

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis		7-16
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Position	G	24
Statement of Revenues, Expenditures and Changes in Fund Net Position	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	27
Statement of Changes in Fiduciary Net Position	K	28
Notes to Financial Statements		29-41
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		44
Notes to Required Supplementary Information - Budgetary Reporting		45
Schedule of Funding Progress for the Retiree Health Plan		46
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	48
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	49
Capital Projects Accounts:		
Combining Balance Sheet	3	50
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	51
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	52
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6	53
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		54-55
Schedule of Findings		56-59

Woodbury Central Community School District

Officials

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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Woodbury Central 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 Woodbury Central Community School District, Merville, 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 Woodbury Central 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.

Members American Institute & Iowa Society of Certified Public Accountants

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 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

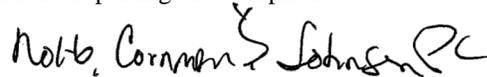
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodbury Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included in Schedules 1 through 6 are 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 6, 2014 on our consideration of Woodbury Central 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 report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Woodbury Central Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 6, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2013 Financial Highlights

- ❖ \$6,030,838 in general fund revenue
- ❖ \$5,902,006 in general fund expenses
- ❖ The District's General Fund balance increased to a balance of \$992,173, compared to \$863,341 in fiscal year 2012. This increase in fund balance is largely due to the District's conscious effort to decrease expenditures combined with an increase in state source revenues.
- ❖ The District reported a deficit balance of \$63,544 in the Special Education Department compared to a deficit balance of \$218,609 in 2012. In fiscal year 2012 the district purchased a special education bus but made no special ed vehicle purchases in 2013. The district is required by law to maintain a certain level of funding per pupil in the area of Special Education.
- ❖ The District's solvency ratio increased as compared to fiscal year 2012. At June 30, 2012 the District's solvency ratio was 11.38% as compared to 12.67% at June 30, 2013. The Iowa Association of School Board suggests that smaller school districts may benefit from a higher solvency target up to two months revenue, given the greater vulnerability of smaller budgets to finance shortfalls.

