

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL
DISTRICT

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

June 30, 2012

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Gary E. Horton CPA

PO Box 384
902 Central Ave. East
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report

To the Board of Education of
Woden-Crystal Lake 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 Woden-Crystal Lake Community School District, Woden, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woden-Crystal Lake Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2013 on our consideration of Woden-Crystal Lake 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 36 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woden-Crystal Lake 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 eight years ended June 30, 2011, (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

April 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Woden Crystal Lake 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$1,748,198 in fiscal 2011 to \$1,546,244 in fiscal 2012, while General Fund expenditures decreased from \$1,827,744 in fiscal 2011 to \$1,384,998 in fiscal 2012. The District's General Fund balance increased from \$94,454 in fiscal 2011 to \$255,350 in fiscal 2012, a 170% increase.
- The increase in General Fund revenues was attributed to the whole grade sharing agreement and reorganization with Forest City Community School District.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Woden Crystal Lake 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 Woden Crystal Lake 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 Woden Crystal Lake Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

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

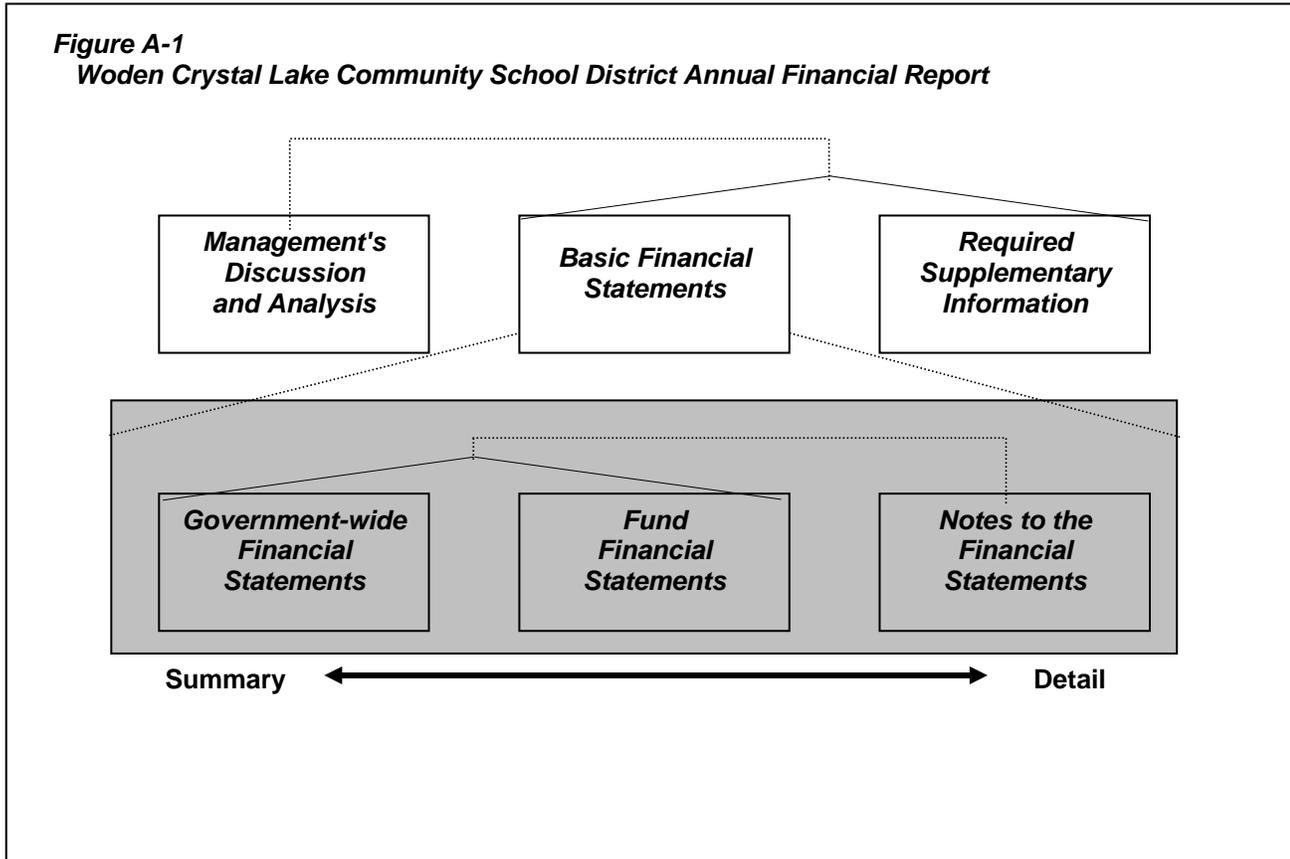


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net assets are an indicator of whether financial position is improving or deteriorating. To assess the District’s overall health, additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for 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.

