency fund.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3  
Condensed Statement of Net Assets

	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
Current and other assets	\$ 8,965,857	8,897,830	7,533	75,989	8,973,390	8,973,819	0.00%
Capital assets	13,294,899	13,274,679	148,827	109,428	13,443,726	13,384,107	0.45%
Total assets	22,260,756	22,172,509	156,360	185,417	22,417,116	22,357,926	0.26%
Long-term obligations	9,289,974	9,615,704	0	7,319	9,289,974	9,623,023	-3.46%
Other liabilities	6,056,976	6,113,765	167,054	173,283	6,224,030	6,287,048	-1.00%
Total liabilities	15,346,950	15,729,469	167,054	180,602	15,514,004	15,910,071	-2.49%
Net assets:							
Invested in capital assets, net of related debt	4,504,899	4,276,408	148,827	109,428	4,653,726	4,385,836	6.11%
Restricted	1,201,269	1,325,404	0	0	1,201,269	1,325,404	-9.37%
Unrestricted	1,207,638	841,228	(159,521)	(104,613)	1,048,117	736,615	42.29%
Total net assets	\$ 6,913,806	6,443,040	(10,694)	4,815	6,903,112	6,447,855	7.06%

The District’s combined net assets increased by 7.06%, or \$455,257, over the prior year. The largest portion of the District’s net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net assets decreased \$124,135, or 9.37% over the prior year. The decrease was primarily a result of the decrease in the Capital Projects, Statewide Sales and Services Tax fund balance as the renovation of the High School/Middle School building was completed.

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 \$311,502, or 42.29%. This increase in unrestricted net assets was a result of the District's increase in the General Fund balance.

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

Figure A-4  
Changes of Net Assets

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 3,477,721	3,463,145	237,767	194,586	3,715,488	3,657,731	1.58%
Operating grants and contributions and restricted interest	1,097,917	1,868,093	118,196	121,788	1,216,113	1,989,881	-38.89%
General revenues:							
Property tax	4,200,214	3,683,933	0	0	4,200,214	3,683,933	14.01%
Income surtax	356,428	341,699	0	0	356,428	341,699	4.31%
Statewide sales, services and use tax	342,364	426,587	0	0	342,364	426,587	-19.74%
Unrestricted state grants	3,321,990	2,704,533	0	0	3,321,990	2,704,533	22.83%
Nonspecific program federal grants	122,283	0	0	0	122,283	0	100.00%
Other	54,636	94,646	9,472	2,134	64,108	96,780	-33.76%
Transfers	0	(58,654)	0	58,654	0	0	0.00%
Total revenues	12,973,553	12,523,982	365,435	377,162	13,338,988	12,901,144	3.39%
Program expenses:							
Governmental activities:							
Instruction	8,293,419	8,130,442	0	0	8,293,419	8,130,442	2.00%
Support services	3,199,854	2,703,197	1,963	516	3,201,817	2,703,713	18.42%
Non-instructional programs	0	25	378,981	364,774	378,981	364,799	3.89%
Other expenses	1,009,514	1,103,454	0	0	1,009,514	1,103,454	-8.51%
Total expenses	12,502,787	11,937,118	380,944	365,290	12,883,731	12,302,408	4.73%
Change in net assets before extraordinary item	470,766	586,864	(15,509)	11,872	455,257	598,736	138.07%
Extraordinary item:							
Compensation for loss of capital assets	0	123,509	0	0	0	123,509	100.00%
Change in net assets	470,766	710,373	(15,509)	11,872	455,257	722,245	-36.97%
Net assets beginning of year, as restated	6,443,040	5,732,667	4,815	(7,057)	6,447,855	5,725,610	12.61%
Net assets end of year	\$ 6,913,806	6,443,040	(10,694)	4,815	6,903,112	6,447,855	7.06%

In fiscal 2011, property tax and unrestricted state grants account for 57.98% of the revenue from governmental activities while charges for services and operating grants and contributions account for 97.41% of the revenue from business type activities.

The District's total revenues were approximately \$13.3 million of which \$13.0 million was for governmental activities and \$.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 3.39% in revenues and a 4.73% increase in expenses. The increase in expenses was related to the increase in support services costs during the year.

### Governmental Activities

Revenues for governmental activities were \$12,973,553 and expenses were \$12,502,787.

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

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 8,293,419	8,130,442	2.00%	4,037,426	3,127,681	29.09%
Support services	3,199,854	2,703,197	18.37%	3,186,676	2,680,497	18.88%
Non-Instructional	0	25	100.00%	0	25	-100.00%
Other expenses	1,009,514	1,103,454	-8.51%	703,047	797,677	-11.86%
Totals	<u>\$ 12,502,787</u>	<u>11,937,118</u>	<u>4.74%</u>	<u>7,927,149</u>	<u>6,605,880</u>	<u>20.00%</u>

- The cost financed by users of the District's programs was \$3,477,721.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,097,917.
- The net cost of governmental activities was financed with \$4,200,214 in property tax, \$356,428 in income surtax, \$342,364 in statewide sales, services and use tax, \$3,321,990 in unrestricted state grants, \$122,283 in nonspecific program federal grants, \$1,247 in interest income and \$53,389 in other general revenue.

### Business-Type Activities

Revenues of the District's business type activities were \$365,435 and expenses were \$380,944. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service and federal and state reimbursements.

## INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,586,809, compared to last year's ending fund balances of \$2,517,607. The primary reason for the increase in combined fund balances in fiscal 2011 is due to the increase in the General Fund balance.

### Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in local tax and state grants resulted in an increase in revenues. The increase in revenues was partially offset by the District's increase in General Fund expenditures, resulting in a fund balance increase from \$948,147, to \$1,442,538.

- The Capital Projects Fund balance decreased from a restated balance of \$1,314,017 at the beginning of the fiscal year 2011 to \$894,102. The beginning balance was restated as a result of the Physical Plant and Equipment Levy Fund reclassification as a Capital Projects Fund account in accordance with GASB Statement No. 54. The decrease was the result of the renovation of the High School/Middle School building being completed during the year.

### Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from a positive \$4,815 at June 30, 2010 to a deficit \$10,694 at June 30, 2011, representing a decrease of 322.10%.

### BUDGETARY HIGHLIGHTS

The District's revenues were \$763,940 less than budgeted revenues, a variance of 5.44%. The most significant variance resulted from the District receiving more in federal sources than originally anticipated.

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

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2011, the District had invested \$13.44 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$415,802.

