

WOODBINE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

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Woodbine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Amy Sherer	President	2015
Mike Staben	Vice President	2013
Todd Heistand	Board Member	2015
Beth Fouts	Board Member	2015
Karen Lantz	Board Member	2013
School Officials		
Tom Vint	Superintendent	2013
Kelli Gray	District Secretary/ Treasurer	2013
Mundt & Franck	Attorney	2013

Woodbine Community School District

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District, Woodbine, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Woodbine Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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 44 through 46 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodbine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other 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.

The Supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2014 on our consideration of Woodbine Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that reports 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.



NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Woodbine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,692,776 in fiscal 2012 to \$5,007,519 in fiscal 2013, while General Fund expenditures increased from \$4,397,744 in fiscal 2012 to \$4,622,772 in fiscal 2013. This resulted in an increase in the District's General Fund balance from a balance of \$262,049 in fiscal 2012 to a balance of \$646,796 in fiscal 2013, which represents a 146.82% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax revenues in fiscal 2013. The increase in expenditures was due primarily to increases in the instruction and support services functional areas.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

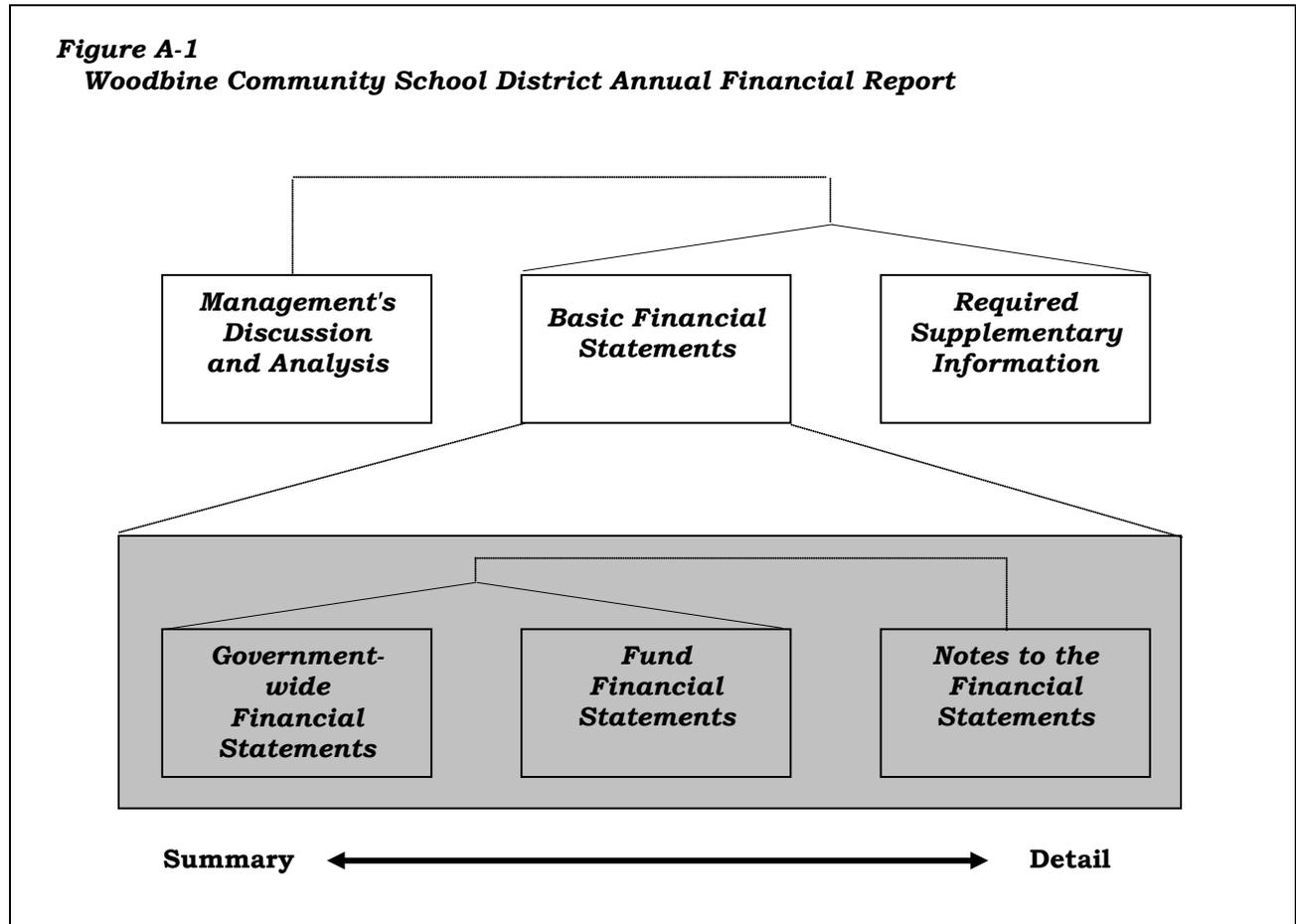


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position 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 position and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The required financial statements for the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2013 compared to June 30, 2012.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 5,095,477	4,538,672	68,925	69,079	5,164,402	4,607,751	12.08%
Capital assets	6,276,201	6,281,604	57,532	66,679	6,333,733	6,348,283	-0.23%
Total assets	11,371,678	10,820,276	126,457	135,758	11,498,135	10,956,034	4.95%
Long-term obligations	3,019,137	3,235,526	9,353	6,800	3,028,490	3,242,326	-6.60%
Other liabilities	2,807,238	2,855,799	3,349	2,733	2,810,587	2,858,532	-1.68%
Total liabilities	5,826,375	6,091,325	12,702	9,533	5,839,077	6,100,858	-4.29%
Net position:							
Invested in capital assets, net of related debt	3,831,201	3,461,604	57,532	66,679	3,888,733	3,528,283	10.22%
Restricted	1,497,920	1,227,584	0	0	1,497,920	1,227,584	22.02%
Unrestricted	216,182	39,763	56,223	59,546	272,405	99,309	174.30%
Total net position	\$ 5,545,303	4,728,951	113,755	126,225	5,659,058	4,855,176	16.56%

