

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenditures and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Financial Statements		29-40
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		42
Notes to Required Supplementary Information - Budgetary Reporting		43
Schedule of Funding Progress for the Retiree Health Plan		44
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	47
Capital Projects Accounts:		
Combining Balance Sheet	3	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	49
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	50
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6	51
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		52-53
Schedule of Findings		54-56

Woodbury Central Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2011 Election)		
Marc Boothby	President	2011
Gary Frafjord	Vice President	2011
Kari Bappe	Board Member	2011
Eric Nelson	Board Member	2011
Steve Steffen	Board Member	2013
Chad Hayes	Board Member	2013
Thomas Conolly	Board Member	2013
(After September 2011 Election)		
Marc Boothby	President	2015
Gary Frafjord	Vice President	2015
Scott Lamp	Board Member	2015
Eric Nelson	Board Member	2015
Steve Steffen	Board Member	2013
Chad Hayes	Board Member	2013
Thomas Conolly	Board Member	2013
School Officials		
Doug Glackin	Superintendent	2012
Christen Howrey	District Secretary/ Business Manager	2012
James Hanks	Attorney	2012

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

Telephone (641) 792-1910

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbury Central Community School District, Merville 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 Woodbury Central 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 January 3, 2013 on our consideration of Woodbury Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Members American Institute & Iowa Society of Certified Public Accountants

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 7 through 16 and 42 through 44 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 Woodbury Central 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 two years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included in Schedules 1 through 6 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.



NOLTE, CORNMAN & JOHNSON, P.C.

January 3, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Woodbury Central Community School District provides this Management's Discussion and Analysis of the Woodbury Central Community School District. This narrative overview analysis of the financial activities of the Woodbury Central Community School District is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow:

2012 Financial Highlights

- ❖ \$5,874,475 in general fund revenue
- ❖ \$5,870,429 in general fund expenses
- ❖ The District's General Fund balance increased to a balance of \$863,341 in fiscal 2012 as compared to \$859,295 in fiscal year 2011. This increase in fund balance is largely due to the District's conscious effort to limit expenditures combined with an increase in state source revenue.
- ❖ The District purchased a piece of property connected to current school property on contract in 2009 for an initial payment of \$60,000 and three annual payments of \$20,000 each. This year was the third and final annual payment of \$20,000.
- ❖ The District initiated a \$1.7 million heating and air conditioning project in the spring of fiscal year 2011 and completed the project during fiscal 2012.
- ❖ The District's solvency ratio decreased as compared to fiscal 2011. At June 30, 2011 the District's solvency ratio was 11.38% as compared to 10.45% at June 30, 2012. The Iowa Association of School Board suggests that smaller school districts may benefit from a higher solvency target up to two months revenues, given the greater vulnerability of smaller budgets to finance shortfalls.

Using This Annual Report

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

- ❖ Management Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- ❖ The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the District as a whole and present an overall view of the District's finances.
- ❖ The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the District acts solely as an agent or custodial for the benefit of those outside of the School District.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1

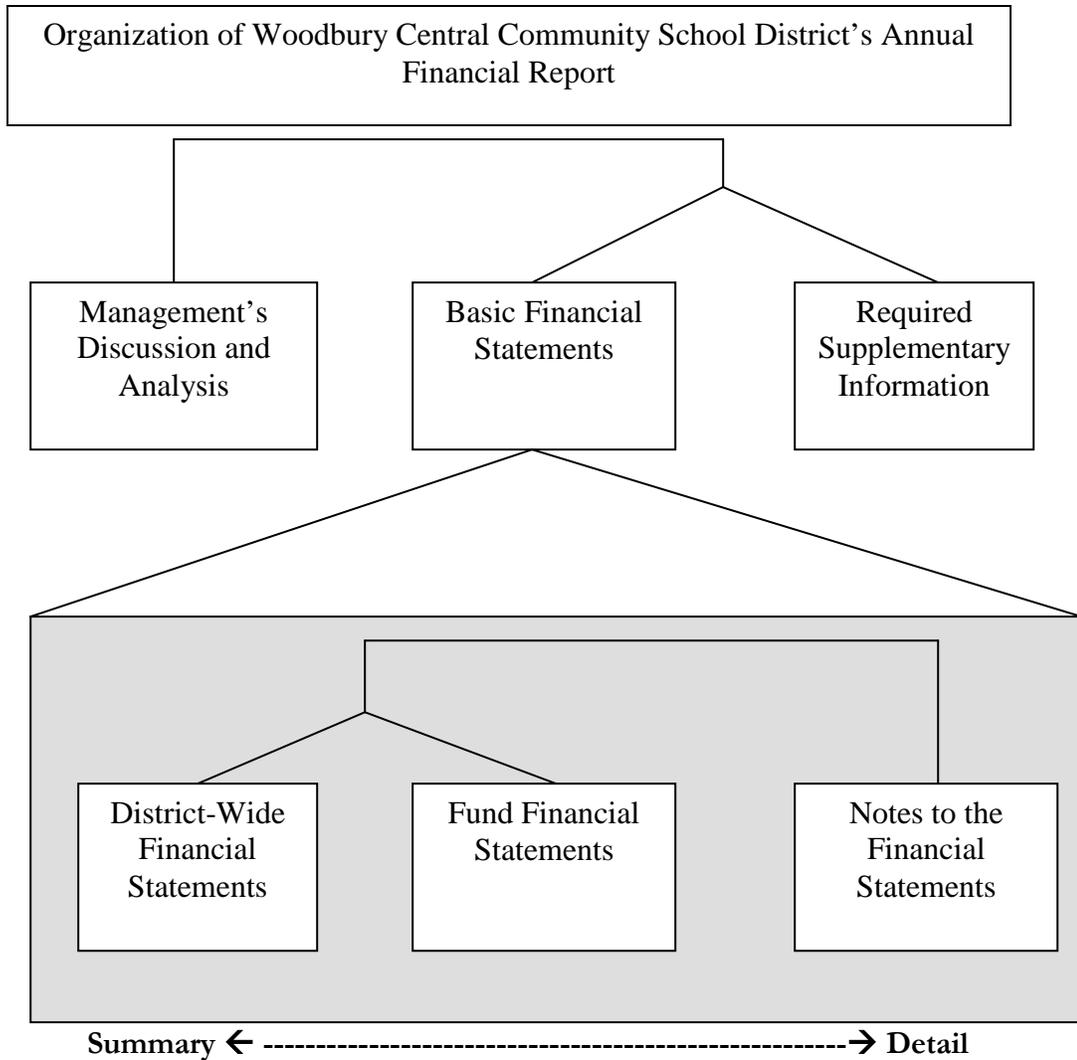


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of District-Wide and Fund Financial Statements

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

Reporting the District's Financial Activities

Government-wide Financial Statements - The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- ❖ *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, 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.