The original cost of the District's capital assets was \$17.32 million. Governmental funds account for \$17.05 million with the remainder of \$0.27 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$13,031,147 at June 30, 2011, compared to \$6,078,441 reported at June 30, 2010. This increase resulted from renovations at the high school/middle school building.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 14,204	14,204	0	0	14,204	14,204	0.00%
Construction in progress	0	7,009,231	0	0	0	7,009,231	-100.00%
Buildings	13,031,147	6,078,441	0	0	13,031,147	6,078,441	114.38%
Machinery and equipment	249,548	172,803	148,827	109,428	398,375	282,231	41.15%
Total	\$ 13,294,899	13,274,679	148,827	109,428	13,443,726	13,384,107	0.45%

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## Long-Term Debt

At June 30, 2011, the District had \$9,289,974 in general obligation and other long-term debt outstanding. This represents a decrease of 3.46% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$7,395,000 at June 30, 2011.

The District had total outstanding capital loan notes payable of \$1,395,000 at June 30, 2011.

The District had total outstanding Early Retirement payable from the Special Revenue - Management Fund of \$144,667 at June 30, 2011.

The District had total outstanding Compensated Absences payable from the General Fund of \$19,234 at June 30, 2011.

The District had total outstanding Net OPEB liability payable from the General Fund of \$336,073 at June 30, 2011.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2011	2010	2010-11
General Obligation Bonds	\$ 7,395,000	7,680,000	-3.71%
Revenue Bonds	0	55,000	-100.00%
Capital Loan Note	1,395,000	1,570,000	-11.15%
Early Retirement	144,667	118,665	21.91%
Compensated Absences	19,234	34,543	-44.32%
Net OPEB Liability	336,073	164,815	103.91%
Totals	<u>\$ 9,289,974</u>	<u>9,623,023</u>	<u>-3.46%</u>

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

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

BASIC FINANCIAL STATEMENTS

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Primary Government		Component Units	
	Governmental	Business Type	Total	Total
	Activities	Activities		Discrete
<b>Assets</b>				
Cash and pooled investments	\$ 3,203,044	1,736	3,204,780	9,143
Receivables:				
Property tax:				
Delinquent	44,509	0	44,509	0
Succeeding year	4,214,887	0	4,214,887	0
Income surtax	352,408	0	352,408	0
Accounts	50,331	0	50,331	0
Due from other funds	163,278	0	163,278	0
Due from other governments	937,400	0	937,400	0
Inventories	0	5,797	5,797	0
Capital assets, net of accumulated depreciation	13,294,899	148,827	13,443,726	0
<b>Total Assets</b>	<b>22,260,756</b>	<b>156,360</b>	<b>22,417,116</b>	<b>9,143</b>
<b>Liabilities</b>				
Due to other funds	0	163,278	163,278	0
Accounts payable	862,583	0	862,583	0
Salaries and benefits payable	814,965	0	814,965	0
Accrued interest payable	30,336	0	30,336	0
Deferred revenue:				
Succeeding year property tax	4,214,887	0	4,214,887	0
Other	134,205	0	134,205	0
Unearned revenue	0	3,776	3,776	0
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	300,000	0	300,000	0
Capital loan notes payable	180,000	0	180,000	0
Early retirement payable	55,333	0	55,333	0
Compensated absences	19,234	0	19,234	0
Portion due after one year:				
General obligation bonds payable	7,095,000	0	7,095,000	0
Capital loan notes payable	1,215,000	0	1,215,000	0
Early retirement payable	89,334	0	89,334	0
Net OPEB liability	336,073	0	336,073	0
<b>Total Liabilities</b>	<b>15,346,950</b>	<b>167,054</b>	<b>15,514,004</b>	<b>0</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	4,504,899	148,827	4,653,726	0
Restricted for:				
Categorical funding	201,576	0	201,576	0
School infrastructure	639,447	0	639,447	0
Physical plant and equipment	254,655	0	254,655	0
Management levy purposes	48,146	0	48,146	0
Student activities	53,862	0	53,862	0
Debt service	3,583	0	3,583	0
Unrestricted	1,207,638	(159,521)	1,048,117	9,143
<b>Total Net Assets</b>	<b>\$ 6,913,806</b>	<b>(10,694)</b>	<b>6,903,112</b>	<b>9,143</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Primary Government		Component Units	
				Governmental Activities	Business Type Activities	Total	Total Discrete
<b>Governmental activities:</b>							
Instruction:							
Regular	\$ 3,257,797	930,999	145,810	(2,180,988)	0	(2,180,988)	0
Special	3,727,749	2,181,068	125,041	(1,421,640)	0	(1,421,640)	0
Other	1,307,873	365,654	507,421	(434,798)	0	(434,798)	0
	<u>8,293,419</u>	<u>3,477,721</u>	<u>778,272</u>	<u>(4,037,426)</u>	<u>0</u>	<u>(4,037,426)</u>	<u>0</u>
Support services:							
Student	205,449	0	0	(205,449)	0	(205,449)	0
Instructional staff	225,546	0	0	(225,546)	0	(225,546)	0
Administration	1,137,584	0	4,314	(1,133,270)	0	(1,133,270)	0
Operation and maintenance of plant	1,279,964	0	0	(1,279,964)	0	(1,279,964)	0
Transportation services	351,311	0	8,864	(342,447)	0	(342,447)	0
	<u>3,199,854</u>	<u>0</u>	<u>13,178</u>	<u>(3,186,676)</u>	<u>0</u>	<u>(3,186,676)</u>	<u>0</u>
Other expenses:							
Facilities acquisitions	0	0	0	0	0	0	0
Long-term debt interest	385,331	0	0	(385,331)	0	(385,331)	0
AEA flowthrough	306,467	0	306,467	0	0	0	0
Depreciation(unallocated)*	317,716	0	0	(317,716)	0	(317,716)	0
	<u>1,009,514</u>	<u>0</u>	<u>306,467</u>	<u>(703,047)</u>	<u>0</u>	<u>(703,047)</u>	<u>0</u>
Total governmental activities	<u>12,502,787</u>	<u>3,477,721</u>	<u>1,097,917</u>	<u>(7,927,149)</u>	<u>0</u>	<u>(7,927,149)</u>	<u>0</u>
<b>Business Type activities:</b>							
Support services:							
Operation and maintenance of plant	1,963	0	0	0	(1,963)	(1,963)	0
Non-instructional programs:							
Nutrition services	378,981	237,767	118,196	0	(23,018)	(23,018)	0
Total business type activities	<u>380,944</u>	<u>237,767</u>	<u>118,196</u>	<u>0</u>	<u>(24,981)</u>	<u>(24,981)</u>	<u>0</u>
Total primary government	<u>\$ 12,883,731</u>	<u>3,715,488</u>	<u>1,216,113</u>	<u>(7,927,149)</u>	<u>(24,981)</u>	<u>(7,952,130)</u>	<u>0</u>
Total component units	<u>\$ 412,588</u>	<u>0</u>	<u>349,120</u>				<u>(63,468)</u>
<b>General Revenues:</b>							
Property tax for:							
General purposes				\$ 3,171,965	0	3,171,965	0
Capital outlay				534,649	0	534,649	0
Debt service				493,600	0	493,600	0
Income surtax				356,428	0	356,428	0
Statewide sales, services and use tax				342,364	0	342,364	0
Unrestricted state grants				3,321,990	0	3,321,990	0
Nonspecific program federal grants				122,283	0	122,283	0
Unrestricted investment earnings				1,247	6	1,253	0
Other				53,389	9,466	62,855	0
Total general revenues				<u>8,397,915</u>	<u>9,472</u>	<u>8,407,387</u>	<u>0</u>
Changes in net assets				470,766	(15,509)	455,257	(63,468)
Net assets beginning of year				6,443,040	4,815	6,447,855	72,611
Net assets end of year				<u>\$ 6,913,806</u>	<u>(10,694)</u>	<u>6,903,112</u>	<u>9,143</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>Assets</b>				
Cash and pooled investments	\$ 2,049,287	866,977	286,780	3,203,044
Receivables:				
Property tax:				
Delinquent	32,343	3,849	8,317	44,509
Succeeding year	3,107,356	360,744	746,787	4,214,887
Income surtax	352,408	0	0	352,408
Accounts	45,809	4,520	2	50,331
Due from other funds	192,926	0	900	193,826
Due from other governments	854,308	83,074	18	937,400
<b>Total Assets</b>	<b>\$ 6,634,437</b>	<b>1,319,164</b>	<b>1,042,804</b>	<b>8,996,405</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Due to other funds	\$ 0	0	30,548	30,548
Accounts payable	782,965	64,318	15,300	862,583
Salaries and benefits payable	814,965	0	0	814,965
Deferred revenue:				
Succeeding year property tax	3,107,356	360,744	746,787	4,214,887
Income surtax	352,408	0	0	352,408
Other	134,205	0	0	134,205
Total liabilities	5,191,899	425,062	792,635	6,409,596
Fund balances:				
Restricted for:				
Categorical funding	201,576	0	0	201,576
School infrastructure	0	639,447	0	639,447
Physical plant and equipment	0	254,655	0	254,655
Management levy purposes	0	0	192,813	192,813
Student activities	0	0	53,862	53,862
Debt service	0	0	3,583	3,583
Unassigned for:				
General fund	1,240,962	0	0	1,240,962
Student activities	0	0	(89)	(89)
Total fund balances	1,442,538	894,102	250,169	2,586,809
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,634,437</b>	<b>1,319,164</b>	<b>1,042,804</b>	<b>8,996,405</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