The District's total net position increased 16.56%, or \$803,882 over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 22.02% or \$270,336 compared to the prior year. The increase in restricted net position can be partially attributed to the increase in fund balance of the Debt Service fund and an increase in money restricted for categorical funding.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately 174.30% or \$173,096. The increase in unrestricted net position is primarily the result of the increase in fund balance of the General Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4 Change in Net Position							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for services	\$ 363,970	346,630	209,146	201,080	573,116	547,710	4.64%
Operating grants and contributions and restricted interest	483,705	460,308	116,458	115,421	600,163	575,729	4.24%
Capital grants, contributions and restricted interest	3,000	870	0	0	3,000	870	244.83%
General revenues:							
Property tax	2,394,351	2,182,409	0	0	2,394,351	2,182,409	9.71%
Income surtax	343,684	229,111	0	0	343,684	229,111	50.01%
Statewide sales, services and use tax	372,273	328,971	0	0	372,273	328,971	13.16%
Unrestricted state grants	2,185,248	2,141,784	0	0	2,185,248	2,141,784	2.03%
Nonspecific program federal grants	0	1,340	0	0	0	1,340	-100.00%
Unrestricted investment earnings	7,327	17,282	22	53	7,349	17,335	-57.61%
Other	38,708	22,674	0	0	38,708	22,674	70.72%
Total revenues	6,192,266	5,731,379	325,626	316,554	6,517,892	6,047,933	7.77%
Program expenses:							
Governmental activities:							
Instructional	3,492,234	3,128,294	0	0	3,492,234	3,128,294	11.63%
Support services	1,505,908	1,311,928	0	0	1,505,908	1,311,928	14.79%
Non-instructional programs	30	0	338,096	324,181	338,126	324,181	4.30%
Other expenses	377,742	476,620	0	0	377,742	476,620	-20.75%
Total expenses	5,375,914	4,916,842	338,096	324,181	5,714,010	5,241,023	9.02%
Change in net position	816,352	814,537	(12,470)	(7,627)	803,882	806,910	-0.38%
Net position beginning of year	4,728,951	3,914,414	126,225	133,852	4,855,176	4,048,266	19.93%
Net position end of year	\$ 5,545,303	4,728,951	113,755	126,225	5,659,058	4,855,176	16.56%

In fiscal 2013, local tax (property tax, income surtax and statewide sales and services tax) and unrestricted state grants account for 85.52% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.99% of the revenue from business type activities.

The District's total revenues were approximately \$6.52 million of which approximately \$6.19 million was for governmental activities and approximately \$0.33 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 7.77% in revenues and a 9.02% increase in expenses. The increase in revenues was related to an increase in local tax revenues received by the District during the year. Expenses increased due to increased spending in the instruction and support services functional areas.

Governmental Activities

Revenues for governmental activities were \$6,192,266 and expenses were \$5,375,914.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2013 compared to the year ended June 30, 2012.

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 3,492,234	3,128,294	11.63%	2,852,283	2,494,313	14.35%
Support services	1,505,908	1,311,928	14.79%	1,455,917	1,297,075	12.25%
Non-instructional programs	30	0	100.00%	30	0	100.00%
Other expenses	377,742	476,620	-20.75%	217,009	317,646	-31.68%
Totals	<u>\$ 5,375,914</u>	<u>4,916,842</u>	<u>9.34%</u>	<u>4,525,239</u>	<u>4,109,034</u>	<u>10.13%</u>

For the year ended June 30, 2013

- The cost financed by users of the District's programs was \$363,970.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$486,705.
- The net cost of governmental activities was financed with \$2,394,351 in property tax, \$343,684 in income surtax, \$372,273 in statewide sales, services and use tax, \$2,185,248 in unrestricted state grants, \$7,327 in interest income and \$38,708 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$325,626 and expenses were \$338,096. The District's business-type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$2,028,465, above last year's ending fund balances of \$1,449,465. The primary reason for the increase in combined fund balance was an increase in the General Fund.

Governmental Fund Highlights

- The District's General Fund balance increased from a balance of \$262,049 on June 30, 2012 to a balance of \$646,796 on June 30, 2013. The improvement in the District's General Fund financial position is the product of many factors. Revenues increased primarily due to an increase in local tax revenues. The increase in expenditures was primarily a result of increases in the instructional functional area. Revenues exceeded expenditures resulting in an increase of \$384,747 in the position of the District's General Fund.
- The Capital Projects accounts balance overall increased from \$790,247 in fiscal 2012 to \$934,544 in fiscal 2013. This represents an increase in fund balance of 18.26 percent.
- The Debt Service Fund balance decreased from \$338,986 on June 30, 2012 to \$373,656 on June 30, 2013. This represents an increase in fund balance of 10.22 percent.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$101,994 at June 30, 2012 to \$93,118 at June 30, 2013, representing a decrease of 8.70%.

The Day Care Fund net position decreased from \$24,231 at June 30, 2012 to \$20,637 at June 30, 2013, representing a decrease of 14.83%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$174,403 less than budgeted revenues, a variance of 2.62%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

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

In spite of the District' budgetary practice, the certified budget was exceeded in the support services and non-instructional programs functional areas.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$6.33 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$211,259.