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

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

The required financial statements for fiduciary funds include the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets.

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

Government-Wide Financial Analysis

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

Figure A-3 Condensed Statement of Net Assets							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 4,754,370	4,537,031	35,070	5,434	4,789,440	4,542,465	5.44%
Capital assets	6,697,474	6,025,351	17,615	20,467	6,715,089	6,045,818	11.07%
Total assets	<u>11,451,844</u>	<u>10,562,382</u>	<u>52,685</u>	<u>25,901</u>	<u>11,504,529</u>	<u>10,588,283</u>	<u>8.65%</u>
Long-term obligations	886,360	112,234	1,244	904	887,604	113,138	684.53%
Other liabilities	2,767,431	3,002,257	32,763	3,477	2,800,194	3,005,734	-6.84%
Total liabilities	<u>3,653,791</u>	<u>3,114,491</u>	<u>34,007</u>	<u>4,381</u>	<u>3,687,798</u>	<u>3,118,872</u>	<u>18.24%</u>
Net assets:							
Invested in capital assets, net of related debt	5,897,474	6,005,351	17,615	20,467	5,915,089	6,025,818	-1.84%
Restricted	1,247,690	691,155	-	-	1,247,690	691,155	80.52%
Unrestricted	652,889	751,385	1,063	1,053	653,952	752,438	-13.09%
Total net assets	<u>\$ 7,798,053</u>	<u>7,447,891</u>	<u>18,678</u>	<u>21,520</u>	<u>7,816,731</u>	<u>7,469,411</u>	<u>4.65%</u>

The District's combined net assets increased by \$347,320 or 4.65% over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure,

buildings and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$556,535 or 80.52% over the prior year. This increase is due primarily to the increase in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund and increases in categorical funding restricted balances.

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, decreased \$98,486 or 13.09%. The decrease in unrestricted net assets can be attributed to the reduction in the General Fund unassigned fund balance.

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

	Figure A-4 Changes in Net Assets						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 669,069	691,907	169,109	163,725	838,178	855,632	-2.04%
Operating grants, contributions and restricted interest	869,024	578,105	89,992	95,077	959,016	673,182	42.46%
Capital grants, contributions and restricted interest	22,313	-	441	-	22,754	-	100.00%
General revenues:							
Property tax	1,943,012	1,955,569	-	-	1,943,012	1,955,569	-0.64%
Income surtax	168,514	142,163	-	-	168,514	142,163	18.54%
Statewide sales, services and use tax	495,006	469,728	-	-	495,006	469,728	5.38%
Unrestricted state grants	2,582,109	2,698,725	-	-	2,582,109	2,698,725	-4.32%
Nonspecific program federal revenues	1,687	170,711	-	-	1,687	170,711	-99.01%
Unrestricted investment earnings	1,229	5,613	6	25	1,235	5,638	-78.10%
Other	102,865	137,996	1,253	1,899	104,118	139,895	-25.57%
Total revenues	<u>6,854,828</u>	<u>6,850,517</u>	<u>260,801</u>	<u>260,726</u>	<u>7,115,629</u>	<u>7,111,243</u>	<u>0.06%</u>
Program expenses:							
Instruction	4,276,322	3,872,729	-	-	4,276,322	3,872,729	10.42%
Support services	1,788,243	1,586,785	-	-	1,788,243	1,586,785	12.70%
Non-instructional programs	-	967	263,643	264,195	263,643	265,162	-0.57%
Other expenses	440,101	394,065	-	-	440,101	394,065	11.68%
Total expenses	<u>6,504,666</u>	<u>5,854,546</u>	<u>263,643</u>	<u>264,195</u>	<u>6,768,309</u>	<u>6,118,741</u>	<u>10.62%</u>
Change in net assets	350,162	995,971	(2,842)	(3,469)	347,320	992,502	65.01%
Net assets beginning of year	<u>7,447,891</u>	<u>6,451,920</u>	<u>21,520</u>	<u>24,989</u>	<u>7,469,411</u>	<u>6,476,909</u>	<u>-15.32%</u>
Net assets end of year	<u>\$ 7,798,053</u>	<u>7,447,891</u>	<u>18,678</u>	<u>21,520</u>	<u>7,816,731</u>	<u>7,469,411</u>	<u>4.65%</u>