<b>Total fund balances of governmental funds(page 20)</b>	\$ 2,586,809
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	13,294,899
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	352,408
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as liability in the governmental funds.	(30,336)
Long-term liabilities, including general obligation bonds payable, net OPEB liability, capital loan notes payable early retirement payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(9,289,974)</u>
<b>Net assets of governmental activities(page 18)</b>	<u><u>\$ 6,913,806</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 3,225,537	877,013	743,616	4,846,166
Tuition	3,139,875	0	0	3,139,875
Other	126,605	0	287,849	414,454
State sources	3,796,564	0	0	3,796,564
Federal sources	723,654	0	0	723,654
Total revenues	<u>11,012,235</u>	<u>877,013</u>	<u>1,031,465</u>	<u>12,920,713</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,198,959	0	10,348	3,209,307
Special	3,634,557	0	16,804	3,651,361
Other	1,016,116	0	286,522	1,302,638
	<u>7,849,632</u>	<u>0</u>	<u>313,674</u>	<u>8,163,306</u>
Support services:				
Student	208,513	0	0	208,513
Instructional staff	221,919	0	0	221,919
Administration	985,794	94,800	67,280	1,147,874
Operation and maintenance of plant	654,055	1,541	155,735	811,331
Transportation	291,464	76,864	5,256	373,584
	<u>2,361,745</u>	<u>173,205</u>	<u>228,271</u>	<u>2,763,221</u>
Other expenditures:				
Facilities acquisitions	0	715,412	0	715,412
Long-term debt:				
Principal	0	0	515,000	515,000
Interest	0	0	388,105	388,105
AEA flowthrough	306,467	0	0	306,467
	<u>306,467</u>	<u>715,412</u>	<u>903,105</u>	<u>1,924,984</u>
Total expenditures	<u>10,517,844</u>	<u>888,617</u>	<u>1,445,050</u>	<u>12,851,511</u>
Excess(deficiency) of revenues over(under) expenditures	494,391	(11,604)	(413,585)	69,202
Other financing sources(uses):				
Transfers in	0	21,555	408,311	429,866
Transfers out	0	(429,866)	0	(429,866)
Total other financing sources(uses)	<u>0</u>	<u>(408,311)</u>	<u>408,311</u>	<u>0</u>
Net change in fund balances	494,391	(419,915)	(5,274)	69,202
Fund balance beginning of year, as restated	948,147	1,314,017	255,443	2,517,607
Fund balance end of year	<u>\$ 1,442,538</u>	<u>894,102</u>	<u>250,169</u>	<u>2,586,809</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds(page 22) \$ 69,202

**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	\$ 416,767	
Depreciation expense	(396,547)	20,220
	<u>          </u>	

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 52,840

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. 515,000

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. 2,774

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

Early Retirement	\$ (26,002)	
Compensated Absences	15,309	
Net OPEB liability	(178,577)	(189,270)
	<u>          </u>	<u>          </u>

Changes in net assets of governmental activities(page 19) \$ 470,766

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2011

	<u>School</u> <u>Nutrition</u>
<b>Assets</b>	
Cash and pooled investments	\$ 1,736
Inventories	5,797
Capital assets, net of accumulated depreciation	148,827
<b>Total Assets</b>	<u>156,360</u>
<b>Liabilities</b>	
Due to other funds	163,278
Unearned revenue	3,776
<b>Total Liabilities</b>	<u>167,054</u>
<b>Net Assets</b>	
Invested in capital assets	148,827
Unrestricted	(159,521)
<b>Total Net Assets</b>	<u>\$ (10,694)</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2011