Using This Annual Report

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1

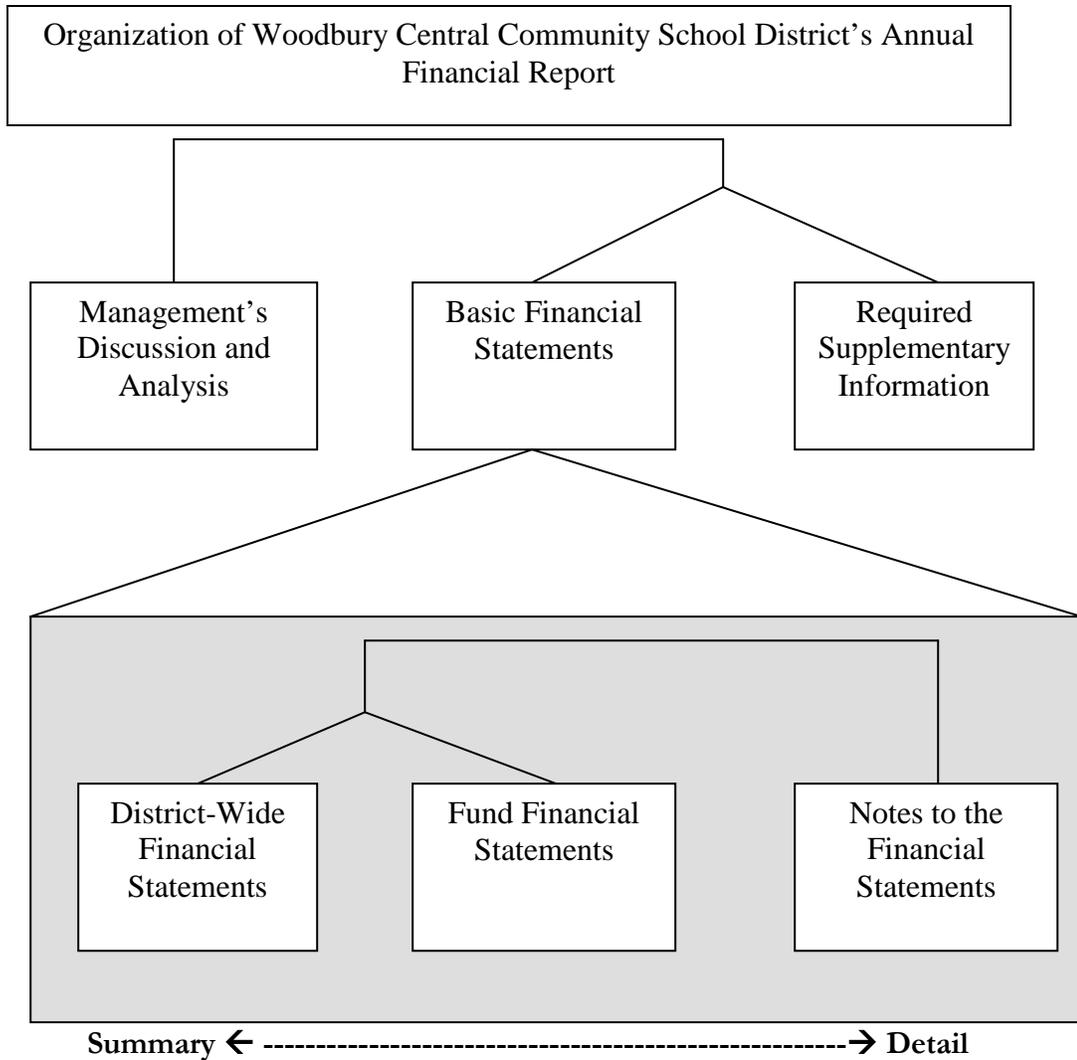


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2

Major Features of District-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	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 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 – are 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, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

The required financial statements for fiduciary funds include the Statement of Fiduciary Net Position and the 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 net position at June 30, 2013 compared to June 30, 2012.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 5,148,229	4,754,370	30,531	35,070	5,178,760	4,789,440	8.13%
Capital assets	6,433,861	6,697,474	14,142	17,615	6,448,003	6,715,089	-3.98%
Total assets	<u>11,582,090</u>	<u>11,451,844</u>	<u>44,673</u>	<u>52,685</u>	<u>11,626,763</u>	<u>11,504,529</u>	<u>1.06%</u>
Long-term obligations	685,914	886,360	1,349	1,244	687,263	887,604	-22.57%
Other liabilities	2,884,017	2,767,431	37,746	32,763	2,921,763	2,800,194	4.34%
Total liabilities	<u>3,569,931</u>	<u>3,653,791</u>	<u>39,095</u>	<u>34,007</u>	<u>3,609,026</u>	<u>3,687,798</u>	<u>-2.14%</u>
Net position:							
Invested in capital assets, net of related debt	5,833,861	5,897,474	14,142	17,615	5,848,003	5,915,089	-1.13%
Restricted	1,355,214	1,247,690	-	-	1,355,214	1,247,690	8.62%
Unrestricted	823,084	652,889	(8,564)	1,063	814,520	653,952	24.55%
Total net position	<u>\$ 8,012,159</u>	<u>7,798,053</u>	<u>5,578</u>	<u>18,678</u>	<u>8,017,737</u>	<u>7,816,731</u>	<u>2.57%</u>

The District's combined net position increased by \$201,006 or 2.57% over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net position represent 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 \$107,524 or 8.62% over the prior year. This increase is due primarily to the increase in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund.

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 \$160,568 or 24.55%. The increase in unrestricted net position can be attributed to the increased General Fund unassigned fund balance.