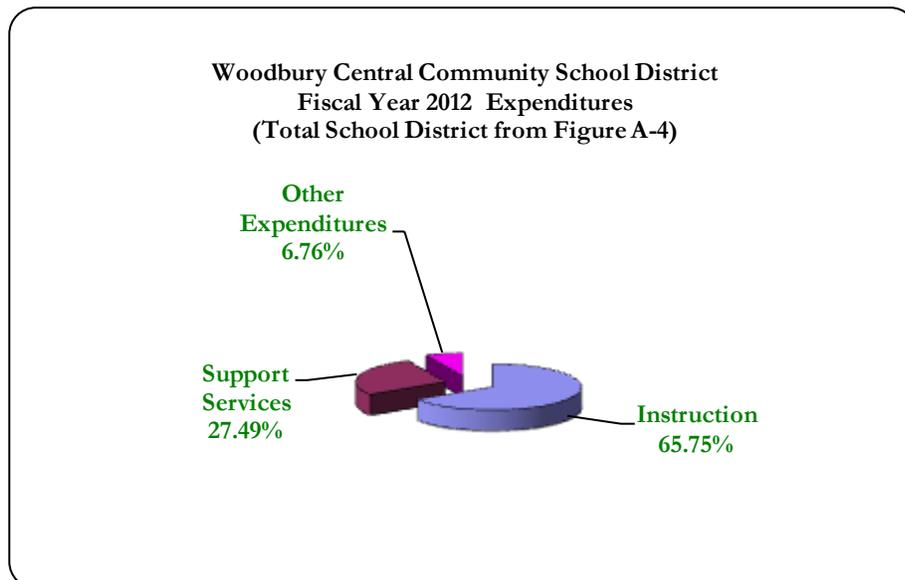
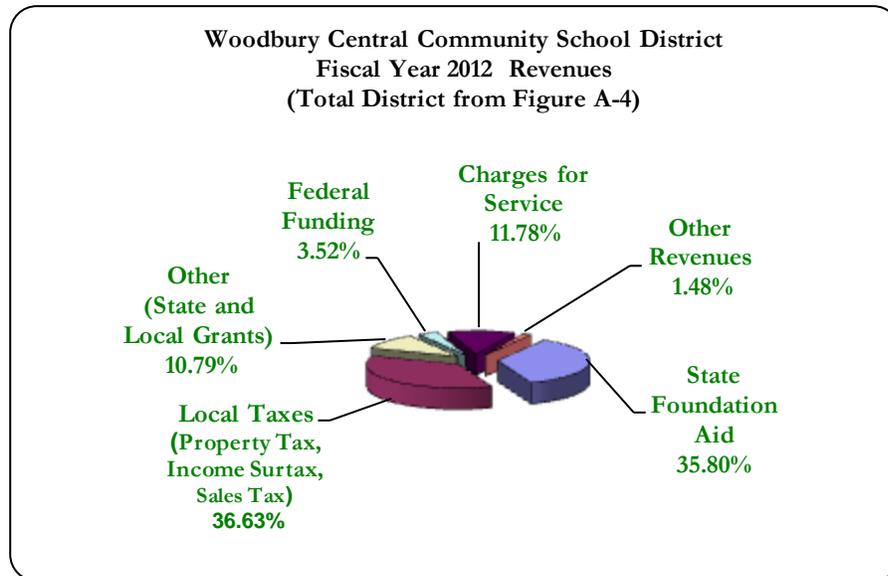
In fiscal year 2012, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants accounted for 75.69% (76.87% in fiscal 2011) of governmental activities

revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.35% (99.26% in fiscal 2011) of business type activities revenue.

The District's total revenues were approximately \$7.12 million, of which approximately \$6.86 million was for governmental activities and approximately \$0.26 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.06% increase in revenues and a 10.61% increase in expenses. The District's expenses primarily relate to instruction and support services, which account for 89.60% of the total expenses (89.23 % in 2011).

Figure A-5



Governmental Activities - Revenues for governmental activities were \$6,854,828, while expenses were \$6,504,666 for the year ended June 30, 2012.

Figure A-6 presents the total and net cost of the District’s major governmental activities, instruction, support services and other expenses for the years ended June 30, 2012 compared to the year ended June 30, 2011.

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 4,276,322	3,872,729	10.42%	2,961,005	2,845,527	4.06%
Support services	1,788,243	1,586,785	12.70%	1,759,654	1,579,679	11.39%
Non-instructional	-	967	-100.00%	-	967	-100.00%
Other expenses	440,101	394,065	11.68%	223,601	158,361	41.20%
Totals	<u>\$ 6,504,666</u>	<u>5,854,546</u>	<u>11.10%</u>	<u>4,944,260</u>	<u>4,584,534</u>	<u>7.85%</u>

- The cost financed by users of the District’s programs was \$669,069 (\$691,907 in 2011).
- The federal and state governments subsidized certain programs with grants and contributions totaling \$891,337 (\$578,105 in 2011).
- The net cost of governmental activities was financed with \$2,606,532 in property and other taxes (\$2,567,460 in 2011) and \$2,582,109 in unrestricted state grants (\$2,698,725 in 2011).

Business type Activities - Revenues of the District’s business type activities were \$260,801 (\$260,726 in 2011) and expenses were \$263,643 (\$264,195 in 2011). The District’s business type activities consist of the School Nutrition Fund. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

Governmental Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,853,035, higher than last year’s ending fund balances of \$1,411,536. The District’s proprietary fund reported end of year net assets of \$18,678, less than last year’s ending net assets of \$21,520.

Governmental Fund Highlights

The District’s General Fund ended fiscal 2012 with a positive fund balance of \$863,341. The General Fund balance increase of \$4,046 from last year is due primarily to an increase in state sources of funding and the District’s continued efforts to limit expenditures.

The Capital Projects Fund balance increased from \$175,752 at June 30, 2011 to \$551,292 at June 30, 2012. The increase is primarily due to the issuance of \$1 million of revenue bonds during the year. The District also completed a \$1.7 million HVAC project during the year.

Proprietary Fund Highlights

Revenues for business type activities were \$260,801 and expenses were \$263,643. The District’s business type activities included the School Nutrition Fund. Revenues of these activities were mostly comprised of charges for services and federal and state reimbursements.

Budgetary Highlights

Over the course of the year, Woodbury Central Community School District amended its budget one time to reflect additional expenditures associated with the School Nutrition Fund.

The Districts total revenues were \$13,441 less than total budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving less from state sources than originally anticipated.

The District's actual disbursements were \$395,295 under budgeted amounts in the instructional, support services, non-instructional and other expenditures functions combined.

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

Capital Assets and Debt Administration

Capital Assets - **Figure A-7** shows that at June 30, 2012, the District had invested \$6,715,089, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$269,563.

The original cost of the District's capital assets was \$11,522,476. Governmental funds account for \$11,398,212 with the remainder of \$124,264 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2012, compared to \$897,977 reported at June 30, 2011. This significant decrease resulted from the District completing its \$1.7 million HVAC project that had been started during fiscal 2011.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 208,204	208,204	-	-	208,204	208,204	0.00%
Construction in progress	-	897,977	-	-	-	897,977	-100.00%
Buildings	5,540,076	3,985,359	-	-	5,540,076	3,985,359	39.01%
Land improvements	391,717	425,486	-	-	391,717	425,486	-7.94%
Machinery and equipment	557,477	508,325	17,615	20,467	575,092	528,792	8.76%
Total	\$ 6,697,474	6,025,351	17,615	20,467	6,715,089	6,045,818	11.07%

Long-Term Debt - **Figure A-8** shows that at June 30, 2012, the District had \$887,604 in total long-term debt outstanding. This represents a 684.53% increase from the prior year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

During the year ended June 30, 2012, The District issued \$1,000,000 of revenue bonds payable to finance a portion of the District's HVAC project. The District repaid \$200,000 of the issue leaving an unpaid balance of \$800,000 at June 30, 2012.