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 237,767
Miscellaneous	9,466
TOTAL OPERATING REVENUES	247,233
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	1,963
Non-instructional programs:	
Food service operations:	
Services	315,249
Supplies	44,477
Depreciation	19,255
	378,981
TOTAL OPERATING EXPENSES	380,944
OPERATING LOSS	(133,711)
NON-OPERATING REVENUES:	
Interest income	6
State sources	2,980
Federal sources	115,216
TOTAL NON-OPERATING REVENUES	118,202
Change in net assets	(15,509)
Net assets beginning of year	4,815
Net assets end of year	\$ (10,694)

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 230,903
Cash received from miscellaneous operating activities	9,466
Cash payments to employees for services	(32,324)
Cash payments to suppliers for goods or services	(335,488)
Net cash used in operating activities	(127,443)
Cash flows from non-capital financing activities:	
Interfund borrowings from the General Fund	25,796
State grants received	2,980
Federal grants received	90,603
Net cash provided by non-capital financing activities	119,379
Cash flows from investing activities:	
Interest on investments	6
Net decrease in cash and cash equivalents	(8,058)
Cash and cash equivalents at beginning of year	9,794
Cash and cash equivalents at end of year	\$ 1,736
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (133,711)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	24,613
Depreciation	19,255
Decrease in inventories	1,744
Decrease in accounts payable	(156)
Decrease in salaries and benefits payable	(25,005)
Decrease in unearned revenue	(6,864)
Decrease in other postemployment liabilities	(7,319)
Net cash used in operating activities	\$ (127,443)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$24,613 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	Private Purpose	
	Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and pooled investments	\$ 47,823	2,734
Due from other governments	0	20,278
<b>Total Assets</b>	<u>47,823</u>	<u>23,012</u>
<b>Liabilities</b>		
Due to other groups	0	23,012
<b>Total Liabilities</b>	<u>0</u>	<u>23,012</u>
<b>Net Assets</b>		
Unrestricted	47,823	0
<b>Total Net Assets</b>	<u>\$ 47,823</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 802
Contributions	1,000
Total additions	<u>1,802</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>750</u>
Change in net assets	1,052
Net assets beginning of year	<u>46,771</u>
Net assets end of year	<u>\$ 47,823</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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

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

**A. Reporting Entity**

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

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

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

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

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all

considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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 - restricted 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 Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the

investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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, equipment and intangibles are reported in the applicable governmental or business type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

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

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are not expected to be converted to cash. These items include prepaid items.

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.

(2) **Cash and Pooled Investments**

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

At June 30, 2011 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$177,262 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

**(3) Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy	\$ 229,818
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	178,493
Capital Projects: GO Bond Construction Services Tax	Capital Projects: Physical Plant and Equipment Levy	21,555
Total		<u>\$ 429,866</u>

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

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

At June 30, 2011 the interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise, School Nutrition	\$ 162,378
General	Management Levy	4,324
General	Special Revenue: Student Activity	24,245
General	Debt Service	1,979
Special Revenue: Student Activity	Enterprise, School Nutrition	900
Total		<u>\$ 193,826</u>

The Enterprise, School Nutrition Fund is repaying the General Fund for money borrowed for cash flow purposes.

The Special Revenue Management Levy Fund is repaying the General Fund for insurance expenses paid from the Management Levy Fund.

The Special Revenue, Student Activity Fund is repaying the General Fund for Student Activity Fund account more appropriately handled in the General Fund.

The Debt Service Fund is repaying the General Fund for money borrowed for cash flow purposes.

The Enterprise, School Nutrition Fund is repaying the Special Revenue, Student Activity Fund for money deposited into the wrong fund.

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

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

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants was 1.20% plus the one-month LIBOR rate, adjusted daily. The interest rate on the Series 2010-11B warrants is a variable rate, calculated daily based upon the Bankers Trust Co. NA prime rate plus 120 basis points.

During the year ended June 30, 2011 the District had no borrowing or repayments

**(6) 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
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,204	0	0	14,204
Construction in progress	7,009,231	261,191	7,270,422	0
Total capital assets not being depreciated	<u>7,023,435</u>	<u>261,191</u>	<u>7,270,422</u>	<u>14,204</u>
Capital assets being depreciated:				
Buildings	8,962,340	7,270,422	0	16,232,762
Machinery and equipment	701,962	155,576	56,953	800,585
Total capital assets being depreciated	<u>9,664,302</u>	<u>7,425,998</u>	<u>56,953</u>	<u>17,033,347</u>
Less accumulated depreciation for:				
Buildings	2,883,899	317,716	0	3,201,615
Machinery and equipment	529,159	78,831	56,953	551,037
Total accumulated depreciation	<u>3,413,058</u>	<u>396,547</u>	<u>56,953</u>	<u>3,752,652</u>
Total capital assets being depreciated, net	<u>6,251,244</u>	<u>7,029,451</u>	<u>0</u>	<u>13,280,695</u>
Governmental activities capital assets, net	<u>\$ 13,274,679</u>	<u>7,290,642</u>	<u>7,270,422</u>	<u>13,294,899</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 210,259	58,654	0	268,913
Less accumulated depreciation	100,831	19,255	0	120,086
Business type activities capital assets, net	<u>\$ 109,428</u>	<u>39,399</u>	<u>0</u>	<u>148,827</u>

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular			\$ 17,280
Support services:			
Instructional staff			593
Administration			3,465
Operation and maintenance of plant			3,460
Transportation			54,033
			<u>78,831</u>
Unallocated depreciation			<u>317,716</u>
Total governmental activities depreciation expense			<u>\$ 396,547</u>
Business type activities:			
Food services			<u>\$ 19,255</u>

**(7) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 7,680,000	0	285,000	7,395,000	300,000
Revenue Bonds	55,000	0	55,000	0	0
Capital Loan Notes	1,570,000	0	175,000	1,395,000	180,000
Early Retirement	118,665	56,000	29,998	144,667	55,333
Compensated Absences	34,543	19,234	34,543	19,234	19,234
Net OPEB Liability	157,496	178,577	0	336,073	0
Total	<u>\$ 9,615,704</u>	<u>253,811</u>	<u>579,541</u>	<u>9,289,974</u>	<u>554,567</u>
Business type activities:					
Net OPEB Liability	\$ 7,319	0	7,319	0	0