The original cost of the District's capital assets was approximately \$9.49 million. Governmental funds account for approximately \$9.36 million, with the remainder of approximately \$0.13 million accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The amount reported for the District's land improvements at June 30, 2012 was \$72,431 compared to \$113,470 for June 30, 2013. The increase was due to parking lot improvements during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 48,655	48,655	0	0	48,655	48,655	0.00%
Buildings	5,981,612	6,019,796	0	0	5,981,612	6,019,796	-0.63%
Land improvements	113,470	72,431	0	0	113,470	72,431	56.66%
Machinery and equipment	132,464	140,722	57,532	66,679	189,996	207,401	-8.39%
Total	\$ 6,276,201	6,281,604	57,532	66,679	6,333,733	6,348,283	-0.23%

Long-Term Debt

At June 30, 2013, the District had \$3,028,490 in general obligation and other long-term debt outstanding. This represents a decrease of 6.69% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding General Obligation Bonds payable of \$1,990,000 at June 30, 2013.

The District had total outstanding Revenue Bonds payable of \$155,000 at June 30, 2013.

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

The District had net OPEB liability payable of \$583,490 at June 30, 2013; \$574,137 is attributable to governmental activities and \$9,353 is attributable to business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General obligation bonds	\$ 1,990,000	2,220,000	0	0	1,990,000	2,220,000	-10.36%
Revenue bonds	155,000	300,000	0	0	155,000	300,000	-48.33%
QZAB bonds	300,000	300,000	0	0	300,000	300,000	0.00%
Net OPEB Liability	574,137	415,526	9,353	6,800	583,490	422,326	38.17%
Totals	\$ 3,019,137	3,235,526	9,353	6,800	3,028,490	3,242,326	-6.69%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District is currently implementing a 1:1 initiative which will result in each student in grades 5-12 having an individual laptop computer. The District will require additional infrastructure to support the additional computers.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 2,080,617	56,103	2,136,720
Receivables:			
Property tax:			
Delinquent	25,540	0	25,540
Succeeding year	2,348,705	0	2,348,705
Income surtax	267,690	0	267,690
Accounts	3,590	275	3,865
Due from other governments	369,335	0	369,335
Inventories	0	12,547	12,547
Capital assets, net of accumulated depreciation	6,276,201	57,532	6,333,733
Total Assets	11,371,678	126,457	11,498,135
Liabilities			
Accounts payable	26,601	797	27,398
Salaries and benefits payable	424,016	0	424,016
Accrued interest payable	7,916	0	7,916
Deferred revenue:			
Succeeding year property tax	2,348,705	0	2,348,705
Unearned revenue	0	2,552	2,552
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	230,000	0	230,000
Revenue bonds payable	155,000	0	155,000
Portion due after one year:			
General obligation bonds payable	1,760,000	0	1,760,000
QZAB bonds payable	300,000	0	300,000
Net OPEB Liability	574,137	9,353	583,490
Total Liabilities	5,826,375	12,702	5,839,077
Net Position			
Invested in capital assets, net of related debt	3,831,201	57,532	3,888,733
Restricted for:			
Categorical funding	124,167	0	124,167
Debt service	365,740	0	365,740
Management levy purposes	55,702	0	55,702
Student activities	17,767	0	17,767
School infrastructure	580,343	0	580,343
Physical plant and equipment	354,201	0	354,201
Unrestricted	216,182	56,223	272,405
Total Net Position	\$ 5,545,303	113,755	5,659,058