The District had early retirement payable of \$20,720 at June 30, 2012.

The District had a Net OPEB liability of \$66,884 at June 30, 2012.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land contract payable	\$ -	20,000	-	-	-	20,000	-100.00%
Revenue bonds	800,000	-	-	-	800,000	-	100.00%
Early retirement	20,720	44,569	-	-	20,720	44,569	-53.51%
Net OPEB liability	65,640	47,665	1,244	904	66,884	48,569	37.71%
Total	\$ 886,360	112,234	1,244	904	887,604	113,138	684.53%

Economic Factors Bearing on the District's Future

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

- The District is obligated to repay \$800,000 of revenue bonds by July 1, 2017.
- The District plans to maintain spending at or near current levels.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,272,593	19,059	2,291,652
Receivables:			
Property tax:			
Delinquent	27,054	-	27,054
Succeeding year	2,003,902	-	2,003,902
Income surtax	133,904	-	133,904
Interfund	28,311	-	28,311
Accounts	321	-	321
Due from other governments	282,721	-	282,721
Inventories	5,564	16,011	21,575
Capital assets, net of accumulated depreciation	6,697,474	17,615	6,715,089
Total assets	11,451,844	52,685	11,504,529
Liabilities			
Interfund payable	-	28,311	28,311
Accounts payable	140,221	-	140,221
Salaries and benefits payable	623,308	-	623,308
Deferred revenue:			
Succeeding year property tax	2,003,902	-	2,003,902
Unearned revenue	-	4,452	4,452
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	100,000	-	100,000
Early retirement payable	20,720	-	20,720
Portion due after one year:			
Revenue bonds payable	700,000	-	700,000
Net OPEB liability	65,640	1,244	66,884
Total liabilities	3,653,791	34,007	3,687,798
Net Assets			
Invested in capital assets, net of related debt	5,897,474	17,615	5,915,089
Restricted for:			
Categorical funding	271,813	-	271,813
Management levy purposes	266,103	-	266,103
Student activities	158,482	-	158,482
School infrastructure	425,904	-	425,904
Physical plant & equipment levy	125,388	-	125,388
Unrestricted	652,889	1,063	653,952
Total net assets	\$ 7,798,053	18,678	7,816,731

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Contributions	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Services	and Restricted Interest	and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,554,963	341,180	383,157	-	(1,830,626)	-	(1,830,626)
Special	772,781	77,605	85,848	-	(609,328)	-	(609,328)
Other	948,578	244,513	183,014	-	(521,051)	-	(521,051)
	<u>4,276,322</u>	<u>663,298</u>	<u>652,019</u>	<u>-</u>	<u>(2,961,005)</u>	<u>-</u>	<u>(2,961,005)</u>
Support services:							
Student	154,852	-	-	-	(154,852)	-	(154,852)
Instructional staff	37,032	-	-	-	(37,032)	-	(37,032)
Administration	596,383	-	-	-	(596,383)	-	(596,383)
Operation and maintenance of plant	618,645	-	-	22,313	(596,332)	-	(596,332)
Transportation	381,331	5,771	505	-	(375,055)	-	(375,055)
	<u>1,788,243</u>	<u>5,771</u>	<u>505</u>	<u>22,313</u>	<u>(1,759,654)</u>	<u>-</u>	<u>(1,759,654)</u>
Other expenditures:							
Long-term debt interest	30,970	-	-	-	(30,970)	-	(30,970)
AEA flowthrough	216,500	-	216,500	-	-	-	-
Depreciation(unallocated)*	192,631	-	-	-	(192,631)	-	(192,631)
	<u>440,101</u>	<u>-</u>	<u>216,500</u>	<u>-</u>	<u>(223,601)</u>	<u>-</u>	<u>(223,601)</u>
Total governmental activities	6,504,666	669,069	869,024	22,313	(4,944,260)	-	(4,944,260)
Business type activities:							
Non-instructional programs:							
Food service operations	263,643	169,109	89,992	441	-	(4,101)	(4,101)
Total business type activities	<u>263,643</u>	<u>169,109</u>	<u>89,992</u>	<u>441</u>	<u>-</u>	<u>(4,101)</u>	<u>(4,101)</u>
Total	\$ <u>6,768,309</u>	<u>838,178</u>	<u>959,016</u>	<u>22,754</u>	<u>(4,944,260)</u>	<u>(4,101)</u>	<u>(4,948,361)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,898,290	-	1,898,290
Capital outlay					44,722	-	44,722
Income surtax					168,514	-	168,514
Statewide sales, services and use tax					495,006	-	495,006
Unrestricted state grants					2,582,109	-	2,582,109
Nonspecific program federal revenues					1,687	-	1,687
Unrestricted investment earnings					1,229	6	1,235
Other					102,865	1,253	104,118
Total general revenues					<u>5,294,422</u>	<u>1,259</u>	<u>5,295,681</u>
Changes in net assets					350,162	(2,842)	347,320
Net assets beginning of year					<u>7,447,891</u>	<u>21,520</u>	<u>7,469,411</u>
Net assets end of year					<u>\$ 7,798,053</u>	<u>18,678</u>	<u>7,816,731</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital			Total
	General	Projects	Nonmajor	
Assets				
Cash and pooled investments	\$ 1,456,365	382,024	434,204	2,272,593
Receivables:				
Property tax:				
Delinquent	24,622	620	1,812	27,054
Succeeding year	1,895,947	47,955	60,000	2,003,902
Income surtax	133,904	-	-	133,904
Interfund	29,270	90,191	2,386	121,847
Accounts	321	-	-	321
Due from other governments	204,264	78,457	-	282,721
Inventories	5,564	-	-	5,564
Total assets	\$ 3,750,257	599,247	498,402	4,847,906
Liabilities and Fund Balances				
Liabilities:				
Interfund payable	\$ 93,536	-	-	93,536
Accounts payable	140,221	-	-	140,221
Salaries and benefits payable	623,308	-	-	623,308
Deferred revenue:				
Succeeding year property tax	1,895,947	47,955	60,000	2,003,902
Income surtax	133,904	-	-	133,904
Total liabilities	<u>2,886,916</u>	<u>47,955</u>	<u>60,000</u>	<u>2,994,871</u>
Fund Balances:				
Restricted for:				
Categorical funding	271,813	-	-	271,813
Management levy purposes	-	-	286,823	286,823
Student activities	-	-	158,482	158,482
School infrastructure	-	425,904	-	425,904
Physical plant and equipment	-	125,388	-	125,388
Unassigned:				
General fund	591,528	-	-	591,528
Student activities	-	-	(6,903)	(6,903)
Total fund balances	<u>863,341</u>	<u>551,292</u>	<u>438,402</u>	<u>1,853,035</u>
Total liabilities and fund balances	\$ 3,750,257	599,247	498,402	4,847,906