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

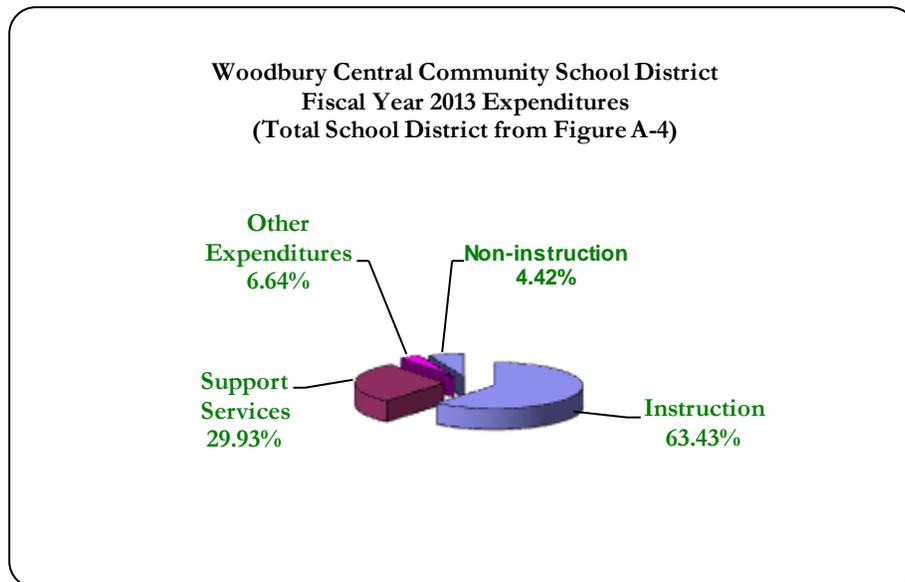
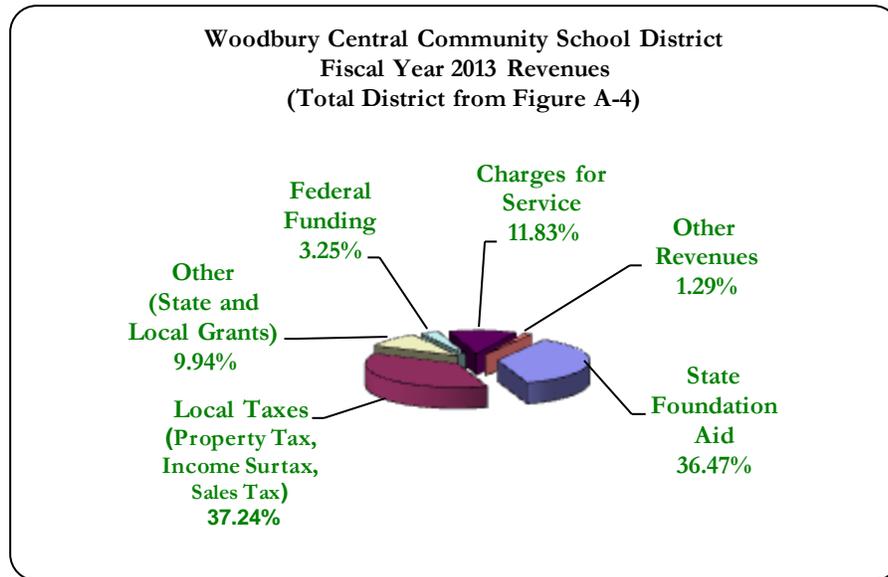
	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for services	\$ 685,445	669,069	173,487	169,109	858,932	838,178	2.48%
Operating grants, contributions and restricted interest	473,437	869,024	82,591	89,992	556,028	959,016	-42.02%
Capital grants, contributions and restricted interest	-	22,313	-	441	-	22,754	-100.00%
General revenues:							
Property tax	2,010,315	1,943,012	-	-	2,010,315	1,943,012	3.46%
Income surtax	174,898	168,514	-	-	174,898	168,514	3.79%
Statewide sales, services and use tax	519,118	495,006	-	-	519,118	495,006	4.87%
Unrestricted state grants	3,050,275	2,582,109	-	-	3,050,275	2,582,109	18.13%
Nonspecific program federal revenues	-	1,687	-	-	-	1,687	-100.00%
Unrestricted investment earnings	5,730	1,229	2	6	5,732	1,235	364.13%
Other	86,134	102,865	55	1,253	86,189	104,118	-17.22%
Total revenues	<u>7,005,352</u>	<u>6,854,828</u>	<u>256,135</u>	<u>260,801</u>	<u>7,261,487</u>	<u>7,115,629</u>	<u>2.05%</u>
Program expenses:							
Instruction	4,307,794	4,276,322	-	-	4,307,794	4,276,322	0.74%
Support services	2,032,700	1,788,243	-	-	2,032,700	1,788,243	13.67%
Non-instructional programs	-	-	269,235	263,643	269,235	263,643	2.12%
Other expenses	450,752	440,101	-	-	450,752	440,101	2.42%
Total expenses	<u>6,791,246</u>	<u>6,504,666</u>	<u>269,235</u>	<u>263,643</u>	<u>7,060,481</u>	<u>6,768,309</u>	<u>4.32%</u>
Change in net position	214,106	350,162	(13,100)	(2,842)	201,006	347,320	42.13%
Net position beginning of year	<u>7,798,053</u>	<u>7,447,891</u>	<u>18,678</u>	<u>21,520</u>	<u>7,816,731</u>	<u>7,469,411</u>	<u>-4.65%</u>
Net position end of year	<u>\$ 8,012,159</u>	<u>7,798,053</u>	<u>5,578</u>	<u>18,678</u>	<u>8,017,737</u>	<u>7,816,731</u>	<u>2.57%</u>