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

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

- Agency Funds – These are funds through which the District administers and accounts for certain monies behalf of other entities.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2011-2012
	Governmental Activities		Business-type Activities		Total School District		
	2011	2012	2011	2012	2011	2012	
	\$	\$	\$	\$	\$	\$	%
Current and other assets	1,912,529	2,321,965	2,278	2,704	1,914,807	2,324,669	21%
Capital assets	790,354	737,302	130	-	790,484	737,302	-7%
Total assets	2,702,883	3,059,267	2,408	2,704	2,705,291	3,061,971	13%
Long-term liabilities	18,908	43,385	860	1,414	19,768	44,799	127%
Other liabilities	1,217,513	1,303,666	379	308	1,217,892	1,303,974	7%
Total liabilities	1,236,421	1,347,051	1,239	1,722	1,237,660	1,348,773	9%
Net Assets:							
Invested in capital assets, net of related debt	790,354	737,302	130	-	790,484	737,302	-7%
Restricted	535,794	692,388	-	-	535,794	692,388	29%
Unrestricted	140,314	282,526	1,039	982	141,353	283,508	101%
TOTAL NET ASSETS	1,466,462	1,712,216	1,169	982	1,467,631	1,713,198	17%

The District's combined total net assets increased by nearly 17%, or approximately \$245,567, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$156,594 or 29% from the prior year. The increase was due to sales taxes that were collected in fiscal year 2012 and were not spent during the current year.

Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) increased approximately \$142,155, or 101%. This increase in unrestricted net assets entering a whole grade sharing agreement and reorganization with Forest City Community Schools.

Figure A-4 shows the change in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4

	Change in Net Assets						Percentage Change 2011-2012 %
	Governmental Activities		Business-type Activities		Total School District		
	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	
Revenues							
Program Revenues:							
Charges for services	192,970	60,403	25,453	6,645	218,423	67,048	-69%
Operating grants & contributions	268,360	191,537	20,963	8,657	289,323	200,194	-31%
Capital grants & contributions	--	--	--	--	--	--	--
General Revenues:							
Property taxes	994,387	1,039,523	--	--	994,387	1,039,523	5%
Income Surtax	72,898	60,426	--	--	72,898	60,426	-17%
Statewide sales and services use tax	88,357	99,514	--	--	88,357	99,514	13%
Unrestricted state grants	393,841	407,416	--	--	393,841	407,416	3%
Unrestricted investment earnings	802	457	--	--	802	457	-43%
Other revenue	--	1,568	--	--	--	1,568	100%
Total Revenues	2,011,615	1,860,844	46,416	15,302	2,058,031	1,876,146	-9%
Expenses:							
Instruction	1,319,094	1,042,865	--	--	1,319,094	1,042,865	-21%
Support services	595,629	471,649	--	--	595,629	471,649	-21%
Non-instructional programs	--	--	53,977	15,839	53,977	15,839	-71%
Other expenditures	113,744	100,226	--	--	113,744	100,226	-12%
Total expenses	2,028,467	1,614,740	53,977	15,839	2,082,444	1,630,579	-22%
Change in Net Assets before Transfers	(16,852)	246,104	(7,561)	(537)	(24,413)	245,567	1106%
Transfers	(10,000)	(350)	10,000	350	--	--	--
CHANGE IN NET ASSETS	(26,852)	245,754	2,439	(187)	(24,413)	245,567	1106%
Net assets beginning of year	1,493,314	1,466,462	(1,270)	1,169	1,492,044	1,467,631	-2%
Net assets end of year	1,466,462	1,712,216	1,169	982	1,467,631	1,713,198	17%

Property tax and unrestricted state grants account for 77% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 93% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$1,860,844 and expenses were \$1,614,740. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

	Total Cost of Services			Net Cost of Services		
	2011	2012	Change 2011-2012	2011	2012	Change 2011-2012
	\$	\$	\$	\$	\$	\$
Instruction	1,319,094	1,042,865	(276,229)	920,319	847,208	(73,111)
Support Services	595,629	471,649	(123,980)	595,629	471,649	(123,980)
Other Expenses	113,744	100,226	(13,518)	51,189	43,943	(7,246)
TOTAL	2,028,467	1,614,740	(413,727)	1,567,137	1,362,800	(204,337)

- The cost financed by users of the District's programs was \$60,403. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$191,537.
- The net cost of governmental activities was financed with \$1,199,463 in property and local other taxes and \$407,416 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$15,302 and expenses were \$15,839. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

Declining enrollments caused a reduction in the revenues from meals served, while food and labor costs increased.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$952,540, well above last year's ending fund balances of \$627,397.