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL 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(page 20)	\$ 1,853,035
 <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.	6,697,474
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	133,904
Long-term liabilities, including bonds payable, early retirement payable and other post-employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(886,360)</u>
Net assets of governmental activities(page 18)	<u><u>\$ 7,798,053</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,926,001	539,728	130,137	2,595,866
Tuition	302,898	-	-	302,898
Other	193,848	97	278,874	472,819
State sources	3,309,462	-	-	3,309,462
Federal sources	140,804	22,313	-	163,117
Total revenues	<u>5,873,013</u>	<u>562,138</u>	<u>409,011</u>	<u>6,844,162</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,540,764	-	23,849	2,564,613
Special	769,929	-	-	769,929
Other	695,431	-	247,829	943,260
	<u>4,006,124</u>	<u>-</u>	<u>271,678</u>	<u>4,277,802</u>
Support services:				
Student	153,900	-	-	153,900
Instructional staff	91,923	-	-	91,923
Administration	584,456	-	4,423	588,879
Operation and maintenance of plant	529,954	23,272	63,592	616,818
Transportation	287,572	103,981	7,405	398,958
	<u>1,647,805</u>	<u>127,253</u>	<u>75,420</u>	<u>1,850,478</u>
Capital outlay	<u>-</u>	<u>898,709</u>	<u>-</u>	<u>898,709</u>
Long-term debt:				
Principal	-	-	220,000	220,000
Interest and fiscal charges	-	-	30,970	30,970
	<u>-</u>	<u>-</u>	<u>250,970</u>	<u>250,970</u>
Other expenditures:				
AEA flowthrough	216,500	-	-	216,500
Total expenditures	<u>5,870,429</u>	<u>1,025,962</u>	<u>598,068</u>	<u>7,494,459</u>
Excess(deficiency) of revenues over(under) expenditures	<u>2,584</u>	<u>(463,824)</u>	<u>(189,057)</u>	<u>(650,297)</u>
Other financing sources(uses):				
Operating transfers in	-	-	250,970	250,970
Operating transfers out	-	(250,970)	-	(250,970)
Proceeds from issuance of revenue bonds	-	1,000,000	-	1,000,000
Proceeds from the sale of property	1,462	90,334	-	91,796
Total other financing sources(uses)	<u>1,462</u>	<u>839,364</u>	<u>250,970</u>	<u>1,091,796</u>
Net change in fund balances	4,046	375,540	61,913	441,499
Fund balances beginning of year	<u>859,295</u>	<u>175,752</u>	<u>376,489</u>	<u>1,411,536</u>
Fund balances end of year	<u>\$ 863,341</u>	<u>551,292</u>	<u>438,402</u>	<u>1,853,035</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds(page 22) \$ 441,499

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

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

Capital outlays	\$ 938,393	
Depreciation expense	(266,270)	672,123

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

Issued	(1,000,000)	
Repayments	220,000	(780,000)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 10,666

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

Early retirement	23,849	
Other postemployment benefits	(17,975)	5,874

Changes in net assets of governmental activities(page 19) \$ 350,162

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	School Nutrition
Assets	
Cash and pooled investments	\$ 19,059
Inventories	16,011
Capital assets, net of accumulated depreciation	17,615
Total assets	52,685
Liabilities	
Interfund payable	28,311
Unearned revenue	4,452
Net OPEB liability	1,244
Total liabilities	34,007
Net Assets	
Invested in capital assets	17,615
Unrestricted	1,063
Total net assets	\$ 18,678

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 169,109
Miscellaneous	1,253
Total operating revenues	170,362
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	94,922
Benefits	21,205
Supplies	144,223
Depreciation	3,293
Total operating expenses	263,643
Operating loss	(93,281)
Non-operating revenues:	
State sources	2,902
Federal sources	87,090
Interest income	6
Total non-operating revenues	89,998
Change in net assets before other financing sources	(3,283)
Other financing sources:	
Capital contributions	441
Change in net assets	(2,842)
Net assets beginning of year	21,520
Net assets end of year	\$ 18,678

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from charges for services	\$ 170,141
Cash received from miscellaneous operating activities	1,253
Cash payments to employees for services	(115,787)
Cash payments to suppliers for goods or services	(129,996)
Net cash used in operating activities	(74,389)
Cash flows from non-capital financing activities:	
Borrowings from the General Fund	1,893
State grants received	2,902
Federal grants received	73,070
Net cash provided by non-capital financing activities	77,865
Cash flows from investing activities:	
Interest on investment	6
Net increase in cash and cash equivalents	3,482
Cash and cash equivalents at beginning of year	15,577
Cash and cash equivalents at end of year	\$ 19,059
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (93,281)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	14,020
Depreciation	3,293
Decrease in inventories	264
Decrease in accounts payable	(57)
Increase in unearned revenues	1,032
Increase in other postemployment benefits	340
Net cash used in operating activities	\$ (74,389)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2012, the District received \$14,020 of federal commodities.