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating Grants, Contributions for Services and Interest		Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
		Services	Interest	Interest			
Functions/Programs							
Governmental activities:							
Instruction:							
Regular	\$ 2,251,625	137,422	48,336	0	(2,065,867)	0	(2,065,867)
Special	637,321	84,464	78,827	0	(474,030)	0	(474,030)
Other	603,288	99,966	190,936	0	(312,386)	0	(312,386)
	<u>3,492,234</u>	<u>321,852</u>	<u>318,099</u>	<u>0</u>	<u>(2,852,283)</u>	<u>0</u>	<u>(2,852,283)</u>
Support services:							
Student services	121,584	27,528	0	0	(94,056)	0	(94,056)
Instructional staff	101,784	0	4,673	0	(97,111)	0	(97,111)
Administration	522,885	0	0	0	(522,885)	0	(522,885)
Operation and maintenance of plant	518,467	7,295	0	3,000	(508,172)	0	(508,172)
Transportation	241,188	7,295	200	0	(233,693)	0	(233,693)
	<u>1,505,908</u>	<u>42,118</u>	<u>4,873</u>	<u>3,000</u>	<u>(1,455,917)</u>	<u>0</u>	<u>(1,455,917)</u>
Non-instructional programs	30	0	0	0	(30)	0	(30)
Long-term debt interest	55,666	0	0	0	(55,666)	0	(55,666)
Other expenses:							
AEA flowthrough	160,733	0	160,733	0	0	0	0
Depreciation(unallocated)*	161,343	0	0	0	(161,343)	0	(161,343)
	<u>322,076</u>	<u>0</u>	<u>160,733</u>	<u>0</u>	<u>(161,343)</u>	<u>0</u>	<u>(161,343)</u>
Total governmental activities	5,375,914	363,970	483,705	3,000	(4,525,239)	0	(4,525,239)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	228,418	103,062	116,458	0	0	(8,898)	(8,898)
Day care services	109,678	106,084	0	0	0	(3,594)	(3,594)
Total business type activities	<u>338,096</u>	<u>209,146</u>	<u>116,458</u>	<u>0</u>	<u>0</u>	<u>(12,492)</u>	<u>(12,492)</u>
Total	<u>\$ 5,714,010</u>	<u>573,116</u>	<u>600,163</u>	<u>3,000</u>	<u>(4,525,239)</u>	<u>(12,492)</u>	<u>(4,537,731)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,979,010	0	1,979,010
Capital outlay					140,660	0	140,660
Debt service					274,681	0	274,681
Income surtax					343,684	0	343,684
Statewide sales, services and use tax					372,273	0	372,273
Unrestricted state grants					2,185,248	0	2,185,248
Unrestricted investment earnings					7,327	22	7,349
Other general revenues					38,708	0	38,708
Total general revenues					<u>5,341,591</u>	<u>22</u>	<u>5,341,613</u>
Change in net position					816,352	(12,470)	803,882
Net position beginning of year					<u>4,728,951</u>	<u>126,225</u>	<u>4,855,176</u>
Net position end of year					<u>\$ 5,545,303</u>	<u>113,755</u>	<u>5,659,058</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
Assets					
Cash and pooled investments	\$ 893,073	744,592	370,702	72,250	2,080,617
Receivables:					
Property tax:					
Delinquent	20,003	1,475	2,880	1,182	25,540
Succeeding year	1,805,479	141,217	272,010	129,999	2,348,705
Income surtax	178,460	89,230	0	0	267,690
Accounts	3,405	74	74	37	3,590
Due from other governments	180,032	189,303	0	0	369,335
Total Assets	\$ 3,080,452	1,165,891	645,666	203,468	5,095,477
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 25,701	900	0	0	26,601
Salaries and benefits payable	424,016	0	0	0	424,016
Deferred revenue:					
Succeeding year property tax	1,805,479	141,217	272,010	129,999	2,348,705
Income surtax	178,460	89,230	0	0	267,690
Total liabilities	2,433,656	231,347	272,010	129,999	3,067,012
Fund balances:					
Restricted for:					
Categorical funding	124,167	0	0	0	124,167
Debt service	0	0	373,656	0	373,656
Management levy purposes	0	0	0	55,702	55,702
Student activities	0	0	0	17,767	17,767
School infrastructure	0	580,343	0	0	580,343
Physical plant and equipment	0	354,201	0	0	354,201
Unassigned	522,629	0	0	0	522,629
Total fund balances	646,796	934,544	373,656	73,469	2,028,465
Total Liabilities and Fund Balances	\$ 3,080,452	1,165,891	645,666	203,468	5,095,477

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances of governmental funds(page 20)	\$	2,028,465
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		6,276,201
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		267,690
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(7,916)
Long-term liabilities, including bonds payable and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(3,019,137)</u>
Net position of governmental activities(page 18)	\$	<u><u>5,545,303</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 2,068,985	632,258	274,681	109,965	3,085,889
Tuition	207,914	0	0	0	207,914
Other	96,458	3,671	4,661	135,092	239,882
State sources	2,454,168	0	0	0	2,454,168
Federal sources	179,994	0	0	0	179,994
Total revenues	5,007,519	635,929	279,342	245,057	6,167,847
Expenditures:					
Current:					
Instruction:					
Regular	2,174,240	74,196	0	67,357	2,315,793
Special	550,979	0	0	0	550,979
Other	427,799	0	0	137,490	565,289
	3,153,018	74,196	0	204,847	3,432,061
Support services:					
Student	105,166	0	0	0	105,166
Instructional staff	100,015	0	0	0	100,015
Administration	494,958	0	0	0	494,958
Operation and maintenance of plant	422,990	136,660	0	20,867	580,517
Transportation	185,862	5,862	0	4,057	195,781
	1,308,991	142,522	0	24,924	1,476,437
Non-instructional programs	30	0	0	0	30
Capital outlay	0	86,973	0	0	86,973
Long-term debt:					
Principal	0	0	375,000	0	375,000
Interest and fiscal charges	0	0	57,613	0	57,613
	0	0	432,613	0	432,613
Other expenditures:					
AEA flowthrough	160,733	0	0	0	160,733
Total expenditures	4,622,772	303,691	432,613	229,771	5,588,847
Excess(Deficiency) of revenues over(under) expenditures	384,747	332,238	(153,271)	15,286	579,000
Other financing sources(uses):					
Transfer in	0	0	187,941	0	187,941
Transfer out	0	(187,941)	0	0	(187,941)
Total other financing sources(uses)	0	(187,941)	187,941	0	0
Net change in fund balances	384,747	144,297	34,670	15,286	579,000
Fund balance beginning of year	262,049	790,247	338,986	58,183	1,449,465
Fund balance end of year	\$ 646,796	934,544	373,656	73,469	2,028,465

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds(page 22) \$ 579,000

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 not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 196,709	
Depreciation expense	<u>(202,112)</u>	(5,403)

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

1,947

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.