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of July 1, 2004			Year Ending June 30,	Bond Issue of June 3, 2008			Total		
	Interest Rates	Principal	Interest		Interest Rates	Principal	Interest	Principal	Interest	Total
2012	5.00 % \$	130,000	109,051	2012	4.10 % \$	170,000	206,735	300,000	315,786	615,786
2013	5.00	135,000	102,550	2013	4.10	175,000	199,765	310,000	302,315	612,315
2014	4.70	145,000	95,800	2014	4.10	180,000	192,590	325,000	288,390	613,390
2015	4.13	150,000	88,984	2015	4.10	190,000	185,210	340,000	274,194	614,194
2016	4.25	155,000	82,798	2016	4.10	200,000	177,420	355,000	260,218	615,218
2017-2021	4.37-5.00	900,000	299,210	2017-2021	4.10-4.00	1,130,000	758,635	2,030,000	1,057,845	3,087,845
2022-2026	5.00	645,000	65,500	2022-2026	4.00	1,905,000	499,800	2,550,000	565,300	3,115,300
2027-2028	5.00	-	-	2027-2028	4.00	1,185,000	71,600	1,185,000	71,600	1,256,600
<b>Total</b>		<b>\$ 2,260,000</b>	<b>843,893</b>	<b>Total</b>		<b>\$ 5,135,000</b>	<b>2,291,755</b>	<b>\$ 7,395,000</b>	<b>3,135,648</b>	<b>10,530,648</b>

#### Capital Loan Notes Payable

During the year ended June 30, 2008 the District issued \$1,900,000 in capital loan notes which are payable from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2011 capital loan notes indebtedness are as follows:

Year Ending June 30,	Note Issue of June 3, 2008			
	Interest Rates	Principal	Interest	Total
2012	3.50 % \$	180,000	48,242	228,242
2013	3.25	185,000	41,942	226,942
2014	3.25	190,000	35,930	225,930
2015	3.35	200,000	29,755	229,755
2016	3.50	205,000	23,055	228,055
2017-2018	3.60-3.70	435,000	24,020	459,020
<b>Total</b>		<b>\$ 1,395,000</b>	<b>202,944</b>	<b>1,597,944</b>

#### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 100% of a single plan health insurance coverage with the district's maximum expenditure not to exceed \$4,000. The coverage terminates upon the employee reaching age 65 or upon the death of the employee, whichever is first. Early retirement benefits paid during the year ended June 30, 2011, totaled \$29,998. A liability has been recorded in the Statement of Net Assets representing the District's commitment to fund non-current early retirement.

#### **(8) Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug dental benefits for retirees and their spouses. There are 126 active and 10 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug dental benefit as active employees, which results in an implicit OPEB liability.

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

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

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

Annual required contribution	\$ 234,464
Interest on net OPEB obligation	4,120
Adjustment to annual required contribution	(20,049)
Annual OPEB cost	<u>218,535</u>
Contributions made	<u>(47,277)</u>
Increase in net OPEB obligation	171,258
Net OPEB obligation beginning of year	<u>164,815</u>
Net OPEB obligation end of year	<u><u>\$ 336,073</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 \$47,277 to the medical and dental plan. Plan members eligible for benefits contributed \$82,238, or 63.5% 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	\$ 221,148	25.47%	\$ 164,815
2011	218,535	21.63%	336,073

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 \$1.297 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.245 million. The covered payroll (annual payroll of active employees covered

by the plan) was approximately \$4,377,964 and the ratio of the UAAL to covered payroll was 28.43%. 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 events far into the future. Examples include assumptions about future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

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

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

**(9) Pension and Retirement Benefits**

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

Plan members are required to contribute 4.50% of their annual salary and the District is required to contribute 6.95% of annual covered payroll.

Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$336,515, \$323,015, and \$312,243, respectively, equal to the required contributions for each year.

**(10) Risk Management**

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

**(11) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$306,467 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.

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

The Enterprise, School Nutrition Fund had deficit unrestricted net assets of \$159,521 at June 30, 2011. The Student Activity Fund had a deficit unassigned fund balance of \$89.

**(13) Categorical Funding**

The District's ending reserved balances for categorical funding as of June 30, 2011 are broken out by the following projects:

Project	Amount
Gifted and talented	\$ 2,599
Dropout and dropout prevention	47,452
Educator quality, salary improvement program	39,501
Educator quality, professional development	74,917
Educator quality, model core curriculum	12,801
State voluntary preschool	24,306
	Total categorical funding
	\$ 201,576

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 reclassification is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 1,072,385	\$ 241,632
Change in fund type classification per implementation of GASB Statement No. 54	<u>241,632</u>	<u>(241,632)</u>
Balance July 1, 2010 as restated	<u><u>\$ 1,314,017</u></u>	<u><u>\$ 0</u></u>

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 8,400,495	247,239	8,647,734	9,181,416	9,181,416	(533,682)
State sources	3,796,564	2,980	3,799,544	4,114,672	4,114,672	(315,128)
Federal sources	723,654	115,216	838,870	754,000	754,000	84,870
Total revenues	12,920,713	365,435	13,286,148	14,050,088	14,050,088	(763,940)
Expenditures/expenses:						
Instruction	8,163,306	0	8,163,306	8,647,933	8,647,933	484,627
Support services	2,763,221	1,963	2,765,184	3,545,820	3,545,820	780,636
Non-instructional programs	0	378,981	378,981	502,964	502,964	123,983
Other expenditures	1,924,984	0	1,924,984	2,350,877	2,350,877	425,893
Total expenditures/expenses	12,851,511	380,944	13,232,455	15,047,594	15,047,594	1,815,139
Excess(Deficiency) of revenues over(under) expenditures/expenses	69,202	(15,509)	53,693	(997,506)	(997,506)	1,051,199
Other financing sources(uses), net	0	0	0	78,000	78,000	(78,000)
Excess(deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	69,202	(15,509)	53,693	(919,506)	(919,506)	973,199
Balance beginning of year	2,517,607	4,815	2,522,422	1,519,126	1,519,126	1,003,296
Balance end of year	\$ 2,586,809	(10,694)	2,576,115	599,620	599,620	1,976,495

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial	Unfunded		Covered Payroll ( c )	UAAAL as a
			Accrued Liability (AAL) (b)	AAL (UAAAL) (b-a)	Funded Ratio (a/b)		Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 1,244,652	\$ 1,244,652	0.00%	\$ 4,367,794	28.50%
2011	July 1, 2009	0	1,244,652	1,244,652	0.00%	4,377,964	28.43%

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

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 NET ASSETS - CASH BASIS -  
 DISCRETE COMPONENT UNITS  
 DECEMBER 31, 2010

	Hawks Stadium Project
Assets	
Cash	\$ 9,143
 Total Liabilities	 0
 Net Assets	
Unrestricted	\$ 9,143

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES AND EXPENSES  
 AND CHANGES IN NET ASSETS - CASH BASIS -  
 DISCRETE COMPONENT UNITS  
 YEAR ENDED DECEMBER 31, 2010