During the year ended June 30, 2012, the Nutrition Fund received capital contributions of \$441 from the General Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Assets	
Cash and pooled investments	\$ 101,235
Liabilities	-
Net Assets	
Restricted for scholarships	\$ 101,235

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Interest income	\$ 1,986
Other	251
Total additions	<u>2,237</u>
Deductions:	
Scholarships awarded	<u>2,010</u>
Change in net assets	227
Net assets beginning of year	<u>101,008</u>
Net assets end of year	<u><u>\$ 101,235</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) Summary of Significant Accounting Policies

The Woodbury Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Merville, Iowa, and the predominate agricultural territory in Woodbury County in Iowa. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Woodbury County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. 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 used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these

pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	300
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period

or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in 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 Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition 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:

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 the preceding classification.

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 Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits 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 Direct Government Obligations Portfolio which are valued at an amortized cost of \$391,154 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 28,311
General	Capital Projects: Physical Plant and Equipment Levy	959
Management Levy	General	2,386
Capital Projects: Physical Plant and Equipment Levy	General	91,150
Total		<u>\$ 122,806</u>

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

The Capital Projects: Physical Plant and Equipment Levy is repaying the General Fund for an expense which was more appropriate to that fund.

The General Fund is repaying the Management Levy Fund for property taxes not placed in the proper fund.

The General Fund is repaying the Capital Projects: Physical Plant and Equipment Levy for the sale of real property which was not placed in the proper fund.

(4) Transfers

The detail of transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 250,970</u>

The transfer from the Capital Projects: Statewide Sales, Service and Use Tax Fund to the Debt Service Fund was needed to make principal and interest payments on the land contract payable and revenue bonds payable.

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 208,204	-	-	208,204
Construction in progress	897,977	815,602	1,713,579	-
Total capital assets not being depreciated	<u>1,106,181</u>	<u>-</u>	<u>-</u>	<u>208,204</u>
Capital assets being depreciated:				
Buildings	6,834,980	1,713,579	-	8,548,559
Land improvements	999,056	-	1,500	997,556
Machinery and equipment	1,710,467	122,791	189,365	1,643,893
Total capital assets being depreciated	<u>9,544,503</u>	<u>1,836,370</u>	<u>190,865</u>	<u>11,190,008</u>
Less accumulated depreciation for:				
Buildings	2,849,621	158,862	-	3,008,483
Land improvements	573,570	33,769	1,500	605,839
Machinery and equipment	1,202,142	73,639	189,365	1,086,416
Total accumulated depreciation	<u>4,625,333</u>	<u>266,270</u>	<u>190,865</u>	<u>4,700,738</u>
Total capital assets being depreciated, net	<u>4,919,170</u>	<u>1,570,100</u>	<u>-</u>	<u>6,489,270</u>
Governmental activities capital assets, net	<u>\$ 6,025,351</u>	<u>1,570,100</u>	<u>-</u>	<u>6,697,474</u>
Business type activities:				
Machinery and equipment	\$ 123,823	441	-	124,264
Less accumulated depreciation	103,356	3,293	-	106,649
Business Type activities capital assets, net	<u>\$ 20,467</u>	<u>(2,852)</u>	<u>-</u>	<u>17,615</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 4,092
Other	6,767
Support services:	
Student	675
Instructional staff	11,509
Administration	7,223
Operation and maintenance of plant	9,047
Transportation	34,326
	<u>73,639</u>
Unallocated depreciation	<u>192,631</u>
Total governmental activities depreciation expense	<u>\$ 266,270</u>
Business type activities:	
Food service operations	<u>\$ 3,293</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Land contract payable	\$ 20,000	-	20,000	-	-
Revenue bonds	-	1,000,000	200,000	800,000	100,000
Early retirement	44,569	-	23,849	20,720	20,720
Net OPEB liability	47,665	17,975	-	65,640	-
Total	\$ 112,234	1,017,975	243,849	886,360	120,720
Business type activities:					
Net OPEB liability	\$ 904	340	-	1,244	-

Revenue Bonds Payable

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,000,000 of bonds issued during the year ended June 30, 2012. The bonds are through the First Trust & Savings Bank and require a \$4.00% annual interest rate on the outstanding principal. The bonds require a minimum annual principal payment of \$100,000 with the entire unpaid balance due at maturity on July 1, 2017. There are no reserve fund or sinking fund requirements. During the year ended June 30, 2012, the District paid \$200,000 of principal and \$30,970 of interest on the issue.

Early Retirement

Pending annual Board approval, the District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-nine and have ten years or more of continuous service as a licensed full-time employee of the District. Eligible employees are required to submit an application to the Superintendent by March 31st of the year the employee wishes to retire. The application is then submitted to the Board of Directors of the District for approval. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the government-wide financial statements representing the District's commitment to fund non-current early retirement of \$20,720. The District paid \$23,849 in early retirement benefits during the year ended June 30, 2012.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 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 \$297,604 \$232,270, and \$242,294, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

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

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 41,000
Interest on net OPEB obligation	2,186
Adjustment to annual required contribution	(1,871)
Annual OPEB cost	<u>41,315</u>
Contributions made	<u>(23,000)</u>
Increase in net OPEB obligation	18,315
Net OPEB obligation - beginning of year	<u>48,569</u>
Net OPEB obligation - end of year	<u><u>\$ 66,884</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2012.

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:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 41,000	36.59%	\$ 26,000
2011	41,569	45.71%	48,569
2012	41,315	55.67%	66,884

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 \$649,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$649,000. The covered payroll (annual payroll of active employees covered by the plan) was \$2.964 million, and the ratio of the UAAL to the covered payroll was 21.9%. 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 healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2009 actuarial valuation date, the alternative measurement method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

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

(9) Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2012 were \$351,673.

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

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$216,500 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.