Governmental Fund Highlights

- The General Fund balance increased from \$94,454 at June 30, 2011 to \$255,350, at June 30, 2012.
- The District's improving General Fund financial position is the result of many factors. Total General Fund revenues decreased by \$150,771 for fiscal year 2012 while expenditures decreased by \$413,727.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
 - The Physical Plant and Equipment Levy account balance increased from \$71,074 at June 30, 2011 to \$112,112 at June 30, 2012.

- The Statewide Sales Tax account balance increased from \$295,438 at June 30, 2011 to \$309,781 at June 30, 2012.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$1,169 at June 30, 2011 to \$982 at June 30, 2012, representing a decrease of approximately 16%. The decrease was due to a smaller number of students being serviced in district.

BUDGETARY HIGHLIGHTS

The District's receipts were \$164,897 less than budgeted receipts, a variance of 9%. There were less revenues received in local and state sources than originally anticipated.

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

In spite of the District's budgeting process the District exceeded its General Fund unspent authorized budget during the year ended June 30, 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$737,302 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) This represents a net decrease of 7% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$54,456.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change 2011-2012 %
	2011	2012	2011	2012	2011	2012	
	\$	\$	\$	\$	\$	\$	
Land	3,537	3,537	--	--	3,537	3,537	0%
Buildings	671,904	638,602	--	--	671,904	638,602	-5%
Improvements	32,422	29,638	--	--	32,422	29,638	-9%
Equipment & Furniture	82,491	65,525	130	--	82,621	65,525	-21%
TOTAL	790,354	737,302	130	--	790,484	737,302	-7%

Long-Term Debt

At June 30, 2012 the District had \$44,799 in long-term debt outstanding. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District	
	2011	2012
	\$	\$
Termination benefits	--	12,285
Net OPEB liability	<u>19,768</u>	<u>32,514</u>
	<u>19,768</u>	<u>44,799</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:

- School financing is highly dependent upon student enrollment. The District's enrollment continues to decrease. This decrease in enrollment may or may not increase the District's funding for fiscal year 2012-2013 depending on the allowable growth adopted by the legislature.
- Although the District has experienced declining enrollment for the past three years, the District did enter into a whole grade sharing agreement with the Forest City Community School District for the 2012-2013 school year and will be reorganized for the 2013-2014 school year.
- Restructuring of certified, support and administrative staff did occur to meet program needs and save costs. Program partnerships will continue and be expanded with neighboring schools and colleges.

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 Roxanne Stohr, District Secretary/Treasurer or Steven J. Rollefson, Business Manager, Woden Crystal Lake Community School District, 120 West 5th Street, Crystal Lake, Iowa, 50480.

BASIC FINANCIAL STATEMENTS

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents	1,049,590	1,086	1,050,676
Receivables:			
Property tax:			
Delinquent	18,364	-	18,364
Succeeding year	1,155,791	-	1,155,791
Accounts	-	1,618	1,618
Due from other governments	98,220	-	98,220
Capital assets, net of accumulated depreciation	<u>737,302</u>	<u>-</u>	<u>737,302</u>
Total assets	<u>3,059,267</u>	<u>2,704</u>	<u>3,061,971</u>
Liabilities			
Warrants issued in excess of bank balances	61,080	-	61,080
Accounts payable	86,795	-	86,795
Deferred revenue:			
Succeeding year property tax	1,155,791	-	1,155,791
Other	-	308	308
Long-term liabilities:			
Portion due within one year:			
Termination benefits	12,285	-	12,285
Portion due after one year:			
Net OPEB liability	<u>31,100</u>	<u>1,414</u>	<u>32,514</u>
Total liabilities	<u>1,347,051</u>	<u>1,722</u>	<u>1,348,773</u>
Net assets			
Invested in capital assets	737,302	-	737,302
Restricted for:			
Categorical funding	7,483	-	7,483
Management levy	262,683	-	262,683
Physical plant and equipment levy	112,112	-	112,112
Student activities	329	-	329
School infrastructure	309,781	-	309,781
Unrestricted	<u>282,526</u>	<u>982</u>	<u>283,508</u>
Total net assets	<u>1,712,216</u>	<u>982</u>	<u>1,713,198</u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2012