375,000

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

24,419

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

Other postemployment benefits		<u>(158,611)</u>
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Changes in net position of governmental activities(page 19) \$ 816,352

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business Type Activities-		
	Enterprise Funds		
	School Nutrition	Day Care	Total
Assets			
Cash and pooled investments	\$ 35,566	20,537	56,103
Accounts receivable	175	100	275
Inventories	12,547	0	12,547
Capital assets, net of accumulated depreciation	57,532	0	57,532
Total Assets	105,820	20,637	126,457
Liabilities			
Accounts payable	797	0	797
Unearned revenue	2,552	0	2,552
Net OPEB liability	9,353	0	9,353
Total Liabilities	12,702	0	12,702
Net Position			
Invested in capital assets	57,532	0	57,532
Unrestricted	35,586	20,637	56,223
Total Net Position	\$ 93,118	20,637	113,755

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities- Enterprise Funds		
	School Nutrition	Day Care	Total
Operating revenues:			
Local sources:			
Charges for services	\$ 103,062	106,084	209,146
Total operating revenues	103,062	106,084	209,146
Operating expenses:			
Non-instructional programs:			
Salaries	52,071	0	52,071
Benefits	19,095	0	19,095
Services	3,105	0	3,105
Supplies	144,950	0	144,950
Depreciation	9,147	0	9,147
Other	50	0	50
	228,418	0	228,418
Other enterprise operations:			
Salaries	0	87,368	87,368
Benefits	0	13,579	13,579
Services	0	1,096	1,096
Supplies	0	7,635	7,635
	0	109,678	109,678
Total operating expenses	228,418	109,678	338,096
Operating loss	(125,356)	(3,594)	(128,950)
Non-operating revenues:			
Interest income	22	0	22
State sources	2,330	0	2,330
Federal sources	114,128	0	114,128
Total non-operating revenues	116,480	0	116,480
Change in net position	(8,876)	(3,594)	(12,470)
Net position beginning of year	101,994	24,231	126,225
Net position end of year	\$ 93,118	20,637	113,755

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business Type Activities-		
	Enterprise Funds		
	School Nutrition	Day Care	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 102,706	0	102,706
Cash received from day care charges	0	105,984	105,984
Cash payments to employees for services	(68,613)	(100,947)	(169,560)
Cash payments to suppliers for goods or services	(144,035)	(8,731)	(152,766)
Net cash used in operating activities	<u>(109,942)</u>	<u>(3,694)</u>	<u>(113,636)</u>
Cash flows from non-capital financing activities:			
State grants received	2,330	0	2,330
Federal grants received	104,549	0	104,549
Net cash provided by non-capital financing activities	<u>106,879</u>	<u>0</u>	<u>106,879</u>
Cash flow from investing activities:			
Interest on investments	22	0	22
Net decrease in cash and cash equivalents	(3,041)	(3,694)	(6,735)
Cash and cash equivalents at beginning of year	38,607	24,231	62,838
Cash and cash equivalents at end of year	<u>\$ 35,566</u>	<u>20,537</u>	<u>56,103</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (125,356)	(3,594)	(128,950)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	9,579	0	9,579
Depreciation	9,147	0	9,147
Increase in accounts receivable	(175)	(100)	(275)
Increase in inventories	(6,306)	0	(6,306)
Increase in accounts payable	797	0	797
Decrease in unearned revenue	(181)	0	(181)
Increase in other postemployment benefits	2,553	0	2,553
Net cash used in operating activities	<u>\$ (109,942)</u>	<u>(3,694)</u>	<u>(113,636)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received Federal commodities valued at \$9,579.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Private Purpose Trust Scholarship
Assets	
Cash and pooled investments	\$ 24,000
Liabilities	0
Net position	
Restricted for scholarships	\$ 24,000

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust Scholarship
Additions:	\$ 0
Deductions:	0
Change in net position	0
Net position beginning of year	24,000
Net position end of year	\$ 24,000

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to as 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports the following nonmajor proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in the preceding classification.

Restricted Net Position - In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. For the year ended June 30, 2013, District expenditures in the support services and non-instructional programs exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 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. For the year ended June 30, 2013, the District had no investments.

(3) Transfers

The detail of transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 187,941</u>

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

(4) Iowa School Cash Anticipation Program (ISCAP)

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

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The Series 2012-2013 ONE included taxable warrants only. The interest rates on the Series 2012-2013 A warrants are variable rates, calculated daily, based on the one-month LIBOR rate plus 100 basis points. The LIBOR rate at June 30, 2013 was 0.1932%. A summary of the District's ISCAP activity for the year ended June 30, 2013 is as follows

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2012-2013 A	8/20/12	12/31/12	\$ 0	200,000	200,000	0

During the year ended June 30, 2013, the District paid \$598 of interest on the ISCAP warrants.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 48,655	0	0	48,655
Total capital assets not being depreciated	48,655	0	0	48,655
Capital assets being depreciated:				
Buildings	8,082,314	116,803	0	8,199,117
Land improvements	164,805	47,395	0	212,200
Machinery and equipment	888,872	48,576	34,100	903,348
Total capital assets being depreciated	9,135,991	212,774	34,100	9,314,665
Less accumulated depreciation for:				
Buildings	2,062,518	154,987	0	2,217,505
Land improvements	92,374	6,356	0	98,730
Machinery and equipment	748,150	40,769	18,035	770,884
Total accumulated depreciation	2,903,042	202,112	18,035	3,087,119
Total capital assets being depreciated, net	6,232,949	10,662	16,065	6,227,546
Governmental activities capital assets, net	\$ 6,281,604	10,662	16,065	6,276,201

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 140,234	0	12,750	\$ 127,484
Less accumulated depreciation	73,555	9,147	12,750	69,952
Business-type activities capital assets, net	\$ 66,679	(9,147)	0	\$ 57,532

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 12,182
Other	785

Support services:

Operation and maintenance of plant	12,111
Transportation	15,691
	<u>40,769</u>

Unallocated depreciation	<u>161,343</u>
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Total governmental activities depreciation expense	<u>\$ 202,112</u>
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Business-type activities:

Food services	<u>\$ 9,147</u>
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(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 2,220,000	0	230,000	1,990,000	230,000
Revenue Bonds	300,000	0	145,000	155,000	155,000
QZAB Bonds	300,000	0	0	300,000	0
Net OPEB liability	415,526	158,611	0	574,137	0
Total	\$ 3,235,526	158,611	375,000	3,019,137	385,000
Business type activities:					
Net OPEB liability	\$ 6,800	2,553	0	9,353	0