(11) Categorical Funding

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

Program	Amount
Limited English Proficient	\$ 4,898
Gifted and Talented Programs	18,976
Returning Dropouts and Dropout Prevention Programs	36,488
Four-year-old Preschool State Aid	101,322
Teacher Salary Supplement	28,469
Professional Development for Model Core Curriculum	33,781
Professional Development	43,545
Market Factor Incentives	4,334
Total	<u>\$ 271,813</u>

REQUIRED SUPPLEMENTARY INFORMATION

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,371,583	170,368	3,541,951	3,517,324	3,517,324	24,627
State sources	3,309,462	2,902	3,312,364	3,422,671	3,422,671	(110,307)
Federal sources	163,117	87,090	250,207	177,968	177,968	72,239
Total revenues	6,844,162	260,360	7,104,522	7,117,963	7,117,963	(13,441)
Expenditures/Expenses:						
Instruction	4,277,802	-	4,277,802	4,452,752	4,452,752	174,950
Support services	1,850,478	-	1,850,478	1,932,218	1,932,218	81,740
Non-instructional programs	-	263,643	263,643	256,272	278,000	14,357
Other expenditures	1,366,179	-	1,366,179	1,490,427	1,490,427	124,248
Total expenditures/expenses	7,494,459	263,643	7,758,102	8,131,669	8,153,397	395,295
Deficiency of revenues under expenditures/expenses	(650,297)	(3,283)	(653,580)	(1,013,706)	(1,035,434)	381,854
Other financing sources, net	1,091,796	441	1,092,237	(17,820)	(17,820)	(17,820)
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	441,499	(2,842)	438,657	(1,031,526)	(1,053,254)	364,034
Balances beginning of year	1,411,536	21,520	1,433,056	2,036,148	2,036,148	(603,092)
Balances end of year	\$ 1,853,035	18,678	1,871,713	1,004,622	982,894	(239,058)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL 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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$21,728.

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Acturial 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	-	\$ 649	649	0.0%	\$ 3,058	21.2%
2011	July 1, 2009	-	649	649	0.0%	2,640	24.6%
2012	July 1, 2009	-	649	649	0.0%	2,964	21.9%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 282,625	151,579	434,204
Receivables:			
Property tax:			
Delinquent	1,812	-	1,812
Succeeding year	60,000	-	60,000
Interfund	2,386	-	2,386
Total assets	\$ 346,823	151,579	498,402
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 60,000	-	60,000
Fund Balances:			
Restricted for:			
Management levy purposes	286,823	-	286,823
Student activities	-	158,482	158,482
Unassigned	-	(6,903)	(6,903)
Total fund balances	286,823	151,579	438,402
Total liabilities and fund balances	\$ 346,823	151,579	498,402

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total Nonmajor
Revenues:					
Local sources:					
Local tax	\$ 130,137	-	130,137	-	130,137
Other	4,945	273,929	278,874	-	278,874
Total revenues	135,082	273,929	409,011	-	409,011
Expenditures:					
Current:					
Instruction:					
Regular	23,849	-	23,849	-	23,849
Other	-	247,829	247,829	-	247,829
Support services:					
Administration	4,423	-	4,423	-	4,423
Operation and maintenance of plant	63,592	-	63,592	-	63,592
Transportation	7,405	-	7,405	-	7,405
Long-term debt:					
Principal	-	-	-	220,000	220,000
Interest and fiscal charges	-	-	-	30,970	30,970
Total expenditures	99,269	247,829	347,098	250,970	598,068
Excess(deficiency) of revenues over(under) expenditures	35,813	26,100	61,913	(250,970)	(189,057)
Other financing sources:					
Operating transfers in	-	-	-	250,970	250,970
Net change in fund balances	35,813	26,100	61,913	-	61,913
Fund balances beginning of year	251,010	125,479	376,489	-	376,489
Fund balances end of year	\$ 286,823	151,579	438,402	-	438,402

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 347,447	34,577	382,024
Receivables:			
Property tax:			
Delinquent	-	620	620
Succeeding year	-	47,955	47,955
Interfund	-	90,191	90,191
Due from other governments	78,457	-	78,457
Total assets	\$ 425,904	173,343	599,247
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	47,955	47,955
Fund Balances:			
Restricted for:			
School infrastructure	425,904	-	425,904
Physical plant and equipment	-	125,388	125,388
Total fund balances	425,904	125,388	551,292
Total liabilities and fund balances	\$ 425,904	173,343	599,247

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS 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	\$ 495,006	44,722	539,728
Other	87	10	97
Federal sources	-	22,313	22,313
Total revenues	495,093	67,045	562,138
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	-	23,272	23,272
Transportation	19,542	84,439	103,981
Capital outlay	894,081	4,628	898,709
Total expenditures	913,623	112,339	1,025,962
Deficiency of revenues under expenditures	(418,530)	(45,294)	(463,824)
Other financing sources(uses):			
Proceeds from issuance of revenue bonds	1,000,000	-	1,000,000
Proceeds from the sale of property	-	90,334	90,334
Operating transfers out	(250,970)	-	(250,970)
Total other financing sources(uses)	749,030	90,334	839,364
Net change in fund balances	330,500	45,040	375,540
Fund balances beginning of year	95,404	80,348	175,752
Fund balances end of year	\$ 425,904	125,388	551,292

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
 STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Interfund and Intrafund Transfers	Balance End of Year
Yearbook	\$ 8,010	10,062	7,371	337	11,038
Fine arts	417	11,146	7,897	(868)	2,798
Cat shop	-	9,863	11,340	2,363	886
High School choir	739	6,022	5,693	86	1,154
Band	5,684	4,093	6,378	183	3,582
Color guard	480	25	789	710	426
Boys and girls track	-	4,873	10,695	508	(5,314)
Golf	-	955	1,632	8	(669)
Athletics	43,971	9,473	21,246	16,197	48,395
Boys basketball	8,309	18,633	12,032	8	14,918
Football	5,589	49,997	36,166	(7,840)	11,580
Baseball	-	12,925	6,891	(192)	5,842
Wrestling	2,252	32,786	30,642	(7)	4,389
Girls basketball	-	2,105	2,008	8	105
Volleyball	2,169	6,301	8,594	(796)	(920)
Softball	456	15,423	14,067	1,380	3,192
Drill team	2,572	9,417	6,517	(143)	5,329
Cheerleaders	2,201	3,691	4,890	425	1,427
Weight room	7,053	8,205	8,791	8	6,475
Class of 2011	38	-	-	-	38
Class of 2012	1,070	-	1,043	558	585
Class of 2013	157	14,965	10,411	(1,189)	3,522
Class of 2014	98	-	-	-	98
Class of 2015	-	144	66	-	78
Miscellaneous resale	86	653	653	(86)	-
National honor society	335	1,423	1,264	78	572
Student council	-	784	882	1,008	910
Renaissance	96	589	1,368	3,893	3,210
Reserve account	7,201	820	-	(820)	7,201
Interest	18,643	216	-	(18,859)	-
Middle school activity	6,703	9,738	10,065	805	7,181
Industrial arts	-	56	-	(56)	-
Concessions	252	28,546	18,438	296	10,656
Fundraisers	898	-	-	1,997	2,895
Total	\$ 125,479	273,929	247,829	-	151,579