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	743,931	37,760	111,383	-
Special	179,597	-	6,022	-
Other	119,337	22,643	17,849	-
	<u>1,042,865</u>	<u>60,403</u>	<u>135,254</u>	<u>-</u>
Support services:				
Student	3,474	-	-	-
Instructional staff	14,692	-	-	-
Administration	219,615	-	-	-
Operation and maintenance of plant	149,984	-	-	-
Transportation	83,884	-	-	-
	<u>471,649</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	7,857	-	-	-
AEA flowthrough	56,283	-	56,283	-
Depreciation (unallocated)*	36,086	-	-	-
	<u>100,226</u>	<u>-</u>	<u>56,283</u>	<u>-</u>
Total governmental activities	1,614,740	60,403	191,537	-
Business type activities:				
Non-instructional programs:				
Food service operations	15,839	6,645	8,657	-
Total	<u>1,630,579</u>	<u>67,048</u>	<u>200,194</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Capital outlay				
Income surtax				
Statewide sales and services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Transfers				
Total general revenues and transfers				

Change in net assets

Net assets beginning of year

Net assets end of year

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(594,788)	-	(594,788)
(173,575)	-	(173,575)
(78,845)	-	(78,845)
<u>(847,208)</u>	<u>-</u>	<u>(847,208)</u>
(3,474)	-	(3,474)
(14,692)	-	(14,692)
(219,615)	-	(219,615)
(149,984)	-	(149,984)
(83,884)	-	(83,884)
<u>(471,649)</u>	<u>-</u>	<u>(471,649)</u>
(7,857)	-	(7,857)
-	-	-
(36,086)	-	(36,086)
<u>(43,943)</u>	<u>-</u>	<u>(43,943)</u>
(1,362,800)	-	(1,362,800)
-	<u>(537)</u>	<u>(537)</u>
<u>(1,362,800)</u>	<u>(537)</u>	<u>(1,363,337)</u>
986,874	-	986,874
52,649	-	52,649
60,426	-	60,426
99,514	-	99,514
407,416	-	407,416
457	-	457
1,568	-	1,568
1,608,904	-	1,608,904
(350)	350	-
<u>1,608,554</u>	<u>350</u>	<u>1,608,904</u>
245,754	(187)	245,567
1,466,462	1,169	1,467,631
<u>1,712,216</u>	<u>982</u>	<u>1,713,198</u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2012

	General	Management	Capital	Nonmajor	Total
	\$	Levy	Projects	Student	\$
Assets	\$	\$	\$	\$	\$
Cash and pooled investments	374,514	272,500	402,247	329	1,049,590
Receivables:					
Property tax:					
Delinquent	14,965	2,468	931	-	18,364
Succeeding year	955,274	140,000	60,517	-	1,155,791
Due from other governments	79,505	-	18,715	-	98,220
	<u>1,424,258</u>	<u>414,968</u>	<u>482,410</u>	<u>329</u>	<u>2,321,965</u>
Total assets	<u>1,424,258</u>	<u>414,968</u>	<u>482,410</u>	<u>329</u>	<u>2,321,965</u>
Liabilities and Fund Balances					
Liabilities:					
Warrants issued in excess of bank balance	61,080	-	-	-	61,080
Accounts payable	86,795	-	-	-	86,795
Deferred revenue:					
Succeeding year property tax	955,274	140,000	60,517	-	1,155,791
Income surtax	65,759	-	-	-	65,759
Total liabilities	<u>1,168,908</u>	<u>140,000</u>	<u>60,517</u>	<u>-</u>	<u>1,369,425</u>
Fund balances:					
Restricted for:					
Categorical funding	7,483	-	-	-	7,483
Management levy	-	274,968	-	-	274,968
Student activities	-	-	-	329	329
School infrastructure	-	-	309,781	-	309,781
Physical plant and equipment	-	-	112,112	-	112,112
Unassigned	247,867	-	-	-	247,867
Total fund balances	<u>255,350</u>	<u>274,968</u>	<u>421,893</u>	<u>329</u>	<u>952,540</u>
Total liabilities and fund balances	<u>1,424,258</u>	<u>414,968</u>	<u>482,410</u>	<u>329</u>	<u>2,321,965</u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2012

	\$
Total fund balances of governmental funds (Exhibit C)	952,540
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	737,302
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	65,759
Long-term liabilities for termination benefits and other postemployment benefits are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(43,385)</u>
Net assets of governmental activities (Exhibit A)	<u><u>1,712,216</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2012