In fiscal year 2013, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants accounted for 82.15% (75.69% in fiscal 2012) of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.98% (99.35% in fiscal 2012) of business type activities revenue.

The District's total revenues were approximately \$7.26 million, of which approximately \$7.00 million was for governmental activities and approximately \$0.26 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.05% increase in revenues and a 4.32% increase in expenses. The District's expenses primarily relate to instruction and support services, which account for 89.80% of the total expenses (89.60 % in 2012).

Figure A-5



Governmental Activities - Revenues for governmental activities were \$7,005,352, while expenses were \$6,791,246 for the year ended June 30, 2013.

Figure A-6 presents the total and net cost of the District’s major governmental activities, instruction, support services and other expenses for the years ended June 30, 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	\$ 4,307,794	4,276,322	0.74%	3,379,211	2,961,005	14.12%
Support services	2,032,700	1,788,243	13.67%	2,031,950	1,759,654	15.47%
Other expenses	450,752	440,101	2.42%	221,203	223,601	-1.07%
Totals	<u>\$ 6,791,246</u>	<u>6,504,666</u>	<u>4.41%</u>	<u>5,632,364</u>	<u>4,944,260</u>	<u>13.92%</u>

- The cost financed by users of the District’s programs was \$685,445 (\$669,069 in 2012).
- The federal and state governments subsidized certain programs with grants and contributions totaling \$473,437 (\$891,337 in 2012).
- The net cost of governmental activities was financed with \$2,704,331 in property and other taxes (\$2,606,532 in 2012) and \$3,050,275 in unrestricted state grants (\$2,582,109 in 2012).

Business type Activities - Revenues of the District’s business type activities were \$256,135 (\$260,801 in 2012) and expenses were \$269,235 (\$263,643 in 2012). The District’s business type activities consist of the School Nutrition Fund. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

Governmental Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,107,186, higher than last year’s ending fund balances of \$1,853,035. The District’s proprietary fund reported end of year net position of \$5,578, less than last year’s ending net position of \$18,678.

Governmental Fund Highlights

The District’s General Fund ended fiscal 2013 with a positive fund balance of \$992,173. The General Fund balance increase of \$128,832 from last year is due primarily to an increase in local sources of funding and the District’s continued efforts to limit expenditures.

The Capital Projects Fund balance increased from \$551,292 at June 30, 2012 to \$696,570 at June 30, 2013. The increase in fund balance is primarily due to decrease in support services and capital outlay expenditures.