	Hawk Stadium Project
Revenues:	
Donations	\$ 349,120
EXPENSES:	
Facilities/Equipment	412,588
Change in net assets	(63,468)
Net assets beginning of year	72,611
Net assets end of year	\$ 9,143

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OTHER SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011

	Special Revenue			Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds		
<b>Assets</b>					
Cash and pooled investments	195,605	91,175	286,780	0	286,780
Receivables:					
Property tax:					
Delinquent	2,767	0	2,767	5,550	8,317
Succeeding year	250,000	0	250,000	496,787	746,787
Accounts	0	2	2	0	2
Due from other funds	0	900	900	0	900
Due from other governments	6	0	6	12	18
<b>Total Assets</b>	<b>\$ 448,378</b>	<b>92,077</b>	<b>540,455</b>	<b>502,349</b>	<b>1,042,804</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Due to other funds	\$ 4,324	24,245	28,569	1,979	30,548
Accounts payable	1,241	14,059	15,300	0	15,300
Deferred revenue:					
Succeeding year property tax	250,000	0	250,000	496,787	746,787
Total liabilities	255,565	38,304	293,869	498,766	792,635
Fund balances:					
Restricted for:					
Management levy purposes	192,813	0	192,813	0	192,813
Student activities	0	53,862	53,862	0	53,862
Debt service	0	0	0	3,583	3,583
Unassigned	0	(89)	(89)	0	(89)
Total fund balances	192,813	53,773	246,586	3,583	250,169
<b>Total Liabilities and Fund Balances</b>	<b>\$ 448,378</b>	<b>92,077</b>	<b>540,455</b>	<b>502,349</b>	<b>1,042,804</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			Debt Service	Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue Funds		
Revenues:					
Local sources:					
Local tax	\$ 250,016	0	250,016	493,600	743,616
Other	13,830	274,019	287,849	0	287,849
Total revenues	263,846	274,019	537,865	493,600	1,031,465
Expenditures:					
Current:					
Instruction:					
Regular	10,348	0	10,348	0	10,348
Special	16,804	0	16,804	0	16,804
Other	0	286,522	286,522	0	286,522
Support services:					
Administration	67,280	0	67,280	0	67,280
Operation and maintenance of plant	155,735	0	155,735	0	155,735
Transportation	5,256	0	5,256	0	5,256
Other expenditures:					
Long-term debt:					
Principal	0	0	0	515,000	515,000
Interest	0	0	0	388,105	388,105
Total expenditures	255,423	286,522	541,945	903,105	1,445,050
Excess(deficiency) of revenues over(under) expenditures	8,423	(12,503)	(4,080)	(409,505)	(413,585)
Other financing sources:					
Transfer in	0	0	0	408,311	408,311
Net change in fund balances	8,423	(12,503)	(4,080)	(1,194)	(5,274)
Fund balance beginning of year, as restated	184,390	66,276	250,666	4,777	255,443
Fund balance end of year	\$ 192,813	53,773	246,586	3,583	250,169

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 JUNE 30, 2011

	Capital Project Funds			
	GO Bond Construction	Statewide Sales and Services Tax	Physical Plant and Equipment Levy	Total Capital Projects
<b>ASSETS</b>				
Cash and pooled investments	\$ 24,013	562,866	280,098	866,977
Receivables:				
Property tax				
Delinquent	0	0	3,849	3,849
Succeeding year	0	0	360,744	360,744
Accounts	0	4,520	0	4,520
Due from other governments	0	83,066	8	83,074
<b>TOTAL ASSETS</b>	<b>\$ 24,013</b>	<b>650,452</b>	<b>644,699</b>	<b>1,319,164</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 24,013	11,005	29,300	64,318
Deferred revenue:				
Succeeding year property tax	0	0	360,744	360,744
Total liabilities	24,013	11,005	390,044	425,062
Fund balances:				
Restricted for:				
School infrastructure	0	639,447	0	639,447
Physical plant and equipment	0	0	254,655	254,655
Total fund balances	0	639,447	254,655	894,102
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 24,013</b>	<b>650,452</b>	<b>644,699</b>	<b>1,319,164</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Project Fund			Total
	GO Bond Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:				
Local sources				
Local tax	\$ 0	534,649	342,364	877,013
Expenditures:				
Current:				
Support services:				
Administration	0	94,800	0	94,800
Operation and maintenance of plant	0	0	1,541	1,541
Transportation	0	0	76,864	76,864
Other expenditures:				
Facilities acquisitions	285,174	387,565	42,673	715,412
Total expenditures	285,174	482,365	121,078	888,617
Excess(deficiency) of revenues over(under) expenditures	(285,174)	52,284	221,286	(11,604)
Other financing sources(uses):				
Transfer in	0	0	21,555	21,555
Transfer out	(21,555)	(178,493)	(229,818)	(429,866)
Total other financing sources(uses)	(21,555)	(178,493)	(208,263)	(408,311)
Net change in fund balances	(306,729)	(126,209)	13,023	(419,915)
Fund balance beginning of year, as restated	306,729	765,656	241,632	1,314,017
Fund balance end of year	\$ 0	639,447	254,655	894,102

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<b>JH Athletic Accounts:</b>				
JH Boys Basketball	\$ 0	480	480	0
JH Football	0	420	420	0
JH Boys Track	0	155	155	0
JH Wrestling	0	90	90	0
JH Girls Basketball	0	900	900	0
JH Volleyball	0	140	140	0
JH Girls Track	0	155	155	0
	<u>0</u>	<u>2,340</u>	<u>2,340</u>	<u>0</u>
<b>JH Athletic Fundraiser:</b>				
JH Boys Basketball	91	0	0	91
JH Football	253	0	27	226
JH Boys Track	173	0	0	173
JH Girls Basketball	381	0	134	247
JH Volleyball	209	136	0	345
Elementary Girls Basketball	688	0	0	688
	<u>1,795</u>	<u>136</u>	<u>161</u>	<u>1,770</u>
<b>HS Athletic Accounts:</b>				
HS General Athletics	(4,331)	36,798	30,187	2,280
HS Boys Basketball	0	2,088	2,088	0
HS Football	0	12,069	12,069	0
HS Baseball	0	5,320	5,320	0
HS Boys Track	0	2,948	2,948	0
HS Wrestling	0	2,730	2,730	0
HS Girls Basketball	0	2,185	2,185	0
HS Volleyball	0	4,305	4,305	0
HS Softball	0	7,067	7,067	0
HS Girls Track	0	939	939	0
	<u>(4,331)</u>	<u>76,449</u>	<u>69,838</u>	<u>2,280</u>
<b>HS Athletic Fundraiser:</b>				
Girls and Boys Golf	29	0	0	29
Weightlifting	28	0	0	28
HS Boys Basketball	(468)	5,710	2,665	2,577
HS Football	(416)	30,223	26,950	2,857
Baseball	(497)	3,686	3,278	(89)
Baseball lights	250	4,470	4,720	0
HS Boys Track	866	250	900	216
HS Wrestling	3,205	4,468	4,768	2,905
HS Girls Basketball	684	2,478	2,285	877
HS Girls Volleyball	864	2,139	1,165	1,838
HS Girls Softball	43	1,610	1,258	395
HS Girls Track	1,469	1,133	1,832	770
	<u>6,057</u>	<u>56,167</u>	<u>49,821</u>	<u>12,403</u>