	General	Management Levy	Capital Projects	Nonmajor Student Activity	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	909,074	140,086	152,163	-	1,201,323
Tuition	18,624	-	-	-	18,624
Other	19,593	1,568	-	22,643	43,804
State sources	573,148	-	-	-	573,148
Federal sources	25,805	-	-	-	25,805
Total revenues	<u>1,546,244</u>	<u>141,654</u>	<u>152,163</u>	<u>22,643</u>	<u>1,862,704</u>
Expenditures:					
Current:					
Instruction:					
Regular	674,855	915	47,671	-	723,441
Special	177,934	-	-	-	177,934
Other	93,768	-	-	24,461	118,229
	<u>946,557</u>	<u>915</u>	<u>47,671</u>	<u>24,461</u>	<u>1,019,604</u>
Support services:					
Student	2,920	-	-	-	2,920
Instructional staff	10,938	-	3,754	-	14,692
Administration	217,398	-	-	-	217,398
Operation and maintenance	81,875	30,055	37,500	-	149,430
Transportation	69,027	-	-	-	69,027
	<u>382,158</u>	<u>30,055</u>	<u>41,254</u>	<u>-</u>	<u>453,467</u>
Other expenditures:					
Facilities acquisition	-	-	7,857	-	7,857
AEA flowthrough	56,283	-	-	-	56,283
	<u>56,283</u>	<u>-</u>	<u>7,857</u>	<u>-</u>	<u>64,140</u>
Total expenditures	<u>1,384,998</u>	<u>30,970</u>	<u>96,782</u>	<u>24,461</u>	<u>1,537,211</u>
Excess (deficiency) of revenues over (under) expenditures	161,246	110,684	55,381	(1,818)	325,493
Other financing sources (uses):					
Operating transfers out	(350)	-	-	-	(350)
Net change in fund balances	160,896	110,684	55,381	(1,818)	325,143
Fund balances beginning of year	<u>94,454</u>	<u>164,284</u>	<u>366,512</u>	<u>2,147</u>	<u>627,397</u>
Fund balances end of year	<u>255,350</u>	<u>274,968</u>	<u>421,893</u>	<u>329</u>	<u>952,540</u>

See notes to financial statements.

WODEN-CRYSTAL LAKE 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, 2012

	\$	\$
Net change in fund balances - total governmental funds (Exhibit E)		325,143
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities.		
Depreciation expense		(53,052)
Income surtaxes and other receipts not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		
		(1,860)
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, as follows:		
Termination benefits	(12,285)	
Other postemployment benefits	(12,192)	(24,477)
	<u>(24,477)</u>	<u>(24,477)</u>
Changes in net assets of governmental activities (Exhibit B)		<u><u>245,754</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2012

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Cash and cash equivalents	1,086
Accounts receivable	<u>1,618</u>
Total assets	<u>2,704</u>
Liabilities	
Deferred revenue	308
Net OPEB liability	<u>1,414</u>
Total liabilities	<u>1,722</u>
Net assets	
Unrestricted	<u>982</u>
Total net assets	<u><u>982</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2012

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>6,645</u>
Operating expenses:	
Non-instructional programs:	
Benefits	554
Purchased services	1,928
Supplies	13,227
Depreciation	130
Total operating expenses	<u>15,839</u>
Operating income (loss)	<u>(9,194)</u>
Non-operating revenues:	
State sources	138
Federal sources	8,519
Total non-operating revenues	<u>8,657</u>
Income (loss) before transfers	(537)
Transfers in	<u>350</u>
Net income	(187)
Net assets beginning of year	<u>1,169</u>
Net assets end of year	<u><u>982</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2012

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	6,026
Cash payments to suppliers for goods or services	<u>(15,187)</u>
Net cash used by operating activities	<u>(9,161)</u>
Cash flows from non-capital financing activities:	
Transfers from other funds	350
State grants received	138
Federal grants received	<u>9,626</u>
Net cash provided by non-capital financing activities	<u>10,114</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	953
Cash and cash equivalents at beginning of year	<u>133</u>
Cash and cash equivalents at end of year	<u><u>1,086</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(9,194)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	130
Decrease (increase) in accounts receivable	(580)
(Decrease) increase in accounts payable	(32)
(Decrease) increase in deferred revenue	(39)
Increase in other postemployment benefits	<u>554</u>
Net cash used by operating activities	<u><u>(9,161)</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2012

	Agency - Crystal Lake Public Library
	<u>\$</u>
Assets	
Cash and pooled investments	<u>20,104</u>
Liabilities	
Accounts payable	2,283
Due to other governments	<u>17,821</u>
Total liabilities	<u>20,104</u>
Net assets	<u><u>-</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies

Woden-Crystal Lake Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Woden and Crystal Lake, Iowa and the predominately agricultural territory in a portion of Hancock and Winnebago 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, Woden-Crystal Lake 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 Woden-Crystal Lake Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does 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 County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which 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 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 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 non-major 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 revenues 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 expenditures, including instructional, support and other costs.

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

The Management Fund is a special revenue fund that is used to account for the revenues from and expenditures of the management property tax levy.