Proprietary Fund Highlights

Revenues for business type activities were \$256,135 and expenses were \$269,235. The District’s business type activities included the School Nutrition Fund. Revenues of these activities were mostly comprised of charges for services and federal and state reimbursements.

Budgetary Highlights

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

The Districts total revenues were \$6,331 more than total budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

The District’s actual disbursements were \$446,729 under budgeted amounts in the instructional, support services, non-instructional and other expenditures functions combined.

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

Capital Assets and Debt Administration

Capital Assets - **Figure A-7** shows that at June 30, 2013, the District had invested \$6,448,003, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. More detailed information about the District’s capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$316,021.

The original cost of the District’s capital assets was \$11,571,411. Governmental funds account for \$11,447,147 with the remainder of \$124,264 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category. The District’s furniture and equipment totaled \$475,416 at June 30, 2013, compared to \$575,092 reported at June 30, 2012. This decrease resulted from depreciation recorded during the year.

Figure A-7 Capital Assets, net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 208,204	208,204	-	-	208,204	208,204	0.00%
Buildings	5,381,214	5,540,076	-	-	5,381,214	5,540,076	-2.87%
Land improvements	383,169	391,717	-	-	383,169	391,717	-2.18%
Furniture and equipment	461,274	557,477	14,142	17,615	475,416	575,092	-17.33%
Total	<u>\$ 6,433,861</u>	<u>6,697,474</u>	<u>14,142</u>	<u>17,615</u>	<u>6,448,003</u>	<u>6,715,089</u>	<u>-3.98%</u>

Long-Term Debt - **Figure A-8** shows that at June 30, 2013, the District had \$687,263 in total long-term debt outstanding. This represents a 22.57% decrease from the prior year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

During the year ended June 30, 2012, The District issued \$1,000,000 of revenue bonds payable to finance a portion of the District's HVAC project. The District repaid \$200,000 of the issue during fiscal 2013, leaving an unpaid balance of \$600,000 at June 30, 2013.

The District had termination benefits payable of \$9,263 at June 30, 2013.

The District had a Net OPEB liability of \$78,000 at June 30, 2013.

Figure A-8							
Outstanding Long-Term Obligations							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Revenue bonds	\$ 600,000	800,000	-	-	600,000	800,000	-25.00%
Termination benefits	9,263	20,720	-	-	9,263	20,720	-55.29%
Net OPEB liability	76,651	65,640	1,349	1,244	78,000	66,884	16.62%
Total	<u>\$ 685,914</u>	<u>886,360</u>	<u>1,349</u>	<u>1,244</u>	<u>687,263</u>	<u>887,604</u>	<u>-22.57%</u>

Economic Factors Bearing on the District's Future

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

- The District's funding is highly dependent upon its student enrollment. Enrollment for October 2013 was the 24.8 students lower than October 2012.
- The District has annual payments due on the HVAC revenue bonds.
- The District plans to decrease spending levels.
- The District plans to enact the termination benefit policy to reduce salary costs.
- The District plans to replace buses and vehicles in the next couple of years.
- The District continues to update technology annually.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,582,832	14,318	2,597,150
Receivables:			
Property tax:			
Delinquent	23,852	-	23,852
Succeeding year	2,035,982	-	2,035,982
Income surtax	157,026	-	157,026
Interfund	56,508	-	56,508
Due from other governments	284,779	-	284,779
Inventories	-	16,213	16,213
Prepaid expenses	7,250	-	7,250
Capital assets, net of accumulated depreciation	6,433,861	14,142	6,448,003
Total assets	11,582,090	44,673	11,626,763
Liabilities			
Interfund payable	26,388	30,120	56,508
Accounts payable	142,447	43	142,490
Salaries and benefits payable	678,412	-	678,412
Deferred revenue:			
Succeeding year property tax	2,035,982	-	2,035,982
Other	788	-	788
Unearned revenue	-	7,583	7,583
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	100,000	-	100,000
Termination benefits payable	1,122	-	1,122
Portion due after one year:			
Revenue bonds payable	500,000	-	500,000
Termination benefits payable	8,141	-	8,141
Net OPEB liability	76,651	1,349	78,000
Total liabilities	3,569,931	39,095	3,609,026
Net Position			
Invested in capital assets, net of related debt	5,833,861	14,142	5,848,003
Restricted for:			
Categorical funding	249,464	-	249,464
Management levy purposes	239,095	-	239,095
Student activities	170,085	-	170,085
School infrastructure	529,326	-	529,326
Physical plant & equipment levy	167,244	-	167,244
Unrestricted	823,084	(8,564)	814,520
Total net position	\$ 8,012,159	5,578	8,017,737