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Issue of August 26, 2010				
	Interest Rates	Principal	Interest	Total	
2014	1.25 %	\$ 230,000	41,510	271,510	
2015	1.40	240,000	38,635	278,635	
2016	1.70	245,000	35,275	280,275	
2017	2.00	245,000	31,110	276,110	
2018	2.20	250,000	26,210	276,210	
2019-2021	2.45-2.85	780,000	36,990	816,990	
Total		\$ 1,990,000	209,730	2,199,730	

Revenue Bonds Payable

Details of the District's June 30, 2013 revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue of August 1, 2005		Issue of July 20, 2006			Total		
	Interest Rates	Principal Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2014	4.00%	\$ 65,000 1,300	5.75%	\$ 90,000	2,587	\$ 155,000	3,887	158,887

District has pledged future statewide sales, service and use tax revenues to repay the \$695,000 bonds issued August 1, 2005 and July 20, 2006. The bonds were issued for the purpose of defraying a portion of the cost of renovations at the school. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2014. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 48 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$158,887. For the current year \$145,000 in principal and \$11,343 in interest was paid on the bonds and total statewide sales, service and use tax revenues were \$372,273.

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

- a) The bonds will only be redeemed from the future earnings of the statewide sale, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made to the Statewide Sales, Services and Use Tax Sinking Fund for the purpose of making the bond principal and interest payments when due.

c) A separate bond reserve fund will be maintained to be used solely for the purpose of paying principal and interest in the event the revenue fund does not have sufficient funds for that purpose. This fund is called the Statewide Sales, Services and Use Tax Reserve Fund.

Quality Zone Academy Bonds (QZAB)

During the year ended June 30, 2006, the District issued a Quality Zone Academy Bonds (QZAB) for \$300,000 for school infrastructure. Annual payments of \$32,025 will be made from the Capital Projects: Statewide Sales, Services and Use Tax Fund to an escrow account held by Bank of America on the District's behalf. The District is contingently liable in the event the balance in the escrow account is not \$300,000 on November 1, 2013 to repay the bonds.

(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 5.78% of their annual salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$241,964, \$224,190 and \$186,771 respectively, equal to the required contributions for each year.

(8) Other Post-employment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees retirees and their spouses. There are 52 active and 10 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the Districts OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 246,999
Interest on net OPEB obligation	10,558
Adjustment to annual required contribution	(35,833)
Annual OPEB cost	<u>221,724</u>
Contributions made	(60,560)
Increase in net OPEB obligation	<u>161,164</u>
Net OPEB obligation beginning of year	<u>422,326</u>
 Net OPEB obligation end of year	 <u><u>\$ 583,490</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$60,560 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 166,283	18.15%	\$ 270,346
2012	183,522	17.19%	422,326
2013	221,724	27.31%	583,490

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,568,485, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,568,485. The covered payroll (annual payroll of active employees covered by the plan) was \$2,425,506, and the ratio of the UAAL to covered payroll was 64.67%. As of June 30, 2013 there were no trust fund assets.

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

multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

Projected costs of the medical plan are \$646.27 for single and \$1,615.68 for family under the 750 deductible plan, \$556.6 for single and \$1,391.63 for family under the 1500 deductible plan, for retirees less than age 65 and \$2,431 per month for retirees who have attained age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$160,733 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the support services and non-instructional programs functions exceeded the budgeted amounts.

(12) Categorical Funding

The District's ending restricted balances for categorical funding as of June 30, 2013 comprised of the following projects:

<u>Project</u>	<u>Amount</u>
Teacher salary supplement	\$ 47,567
Model core curriculum	32,316
Professional development	39,284
Gifted and talented	5,000
Total	<u>\$ 124,167</u>

REQUIRED SUPPLEMENTAL INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Funds				Actual
	Actual	Actual		Original	Final	Variance
Revenues:						
Local sources	\$ 3,533,685	209,168	3,742,853	3,665,475	3,665,475	77,378
State sources	2,454,168	2,330	2,456,498	2,547,401	2,547,401	(90,903)
Federal sources	179,994	114,128	294,122	455,000	455,000	(160,878)
Total revenues	6,167,847	325,626	6,493,473	6,667,876	6,667,876	(174,403)
Expenditures/Expenses:						
Instruction	3,432,061	0	3,432,061	3,695,000	3,695,000	262,939
Support services	1,476,437	0	1,476,437	1,330,000	1,330,000	(146,437)
Non-instructional programs	30	338,096	338,126	325,000	325,000	(13,126)
Other expenditures	680,319	0	680,319	1,486,907	1,486,907	806,588
Total expenditures/expenses	5,588,847	338,096	5,926,943	6,836,907	6,836,907	909,964
Excess (deficiency) of revenues over (under) expenditures	579,000	(12,470)	566,530	(169,031)	(169,031)	735,561
Other financing sources, net	0	0	0	105,000	105,000	(105,000)
Balance beginning of year	1,449,465	126,225	1,575,690	3,213,287	3,213,287	(1,637,597)
Balance end of year	\$ 2,028,465	113,755	2,142,220	3,149,256	3,149,256	(1,007,036)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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

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

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

During the year ended June 30, 2013, expenditures in the support services and non-instructional programs functional areas exceeded the amounts budgeted.

WOODBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
2010	July 1, 2009	\$ 0	\$ 1,512,811	\$ 1,512,811	0.00%	\$ 2,357,215	64.18%
2011	July 1, 2009	0	1,506,823	1,506,823	0.00%	2,152,157	70.01%
2012	July 1, 2009	0	1,486,414	1,486,414	0.00%	2,238,712	66.40%
2013	July 1, 2012	0	1,568,485	1,568,485	0.00%	2,425,506	64.67%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 54,483	17,767	72,250
Receivables:			
Property tax:			
Delinquent	1,182	0	1,182
Succeeding year	129,999	0	129,999
Accounts	37	0	37
 Total Assets	 \$ 185,701	 17,767	 203,468
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 129,999	0	129,999
Fund balances:			
Restricted for:			
Management levy purposes	55,702	0	55,702
Student activities	0	17,767	17,767
Total fund balances	55,702	17,767	73,469
Total Liabilities and Fund Balances	\$ 185,701	17,767	203,468

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 109,965	0	109,965
Other	319	134,773	135,092
Total revenues	110,284	134,773	245,057
Expenditures			
Current:			
Instruction:			
Regular	67,357	0	67,357
Other	0	137,490	137,490
Support services:			
Operation and maintenance of plant	20,867	0	20,867
Transportation	4,057	0	4,057
Total expenditures	92,281	137,490	229,771
Net change in fund balances	18,003	(2,717)	15,286
Fund balances beginning of year	37,699	20,484	58,183
Fund balances end of year	\$ 55,702	17,767	73,469

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 391,040	353,552	744,592
Receivables:			
Property tax:			
Delinquent	0	1,475	1,475
Succeeding year	0	141,217	141,217
Income surtax	0	89,230	89,230
Accounts	0	74	74
Due from other governments	189,303	0	189,303
Total Assets	\$ 580,343	585,548	1,165,891
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 0	900	900
Deferred revenue:			
Succeeding year property tax	0	141,217	141,217
Income surtax	0	89,230	89,230
Total liabilities	0	231,347	231,347
Fund Balances:			
Restricted for:			
School infrastructure	580,343	0	580,343
Physical plant and equipment	0	354,201	354,201
Total fund balances	580,343	354,201	934,544
Total Liabilities and Fund Balances	\$ 580,343	585,548	1,165,891

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 372,273	259,985	632,258
Other	3,000	671	3,671
Total revenues	375,273	260,656	635,929
Expenditures:			
Current:			
Instruction:			
Regular	0	74,196	74,196
Support services:			
Operation and maintenance of plant	131,805	4,855	136,660
Transportation	0	5,862	5,862
Capital outlay	30,456	56,517	86,973
Total expenditures	162,261	141,430	303,691
Excess of revenues over expenditures	213,012	119,226	332,238
Other financing uses:			
Transfer out	(187,941)	0	(187,941)
Net change in fund balances	25,071	119,226	144,297
Fund balances beginning of year	555,272	234,975	790,247
Fund balances end of year	\$ 580,343	354,201	934,544

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Designated Fund	\$ 1,222	5,161	5,974	409
Operetta	3,420	0	0	3,420
Activity	2,081	103,906	102,019	3,968
K-6	1,880	1,942	2,658	1,164
Yearbook	6,394	6,909	9,980	3,323
W-Club	1,327	0	1,327	0
Class of 2011	197	0	197	0
Class of 2012	1,430	0	1,430	0
Class of 2013	2,335	247	1,834	748
Class of 2014	0	16,592	11,965	4,627
Computer Club	122	0	31	91
Interest	76	16	75	17
Total	<u>\$ 20,484</u>	<u>134,773</u>	<u>137,490</u>	<u>17,767</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 3,085,889	2,761,283	2,372,851	2,420,954	2,358,642	2,289,183	2,188,125	2,065,249	2,058,290	1,890,392
Tuition	207,914	231,217	157,938	183,810	295,482	223,694	222,668	120,781	163,711	190,571
Other	239,882	197,276	592,730	290,514	389,605	310,471	399,215	406,127	344,900	245,736
Intermediate sources	0	0	0	0	0	0	0	0	0	6,071
State sources	2,454,168	2,383,136	2,351,515	2,035,137	2,234,409	2,155,957	2,308,579	2,222,875	1,961,514	2,024,192
Federal sources	179,994	179,259	362,151	476,841	215,976	177,443	233,768	298,245	647,953	1,083,012
Total	\$ 6,167,847	5,752,171	5,837,185	5,407,256	5,494,114	5,156,748	5,352,355	5,113,277	5,176,368	5,439,974
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,315,793	2,129,279	2,197,307	2,253,665	2,425,586	2,198,926	2,107,162	2,020,427	2,010,483	1,903,327
Special	550,979	525,938	494,624	635,104	602,944	528,295	561,241	512,589	503,880	506,712
Other	565,289	586,315	550,014	587,166	523,719	466,003	527,568	454,405	357,885	390,626
Support services:										
Student	105,166	94,839	64,564	72,614	86,684	56,849	80,130	83,373	149,154	149,263
Instructional staff	100,015	58,405	62,316	33,580	49,168	21,175	14,107	7,404	14,797	8,510
Administration	494,958	490,546	497,626	458,053	470,929	538,021	548,768	534,350	519,223	539,786
Operation and maintenance										
of plant	580,517	448,817	417,200	455,844	438,572	461,536	426,666	420,393	440,454	421,652
Transportation	195,781	293,102	190,126	185,083	193,358	269,174	166,973	178,444	180,563	225,637
Central support	0	0	0	0	0	0	0	0	0	49,839
Non-instructional programs	30	0	0	74	0	0	0	0	0	0
Capital outlay	86,973	48,470	26,191	19,268	2,484	0	314,236	1,738,265	3,235,458	1,636,879
Long-term debt:										
Principal	375,000	2,440,000	1,015,000	290,000	275,000	260,000	195,000	135,000	125,000	120,000
Interest and fiscal charges	57,613	184,106	179,607	168,056	181,649	195,009	197,266	181,314	207,086	175,120
Other expenditures:										
AEA flow-through	160,733	158,974	179,277	177,587	164,166	156,919	155,118	151,527	149,175	153,457
Total	\$ 5,588,847	7,458,791	5,873,852	5,336,094	5,414,259	5,151,907	5,294,235	6,417,491	7,893,158	6,280,808

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 19, 2014.