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

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

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results 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 judgements, 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 the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating 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 Equity

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, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is 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 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 became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair 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.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	3,000
Improvements other than buildings	3,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40 years
Improvements other than buildings	10-30 years
Intangibles	3-10 years
Furniture and equipment	5-20 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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 receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of unspent grant proceeds, amounts received in advance for meal sales and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

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:

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 classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, the District did not exceed the published budget amounts. The District did exceed its unspent authorized budget for the year ended June 30, 2012.

2. **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$1,046,457 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

3. Interfund Transfers

The detail of residual equity transfer for the year ended June 30, 2012 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor School Nutrition Fund	General Fund	350

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

4. Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
Governmental activities:				
Capital assets not being depreciated:				
Land	3,537	-	-	3,537
Capital assets being depreciated:				
Buildings	1,180,077	-	-	1,180,077
Improvements other than buildings	221,803	-	-	221,803
Furniture and equipment	389,123	-	-	389,123
Total capital assets being deprec.	1,791,003	-	-	1,791,003
Less accumulated depreciation for:				
Buildings	508,173	33,302	-	541,475
Improvements other than buildings	189,381	2,784	-	192,165
Furniture and equipment	306,632	16,966	-	323,598
Total accumulated depreciation	1,004,186	53,052	-	1,057,238
Total capital assets being depreciated, net	786,817	(53,052)	-	733,765
Governmental activities capital assets, net	790,354	(53,052)	-	737,302
Business type activities:				
Furniture and equipment	49,186	-	-	49,186
Less accumulated depreciation	49,056	130	-	49,186
Business type activities capital assets, net	130	(130)	-	-

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	3,217
Support services:	
Transportation	13,749
	<u>16,966</u>
Unallocated depreciation	<u>36,086</u>
	<u>53,052</u>
Total depreciation expense – governmental activities	
Business type activities:	
Food services	<u>130</u>

5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
Termination Benefits	-	12,285	-	12,285	12,285
Net OPEB liability	18,908	12,192	-	31,100	-
Total	<u>18,908</u>	<u>24,477</u>	<u>-</u>	<u>43,385</u>	<u>12,285</u>
Business type activities:					
Net OPEB liability	<u>860</u>	<u>554</u>	<u>-</u>	<u>1,414</u>	<u>-</u>

Termination Benefits

The District offered a voluntary early retirement plan for employees during fiscal year 2012. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are equal to 100% of the difference between the employee's position on the salary schedule and BA step 4 during the most recent year of employment. The benefit will be paid in one payment in the year following retirement.

At June 30, 2012, the District has obligations to one participant with a total liability of \$12,285. There were no early retirement expenditures for the year ended June 30, 2012.

6. 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 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$30,705, \$50,961, and \$50,412 respectively, equal to the required contributions for each year.

7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are xx active and x 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 through ISEBA. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	14,069
Interest on net OPEB obligation	494
Adjustment to annual required contribution	<u>(1,388)</u>
Annual OPEB cost	13,175
Contributions made	<u>(429)</u>
Increase in net OPEB obligation	12,746
Net OPEB obligation beginning of year	<u>19,768</u>
Net OPEB obligation end of year	<u>32,514</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, 2012.

For the year ended June 30, 2012, the District contributed \$429 to the medical plan. Plan members eligible for benefits contributed \$1,294, or 75% 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, 2012 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u> %	<u>Net OPEB Obligation</u> \$
June 30, 2010	11,838	15%	9,996
June 30, 2011	12,008	19%	19,768
June 30, 2012	13,175	4%	32,514

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$67,704, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$67,704. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$346,000, and the ratio of the UAAL to covered payroll was 19.6%. As of June 30, 2012, there were no trust fund assets.

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

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

As of the July 1, 2009 actuarial valuation date, the frozen entry age 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 94 group annuity mortality table, projected to 2000.

The UAAL is being amortized 30 years.

8. Risk Management

The 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.

9. 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 \$56,283 for the year ended June 30, 2012, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

10. Lease Commitment

The District entered into a five-year contract to lease copy machines in fiscal year 2012. The remaining payments the District will make over the next five years are as follows:

<u>Year Ended June 30</u>	<u>Lease Payment</u>
	\$
2013	5,052
2014	5,052
2015	5,052
2016	5,052
2017	2,947

11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
	\$
Gifted and Talented program	7,483

12. Subsequent Event

The voters of the Forest City Community School District and the Woden-Crystal Lake Community School District approved a reorganization effective July 1, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2012