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<b>Activities Accounts:</b>				
Art Fundraiser	665	413	1,078	0
Band and Chorus	3,898	6,226	10,124	0
Book Orders	0	6,825	6,825	0
Elementary Book Fair	607	2,203	2,810	0
Cash on hand	475	0	0	475
HS Cheerleaders	29	3,732	3,354	407
MS Cheerleaders	29	840	853	16
Class of 2009	646	0	646	0
Class of 2010	3,460	0	3,460	0
Class of 2011	5,129	518	5,647	0
Class of 2012	4,092	30,261	28,845	5,508
Class of 2013	0	13,190	8,683	4,507
Clearing	0	4,457	4,457	0
Grandwood Field Trip	0	6,380	6,380	0
Elementary Field Trip	103	225	328	0
Concession Stand	1,753	0	1,471	282
HS Dance Team	1,228	403	866	765
Drama	4,060	2,733	2,786	4,007
HS Principal	0	7,864	7,864	0
Elementary Fundraiser	3,523	3,208	6,731	0
Elementary Music Fundraiser	191	729	920	0
Emergency Fund	2,494	0	2,494	0
Campus Projects	2,447	1,572	4,019	0
Flag Team Fundraiser	315	0	0	315
HS Fundraiser	4,126	0	4,126	0
MS Fundraiser	3,751	0	3,751	0
Grandwood Fundraiser	643	5,947	6,590	0
Grounds Beautification	353	0	353	0
Industrial Arts	2,995	0	2,995	0
Jazz Festival	1,485	6,529	7,480	534
Marketing Fundraiser	1,687	3,717	4,134	1,270
MS Science Fundraiser	83	0	83	0
Spanish Club	1,276	0	0	1,276
HS Student Council	2,250	8,719	4,871	6,098
MS Student Council	2,630	7,543	3,962	6,211
TAG Fundraiser	222	0	222	0
ELP	0	3,297	1,757	1,540
Washington DC Trip	0	300	300	0
Yearbook	5,392	2,266	4,267	3,391
Student Public Relations	0	8,830	8,830	0
Tri-M Fundraiser	718	0	0	718
	62,755	138,927	164,362	37,320
Total	\$ 66,276	274,019	286,522	53,773

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2011

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>Statewide Sales, Services and Use Tax</u></b>				
ASSETS				
Cash and pooled investments	\$ 0	130,767	130,564	203
Accounts receivable	8,399	20,278	8,399	20,278
	<u>\$ 8,399</u>	<u>151,045</u>	<u>138,963</u>	<u>20,481</u>
LIABILITIES				
Due to other groups	\$ 8,399	151,045	126,899	20,481
<b><u>Teacher Pop</u></b>				
ASSETS				
Cash and pooled investments	\$ 1,633	898	0	2,531
LIABILITIES				
Due to other groups	\$ 1,633	898	0	2,531
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
ASSETS				
Cash and pooled investments	\$ 1,633	131,665	130,564	2,734
Accounts receivable	8,399	20,278	8,399	20,278
	<u>\$ 10,032</u>	<u>151,943</u>	<u>138,963</u>	<u>23,012</u>
LIABILITIES				
Due to other groups	\$ 10,032	151,943	126,899	23,012
	<u>\$ 10,032</u>	<u>151,943</u>	<u>126,899</u>	<u>23,012</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis				
	Years Ended June 30,				
	2011	2010	2009	2008	2007
Revenues:					
Local sources:					
Local tax	\$ 4,846,166	4,462,938	4,334,175	3,562,849	3,411,897
Tuition	3,139,875	3,199,273	3,042,327	2,902,427	2,416,577
Other	414,454	382,451	525,164	490,237	387,814
State sources	3,796,564	3,520,267	4,018,933	3,846,070	3,627,329
Federal sources	723,654	1,028,426	469,552	387,945	366,931
<b>Total</b>	<b>\$ 12,920,713</b>	<b>12,593,355</b>	<b>12,390,151</b>	<b>11,189,528</b>	<b>10,210,548</b>
Expenditures:					
Current:					
Instruction:					
Regular	\$ 3,209,307	3,192,705	3,352,348	3,477,718	3,113,317
Special	3,651,361	3,697,322	3,684,357	3,400,319	3,048,937
Other	1,302,638	1,127,644	854,627	584,943	435,368
Support services:					
Student	208,513	284,119	228,214	195,404	205,935
Instructional staff	221,919	260,217	217,634	190,316	190,944
Administration	1,147,874	953,422	966,516	980,359	1,018,479
Operation and maintenance of plant	811,331	871,673	673,494	651,067	630,563
Transportation	373,584	269,129	292,760	407,459	365,278
Non-instructional programs	0	25	0	0	0
Other expenditures:					
Facilities acquisitions	715,412	1,731,187	4,776,431	941,913	762,944
Long-term debt:					
Principal	515,000	742,935	761,309	522,319	461,462
Interest	388,105	418,625	443,513	171,897	168,299
AEA flow-through	306,467	305,777	270,262	254,635	235,532
<b>Total</b>	<b>\$ 12,851,511</b>	<b>13,854,780</b>	<b>16,521,465</b>	<b>11,778,349</b>	<b>10,637,058</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Modified Accrual Basis				
Years Ended June 30,				
2006	2005	2004	2003	2002
2,970,812	2,866,489	2,485,726	2,185,352	1,884,332
2,369,680	2,367,322	1,416,833	1,389,836	1,292,354
367,226	321,089	271,143	297,421	365,365
3,201,767	3,034,280	2,512,232	2,633,980	2,668,856
392,317	371,799	344,294	284,470	201,329
9,301,802	8,960,979	7,030,228	6,791,059	6,412,236
2,672,466	2,492,078	2,537,706	2,357,986	2,500,950
2,804,889	2,832,695	1,930,535	1,806,257	1,675,244
639,858	618,314	416,418	428,947	414,246
181,587	222,986	214,108	229,148	185,611
251,380	182,376	157,706	230,269	225,250
997,818	688,281	675,188	694,672	685,349
518,574	429,979	472,061	373,353	361,264
356,718	248,768	203,210	185,966	333,294
0	0	0	70	10,570
1,486,917	1,877,531	199,688	94,283	72,967
336,864	304,313	235,000	234,531	222,990
163,341	151,545	76,235	75,566	86,332
206,218	193,002	184,489	198,188	194,812
10,616,630	10,241,868	7,302,344	6,909,236	6,968,879