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,609,435	350,171	60,779	(2,198,485)	-	(2,198,485)
Special	698,580	43,439	46,129	(609,012)	-	(609,012)
Other	999,779	291,835	136,230	(571,714)	-	(571,714)
	<u>4,307,794</u>	<u>685,445</u>	<u>243,138</u>	<u>(3,379,211)</u>	<u>-</u>	<u>(3,379,211)</u>
Support services:						
Student	200,343	-	-	(200,343)	-	(200,343)
Instructional staff	119,739	-	-	(119,739)	-	(119,739)
Administration	595,729	-	-	(595,729)	-	(595,729)
Operation and maintenance of plant	769,981	-	-	(769,981)	-	(769,981)
Transportation	346,908	-	750	(346,158)	-	(346,158)
	<u>2,032,700</u>	<u>-</u>	<u>750</u>	<u>(2,031,950)</u>	<u>-</u>	<u>(2,031,950)</u>
Other expenditures:						
Long-term debt interest	27,244	-	-	(27,244)	-	(27,244)
AEA flowthrough	229,549	-	229,549	-	-	-
Depreciation(unallocated)*	193,959	-	-	(193,959)	-	(193,959)
	<u>450,752</u>	<u>-</u>	<u>229,549</u>	<u>(221,203)</u>	<u>-</u>	<u>(221,203)</u>
Total governmental activities	6,791,246	685,445	473,437	(5,632,364)	-	(5,632,364)
Business type activities:						
Non-instructional programs:						
Food service operations	269,235	173,487	82,591	-	(13,157)	(13,157)
Total business type activities	<u>269,235</u>	<u>173,487</u>	<u>82,591</u>	<u>-</u>	<u>(13,157)</u>	<u>(13,157)</u>
Total	\$ <u>7,060,481</u>	<u>858,932</u>	<u>556,028</u>	<u>(5,632,364)</u>	<u>(13,157)</u>	<u>(5,645,521)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,962,153	-	1,962,153
Capital outlay				48,162	-	48,162
Income surtax				174,898	-	174,898
Statewide sales, services and use tax				519,118	-	519,118
Unrestricted state grants				3,050,275	-	3,050,275
Unrestricted investment earnings				5,730	2	5,732
Other				86,134	55	86,189
Total general revenues				<u>5,846,470</u>	<u>57</u>	<u>5,846,527</u>
Changes in net position				214,106	(13,100)	201,006
Net position beginning of year				<u>7,798,053</u>	<u>18,678</u>	<u>7,816,731</u>
Net position end of year				\$ <u>8,012,159</u>	<u>5,578</u>	<u>8,017,737</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 1,575,939	588,307	418,586	2,582,832
Receivables:				
Property tax:				
Delinquent	22,570	568	714	23,852
Succeeding year	1,985,958	50,024	-	2,035,982
Income surtax	157,026	-	-	157,026
Interfund	30,120	25,440	948	56,508
Due from other governments	202,524	82,255	-	284,779
Prepaid expenses	7,250	-	-	7,250
Total assets	\$ 3,981,387	746,594	420,248	5,148,229
Liabilities and Fund Balances				
Liabilities:				
Interfund payable	\$ 26,388	-	-	26,388
Accounts payable	140,642	-	1,805	142,447
Salaries and benefits payable	678,412	-	-	678,412
Deferred revenue:				
Succeeding year property tax	1,985,958	50,024	-	2,035,982
Income surtax	157,026	-	-	157,026
Other	788	-	-	788
Total liabilities	2,989,214	50,024	1,805	3,041,043
Fund Balances:				
Nonspendable	7,250	-	-	7,250
Restricted for:				
Categorical funding	249,464	-	-	249,464
Management levy purposes	-	-	248,358	248,358
Student activities	-	-	170,085	170,085
School infrastructure	-	529,326	-	529,326
Physical plant and equipment	-	167,244	-	167,244
Unassigned:				
General fund	735,459	-	-	735,459
Total fund balances	992,173	696,570	418,443	2,107,186
Total liabilities and fund balances	\$ 3,981,387	746,594	420,248	5,148,229