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	1,263,751	6,645	1,270,396	1,400,618	1,400,618	(130,222)
State sources	573,148	138	573,286	595,685	595,685	(22,399)
Federal sources	25,805	8,519	34,324	46,600	46,600	(12,276)
Total revenues	<u>1,862,704</u>	<u>15,302</u>	<u>1,878,006</u>	<u>2,042,903</u>	<u>2,042,903</u>	<u>(164,897)</u>
Expenditures/Expenses:						
Instruction	1,019,604	-	1,019,604	1,189,000	1,538,088	518,484
Support services	453,467	-	453,467	720,000	790,800	337,333
Non-instructional programs	-	15,839	15,839	21,000	40,000	24,161
Other expenditures	64,140	-	64,140	64,088	75,000	10,860
Total expenditures/expenses	<u>1,537,211</u>	<u>15,839</u>	<u>1,553,050</u>	<u>1,994,088</u>	<u>2,443,888</u>	<u>890,838</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	325,493	(537)	324,956	48,815	(400,985)	725,941
Other financing sources (uses) net	<u>(350)</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	325,143	(187)	324,956	48,815	(400,985)	725,941
Balance beginning of year	<u>627,397</u>	<u>1,169</u>	<u>628,566</u>	<u>468,101</u>	<u>468,101</u>	<u>160,465</u>
Balance end of year	<u><u>952,540</u></u>	<u><u>982</u></u>	<u><u>953,522</u></u>	<u><u>516,916</u></u>	<u><u>67,116</u></u>	<u><u>886,406</u></u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2012

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 Internal Service, 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 a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment, increasing budgeted expenditures by \$449,800.

During the year ended June 30, 2012 the District exceeded its General Fund unspent authorized budget.

WODEN-CRYSTAL LAKE 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 Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	75,023	75,023	0.0%	718,000	10.4%
2011	July 1, 2009	-	73,321	73,321	0.0%	695,000	10.5%
2012	July 1, 2009	-	67,704	67,704	0.0%	346,000	19.6%

See Note 7 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.

SUPPLEMENTARY INFORMATION

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets	\$	\$	\$
Cash and pooled investments	291,066	111,181	402,247
Receivables:			
Property tax:			
Delinquent	-	931	931
Succeeding year	-	60,517	60,517
Due from other governments	18,715	-	18,715
Total assets	<u>309,781</u>	<u>172,629</u>	<u>482,410</u>
Liabilities & Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	-	60,517	60,517
Fund balances:			
Restricted for:			
School infrastructure	309,781	-	309,781
Physical plant and equipment	-	112,112	112,112
Total fund balances	<u>309,781</u>	<u>112,112</u>	<u>421,893</u>
Total liabilities and fund balances	<u>309,781</u>	<u>172,629</u>	<u>482,410</u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax \$	Physical Plant and Equipment Levy \$	Total \$
Revenues:			
Local sources:			
Local tax	99,514	52,649	152,163
Expenditures:			
Current:			
Instruction:			
Regular instruction	47,671	-	47,671
Support services:			
Instructional staff services	-	3,754	3,754
Operation and maintenance of plant	37,500	-	37,500
Other expenditures:			
Facilities acquisition	-	7,857	7,857
Total expenditures	85,171	11,611	96,782
Net change in fund balance	14,343	41,038	55,381
Fund balances beginning of year	295,438	71,074	366,512
Fund balance end of year	309,781	112,112	421,893

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Student activities	-	8,500	8,500	-
Athletic resale	-	1,704	1,704	-
Athletics	967	6,308	6,946	329
Summer recreation	-	1,260	1,260	-
Class of 2012	1,180	-	1,180	-
Annual	-	4,871	4,871	-
	<u>2,147</u>	<u>22,643</u>	<u>24,461</u>	<u>329</u>
Total	<u>2,147</u>	<u>22,643</u>	<u>24,461</u>	<u>329</u>

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund - City of Crystal Lake Public Library

Year ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	\$	\$	\$	\$
Assets				
Cash	17,321	15,756	12,973	20,104
Liabilities				
Accounts payable	500	2,283	500	2,283
Due to other governments	16,821	15,756	14,756	17,821
Total liabilities	17,321	18,039	15,256	20,104