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 2,595,866	2,559,226	2,433,726	2,368,304	2,300,132	2,187,089	1,984,174	1,963,383	2,038,319
Tuition	302,898	359,875	351,156	270,513	324,527	231,250	293,308	271,566	298,383
Other	472,819	483,945	413,681	417,667	472,883	539,798	449,128	393,048	358,377
State sources	3,309,462	3,089,575	2,582,244	3,091,406	3,157,963	2,760,912	2,757,304	2,628,864	2,314,577
Federal sources	163,117	349,662	466,050	203,575	134,105	134,510	198,690	150,870	181,976
Total	\$ 6,844,162	6,842,283	6,246,857	6,351,465	6,389,610	5,853,559	5,682,604	5,407,731	5,191,632
Expenditures:									
Instruction:									
Regular	\$ 2,564,613	2,500,905	2,655,654	2,802,025	2,889,640	2,646,504	2,363,040	2,111,127	2,141,512
Special	769,929	536,863	550,836	626,030	610,468	485,550	583,421	635,044	594,627
Other	943,260	870,427	778,329	360,405	388,271	445,464	379,421	401,815	408,801
Support services:									
Student	153,900	133,946	98,593	182,321	175,246	151,574	145,745	141,388	142,366
Instructional staff	91,923	67,046	77,127	74,557	74,968	83,174	72,562	68,508	66,163
Administration	588,879	546,415	613,734	667,293	649,883	589,661	509,217	499,501	467,476
Operation and maintenance of plant	616,818	462,932	537,858	448,908	518,160	535,530	550,229	499,483	473,330
Transportation	398,958	288,094	316,136	246,459	261,823	209,210	259,496	223,872	261,576
Non-instructional programs	-	967	16,159	-	-	-	-	-	-
Capital outlay	898,709	957,438	239,313	294,000	461,136	674,468	264,775	343,110	616,951
Long-term debt:									
Principal	220,000	20,000	20,000	255,000	245,000	240,000	240,000	235,000	220,000
Interest and fiscal charges	30,970	-	-	58,006	78,053	52,659	21,040	25,152	35,553
Other expenditures:									
AEA flow-through	216,500	235,704	232,029	212,060	213,923	187,063	172,135	180,772	166,997
Total	\$ 7,494,459	6,620,737	6,135,768	6,227,064	6,566,571	6,300,857	5,561,081	5,364,772	5,595,352

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbury Central Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 3, 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 Woodbury Central Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Woodbury Central Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodbury Central Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Woodbury Central Community School District's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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 deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items I-A-12 to be a material weakness.

A significant deficiency is a deficiency, or a 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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as items I-B-12 to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodbury Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II 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, 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 Woodbury Centrals, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Woodbury Central Community School District and other parties to whom Woodbury Central Community School District may report, including federal awarding agencies and pass-through entities, 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 Woodbury Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORMAN & JOHNSON, P.C.

January 3, 2013

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 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. Cash receipts are issued and bank deposits prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded and checks are prepared by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of staff. However the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response - The District will review its internal control policies to promote further segregation of duties and adjust duties as necessary and when possible.

Conclusion - Response accepted.

I-B-12 Supporting Documentation - We noted instances of checks being written from payment requests and lacking an invoice or statement that could subsequently be used as supporting documentation.

Recommendation - The District should review their procedures that are in place to ensure that all bills are supported, approved, and paid from an invoice with a purchase order. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval or support documentation other than the invoice.

Response - The District will better verify all purchases and ensure purchasing procedures are being followed by school employees, including retention of supporting documentation.

Conclusion - Response accepted.

OTHER MATTERS:

I-C-12 Checks Written as Bearer Paper - We noted during our audit that the District is writing checks made payable to "Cash" which are later cashed for start-up money at athletic events.

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

Response - The District will write checks for startup money payable to appropriate personnel and the bank.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - District expenditures for the year ended June 30, 2012 did not exceed the certified budgeted amounts in any of the functional areas.

II-B-12 Questionable Disbursements - We noted during our audit expenditures for Moville bucks and other gift cards/certificates to be given to students as prizes during the spring carnival. Cash cards/gift certificates 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. Additionally, the District should refrain from purchasing cash cards/gift certificates as the Board cannot audit the final purchase.

Response - The District will discontinue offering cash or cash equivalents as student prizes.

Conclusion - Response accepted.

II-C-12 Travel Expense - No expenditures of District money for travel expenses of spouses or District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-12 Business Transactions - No business transactions between the District and District officials or employees were noted.

II-E-12 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-12 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-12 Supplementary Weighting - No variances in the supplementary weighting certified to the Iowa Department of Education were noted.

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

II-J-12 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-K-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-12 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales and services 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 the 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 District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	95,404
Revenues/transfers in:			
Sales tax revenues	\$	495,006	
Other		87	
Sale of long-term debt		1,000,000	
			<u>1,495,093</u>
			1,590,497
Expenditures/transfers out			
School infrastructure construction	\$	894,081	
Equipment		19,542	
Transfers to other funds:			
Debt service fund		250,970	
			<u>1,164,593</u>
Ending Balance		\$	<u>425,904</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 Code of Iowa.

II-M-12 Checks Outstanding - We noted during our audit that the District had checks included in the Activity Fund bank reconciliation which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be re-issued, voided or submitted to the Treasurer of Iowa as unclaimed property.

Response - The District will review all outstanding checks and regularly clear out checks in a timely manner. The District will set a goal to carry outstanding checks no longer than 6 months.

Conclusion - Response accepted.

II-N-12 Deficit Balances - We noted three accounts within the Student Activity Fund with deficit balances totaling \$6,903.

Recommendation - The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response - The District will monitor these accounts and find alternatives to make sure that the accounts have adequate funding or expenses are allocated to other appropriate accounts.

Conclusion - Response accepted.