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 11	\$ 16,097
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 11	99,119 *
			<u>115,216</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I, PART A CLUSTER PROGRAM:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	5,726
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 11	350,259
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	82,267
			<u>438,252</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 10	<u>24,449</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 10	<u>6,130</u>
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	28,853
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 11	39,123
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES, RECOVERY ACT	84.397	FY 11	34,896
			<u>102,872</u>
ARRA - EDUCATION JOBS FUND	84.410	FY 11	<u>14,452</u>
HEARTLAND AREA EDUCATION AGENCY 11: SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 11	<u>40,384</u>
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 11	<u>7,499</u>
TOTAL			<u>\$ 749,254</u>

\* - Includes \$24,613 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodward-Granger Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 10, 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 Woodward-Granger Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger Community School District's internal control over financial reporting.

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

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

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Finding and Questioned Costs items II-B-11 and II-C-11 to be significant deficiencies.

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Compliance and Other Matters

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

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

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 10, 2012

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

Independent Auditor's Report on Compliance with Requirements That  
Could Have a Direct and Material Effect on Each Major Program and Internal Control  
over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of Woodward-Granger Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Woodward-Granger Community School District's major federal programs for the year ended June 30, 2011. Woodward-Granger Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Woodward-Granger Community School District's management. Our responsibility is to express an opinion on Woodward-Granger Community School District's compliance based on our audit.

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

In our opinion, Woodward-Granger Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger Community School District's internal control over compliance.

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

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Finding and Questionable Costs as item III-A-11 as a material weakness.

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 10, 2012

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results:

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

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-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 also noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

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

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

Conclusion - Response accepted.

II-B-11 Receipting Procedures - We noted that sponsors of student organizations were collecting money from individuals, fundraising events and other revenue fees. These collections are turned into the office for receipting, depositing and posting only after the event or fundraising drive is completed. We noted that once collected at the office, these were handled in a comparable manner as receipts directly delivered to the office, where receipts are given and deposited. The copies of the receipts issued at the buildings are provided to the central office for posting and reconciling the bank statement. There does not appear to be controls in place to document monies collected and turned in from sponsors to be reconciled to the actual deposit.

Recommendation - The District actually maintains multiple layers of receipting from sponsors, to the building office and to the central office. When sponsors or fundraising chairpersons submit money to the office for multiple previously collected receipts, they should provide documentation of their receipts. This documentation should be used when reconciling deposits to receipts. Money should be turned in as received not when the event/fundraiser is completed.

Response - The District will implement procedures to have sponsors document who turned in money and the amount. Once turned into the office the activities secretary will reconcile the receipts to the deposited amount.

Conclusion - Response accepted.

II-C-11 Checks Written as Bearer Paper - We noted during our audit that the District is writing checks to the bank which are later cashed at that bank for start-up money at District events.

Recommendation - The District writes various checks throughout the year for change boxes for startup cash at the gate for District events. It was noted that these checks were being written to the bank instead of the custodian/sponsor for these events and the bank.

Checks made out to the bank alone are bearer paper and in the event the check would be lost or stolen, anyone could cash the check. In the future the District should write the check payable to the custodian/sponsor.

Response - In the future checks written for start-up money will be made out to the bank and to the custodian of the start-up money.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 84.010 - Title I Grant to Local Educational Agencies  
CFDA Number 84.389 - ARRA - Title I Grant to Local Educational Agencies, Recovery Act  
Federal Award Year: 2010 and 2011  
U.S. Department of Education  
Passed through the Iowa Department of Education

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

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

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

Conclusion - Response accepted.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.

IV-B-11 Questionable Disbursements - We noted that gift cards were purchased for students in the Class of 2012. Giving cash or gift certificates/cards to students do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation – The District should review the procedures in place, and make necessary adjustments to comply.

Response - Administrators have spoken with Student Activity sponsors and gift cards will not be handed out in the future.

Conclusion - Response acknowledged. The District indicated in previous audits that this would be remedied. However, the District has continued to give gift cards.

IV-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.

IV-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
Rich Ashton, Bus Driver Owner of Dicks Fire Extinguisher	Services	\$1,263
Mike Blaser, Bus Driver Owns Blaser Electrical Service	Services	\$1,839

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

IV-E-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.

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

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

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

IV-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.

IV-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.

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

IV-L-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.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified annual reports (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		\$ 765,656
Revenues:		
Sales tax revenues		534,649
		<u>1,300,305</u>
Expenditures/transfers out:		
School infrastructure construction	\$ 304,947	
Equipment	168,465	
Other	8,953	
Transfers to other funds:		
Debt service fund	178,493	660,858
		<u>660,858</u>
Ending balance		<u>\$ 639,447</u>

For the year ended June 30, 2011, the District reduced the following levies a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	<u>Per \$1,001 of Taxable Valuation</u>	<u>Property Tax Dollars</u>
Debt Service Levy	<u>\$ 0.59000</u>	<u>\$ 120,701</u>

IV-M-11 Financial Condition - The District has a deficit unrestricted net assets in the Enterprise, School Nutrition Fund of \$159,521. The District Student Activity Fund had a deficit unassigned fund balance of \$89.

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

Response - The District has hired a food service management company to run the school nutrition program to try to improve the situation. The District will speak with the Baseball sponsor to bring the account to a positive balance.

Conclusion - Response accepted.

IV-N-11 District and Regional Rents - We noted during our audit that the district receives money for use of facilities when hosting district and regional events.

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

Response - The District will receipt rents for District and Regional events into the General Fund.

Conclusion - Response accepted.

IV-O-11 Interfund Loans - We noted during our audit that the District has interfund loans which were on the balance sheets in the prior year and still on the current year balance sheets.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2010, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1<sup>st</sup> of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should seek financing from the local bank for the deficit in the Enterprise, Nutrition Fund.

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

Conclusion - Response accepted.

IV-P-11 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation of the Student Activity Fund that have been outstanding for over a year.

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

Response - This District has implemented procedures to investigate all checks outstanding after 90 days of issuance.

Conclusion - Response accepted.