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Nine Years

Modified Accrual Basis

	2012	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:									
Local sources:									
Local tax	1,201,323	1,159,460	1,165,786	1,106,728	1,074,821	1,111,521	1,026,500	1,044,234	1,025,279
Tuition	18,624	79,198	278,241	178,262	36,128	87,066	77,493	85,940	96,848
Other	43,804	114,574	170,892	189,721	124,388	142,013	172,967	118,937	114,480
State sources	573,148	575,611	556,418	651,566	635,497	711,455	729,641	645,672	708,702
Federal sources	25,805	93,841	172,416	41,585	50,173	52,212	62,566	68,195	67,650
Total revenues	<u>1,862,704</u>	<u>2,022,684</u>	<u>2,343,753</u>	<u>2,167,862</u>	<u>1,921,007</u>	<u>2,104,267</u>	<u>2,069,167</u>	<u>1,962,978</u>	<u>2,012,959</u>
Expenditures:									
Instruction:									
Regular	723,441	839,231	823,396	723,291	841,822	746,777	784,451	787,915	840,820
Special	177,934	243,481	278,706	289,568	242,864	306,403	288,030	318,029	239,764
Other	118,229	228,322	225,579	250,627	150,929	164,231	165,440	130,625	127,864
Support services:									
Student	2,920	38,358	22,012	41,502	39,476	37,571	30,711	33,282	36,345
Instructional staff	14,692	32,584	25,039	20,107	23,248	36,582	19,526	27,699	47,093
Administration	217,398	236,753	257,426	216,332	180,296	214,093	226,946	193,670	216,073
Operation and maintenance	149,430	173,894	153,727	179,875	202,558	198,624	178,742	163,878	168,398
Transportation	69,027	96,204	175,023	104,888	98,711	84,624	102,459	73,580	90,122
Other expenditures:									
Facilities acquisition	7,857	14,063	35,480	67,826	48,140	55,280	76,315	100,459	40,095
Long-term debt:									
Principal	-	-	-	85,000	75,000	75,000	70,000	67,131	68,016
Interest and other charges	-	-	-	3,612	6,613	9,775	12,243	14,176	16,740
AEA flowthrough	56,283	62,555	63,012	54,996	53,113	53,183	51,795	51,615	53,419
Total expenditures	<u>1,537,211</u>	<u>1,965,445</u>	<u>2,059,400</u>	<u>2,037,624</u>	<u>1,962,770</u>	<u>1,982,143</u>	<u>2,006,658</u>	<u>1,962,059</u>	<u>1,944,749</u>

Gary E. Horton CPA

PO Box 384
Clarion, IA 50525-0384
(515)532-6681 Phone
(515) 532-2405 Fax
BETCO@mchsi.com E-mail

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
Woden-Crystal Lake 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 Woden-Crystal Lake Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated April 30, 2013. 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

The management of Woden-Crystal Lake Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Woden-Crystal Lake 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 an opinion on the effectiveness of Woden-Crystal Lake Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woden-Crystal Lake 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 Responses, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

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 and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings and Responses as items 12-I-A and 12-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woden-Crystal Lake 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 II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 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.

Woden-Crystal Lake Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. While we have expressed our conclusions on the District's responses, we did not audit Woden-Crystal Lake 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 Woden-Crystal Lake Community School District and other parties to whom Woden-Crystal Lake Community School District may report, 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 Woden-Crystal Lake 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.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

April 30, 2013

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

12-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as the preparation of general journal adjustments, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

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

District Response: We will continue to review our procedures and implement additional controls where possible

Conclusion: Response accepted.

12-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

- 12-II-A Certified Budget: Expenditures for the year ended June 30, 2012, did not exceed the published budget. The District did exceed its unspent authorized budget for the year ended June 30, 2012.
- Recommendation: The District should contact the Iowa Department of Education and the School Budget Review committee to resolve the unspent authorized budget issue.
- District Response: We will contact the Iowa Department of Education and the School Budget Review Committee to resolve the issue regarding the unspent authorized budget.
- Conclusion: Response accepted.
- 12-II-B Questionable Expenditures: No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 12-II-C Travel Expenses: 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.
- 12-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.
- 12-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 12-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 12-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 12-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 12-II-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 12-II-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.
- 12-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting (continued):

According to Iowa Department of Education administrative rules, "Categorical funding shall not be commingled with other funding. School districts shall use a project code and program code as defined by Uniform Financial Accounting." We noted that during the year some categorical funding expenditures were commingled with other General Fund expenditures, then were reclassified as categorical spending at the end of the year.

Recommendation: All categorical funding expenditures should be posted to the correct expenditure accounts as the expenditures are incurred.

District Response: We have revised our procedures for identifying categorical expenditures so that they will be coded to the correct expenditure accounts as incurred.

Conclusion: Response accepted.

12-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the following information includes the amounts reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2012 audit:

Beginning balance	\$ 295,438
Revenues/transfers in:	
Statewide sales, services and use tax revenue	99,514
Expenditures/transfers out:	
Other	<u>85,171</u>
Ending balance	<u><u>309,781</u></u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423e or 423F of the Code of Iowa.

12-II-M Allocation of Interest: We noted that interest from a pooled bank account is not being allocated to the Management, Capital Projects, and Nutrition Funds.

Recommendation: The District should allocate interest revenue to each fund within a pooled bank account.

WODEN-CRYSTAL LAKE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2012

Part II: Other Findings Related to Required Statutory Reporting (continued):

District Response: We will review our procedures and make any necessary adjustments.

Conclusion: Response accepted.