Internal Control Over Financial Reporting

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

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

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 misstatement 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 I of the accompanying Schedule of Findings as item I-A-13 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 I of the accompanying Schedule of Findings as item I-B-13 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Woodbine Community School District's Responses to Findings

Woodbine Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Woodbine Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2014
Newton, Iowa

WOODBINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-13 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. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 3) Disbursements - purchase order processing, check preparation, mailing and recording.
- 4) Wire transfers - processing and approving.
- 5) Transfers - preparing and approving.
- 6) Financial reporting - preparing, reconciling and approving.
- 7) Computer systems - performing all general accounting functions and controlling all data input and output.

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

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

Conclusion - Response accepted

I-B-13 Time Sheets - We noted that timesheets are not being approved by a supervisor. Better internal controls are achieved by having an appropriate supervisor sign off on timesheets, to verify accuracy.

Recommendation - The District should review its procedures to ensure an acceptable level of control is achieved in regards to timesheets.

Response - The District has reviewed its procedure and has implemented an internal control plan for approval of timesheets.

Conclusion - Response accepted.

OTHER MATTERS:

I-C-13 Commodity Pricing - We noted during our audit of the Enterprise, School Nutrition Fund an instance of the District not pricing out the commodity inventory using the correct values provided by the Department of Education.

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

Response - The District will monitor the procedure to make sure the correct price values are used when calculating the inventory at year end.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - For the year ended June 30, 2013, District expenditures in the support services and the non-instructional programs functional areas exceeded the amounts budgeted.

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

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

Conclusion - Response accepted.

II-B-13 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-13 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marchelle Butrick, Tiger Tots associate Owner of Chelle's Creative Photography	Services	\$70
Beth Fouts, Board Member Substitute teacher for District	Services	\$840

In accordance with the Attorney's General's opinion dated July 2, 1990, the transaction with the District's employees does not appear to represent a conflict of interest

In accordance with the Chapter 279.7A of the code of Iowa, the above transaction with the board member does not appear to represent a conflict of interest.

II-E-13 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-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-13 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-13 Supplementary Weighting - We noted the supplementary weighting data certified to the Iowa Department of Education was overstated by 0.18 students.
- Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.
- Response - The District's auditors will contact the Iowa Department of Education and Department of Management to resolve this matter.
- Conclusion - Response accepted.
- II-I-13 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-13 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-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services, and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	555,272
Revenue			
Sales tax revenues	\$	372,273	
Other		3,000	375,273
			<u>930,545</u>
Expenditures/transfers out:			
School infrastructure construction		30,456	
Equipment		131,805	
Transfers to other funds:			
Debt service fund		187,941	350,202
			<u>350,202</u>
Ending balance		\$	<u><u>580,343</u></u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-13 Field Trips - We noted during the audit that the District took field trip and charged the students for admission to ice skating and a swimming pool as part of the trip . Based on a Department of Education Declaratory ruling it would be inappropriate to charge individuals to participate in a field trip that is being counted as one of its 180 days of instruction for students. When a field trip is part of a class, the activity is considered to be part of instruction and would therefore be part of tuition and not an allowable fee. If the field trip is not part of instruction, the field trip should not be taking place during a day of instruction.

Recommendation - The District should evaluate what is allowable when it comes to planning field trips. Issues concerning the nature of the trip and required attendance should be considered when determining if fees may be charged. The District could use fundraising to subsidize such field trips in the future. The District should not charge students to attend field trips being counted in the 180 days of instruction.

Response - The District will not charge any students to attend field trips that are being counted in the 180 days of instruction.

Conclusion - Response accepted.

II-N-13 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations that have been outstanding for over a year.

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

Response - The District has looked into the outstanding checks and they have been either voided or reissued.

Conclusion - Response accepted.

II-O-13 Time Sheets - We noted during our audit that the District does not maintain timesheets for hours worked by coaches who are non-certified staff. The Department of Labor requires these be maintained to ensure the coaches are receiving at least the minimum wage.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches.

Response - The District is currently keeping track of hours worked for non-certified staff coaches.

Conclusion - Response accepted.

II-P-13 Payroll Authorization - We noted during our audit that the District does not have authorization per Iowa Code 91A.3 to physically mail employee's payroll checks through the U.S. mail.

Recommendation - If the District wishes to continue allowing employees to have payroll checks mailed to them, the District should require the employee to submit the request in writing.

Response - The District has implemented and requires employees to sign a permission to mail checks form.

Conclusion - Response accepted.

II-Q-13 Activity Fund - We noted the District does not have established procedures for handling meal money for state tournament trips.

Recommendation - The District should establish procedures for the handling of cash. Possibilities would be making checks out to the sponsor of the activity and have unused money with receipts returned to the District at the end of the trip, or create sign off sheets for students to verify that they received the cash if the District establishes the policy of giving a set dollar amount to students per meal or per day.

Response - The District has implemented a procedure to use sign off sheets for students to verify they have received the cash.

Conclusion - Response accepted.