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL 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)	\$ 2,107,186
 <i>Amounts reported for governmental activities in the Statement of Net Position is different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,433,861
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	157,026
Long-term liabilities, including bonds payable, termination benefits payable and other post-employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(685,914)
Net position of governmental activities(page 18)	<u><u>\$ 8,012,159</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,053,739	567,280	60,190	2,681,209
Tuition	274,764	-	-	274,764
Other	173,778	1,524	327,243	502,545
State sources	3,367,743	-	-	3,367,743
Federal sources	155,969	-	-	155,969
Total revenues	<u>6,025,993</u>	<u>568,804</u>	<u>387,433</u>	<u>6,982,230</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,601,054	-	14,595	2,615,649
Special	699,830	-	-	699,830
Other	694,815	-	305,074	999,889
	<u>3,995,699</u>	<u>-</u>	<u>319,669</u>	<u>4,315,368</u>
Support services:				
Student	196,868	-	-	196,868
Instructional staff	101,249	-	787	102,036
Administration	582,974	-	-	582,974
Operation and maintenance of plant	512,823	-	77,942	590,765
Transportation	282,844	-	8,994	291,838
	<u>1,676,758</u>	<u>-</u>	<u>87,723</u>	<u>1,764,481</u>
Capital outlay	-	196,282	-	196,282
Long-term debt:				
Principal	-	-	200,000	200,000
Interest and fiscal charges	-	-	27,244	27,244
	<u>-</u>	<u>-</u>	<u>227,244</u>	<u>227,244</u>
Other expenditures:				
AEA flowthrough	229,549	-	-	229,549
Total expenditures	<u>5,902,006</u>	<u>196,282</u>	<u>634,636</u>	<u>6,732,924</u>
Excess(deficiency) of revenues over(under) expenditures	<u>123,987</u>	<u>372,522</u>	<u>(247,203)</u>	<u>249,306</u>
Other financing sources(uses):				
Operating transfers in	-	-	227,244	227,244
Operating transfers out	-	(227,244)	-	(227,244)
Proceeds from the sale of property	4,845	-	-	4,845
Total other financing sources(uses)	<u>4,845</u>	<u>(227,244)</u>	<u>227,244</u>	<u>4,845</u>
Net change in fund balances	128,832	145,278	(19,959)	254,151
Fund balances beginning of year	<u>863,341</u>	<u>551,292</u>	<u>438,402</u>	<u>1,853,035</u>
Fund balances end of year	<u>\$ 992,173</u>	<u>696,570</u>	<u>418,443</u>	<u>2,107,186</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds(page 22) \$ 254,151

*Amounts reported for governmental activities in the
 Statement of Activities are different because:*

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

Capital outlays	\$ 48,935	
Depreciation expense	(312,548)	(263,613)
	<hr/>	

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows: 200,000

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 23,122

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

Termination benefits	11,457	
Other postemployment benefits	(11,011)	446
	<hr/>	<hr/>

Changes in net position of governmental activities(page 19) \$ 214,106

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	<u>School Nutrition</u>
Assets	
Cash and pooled investments	\$ 14,318
Inventories	16,213
Capital assets, net of accumulated depreciation	14,142
Total assets	<u>44,673</u>
Liabilities	
Interfund payable	30,120
Accounts payable	43
Unearned revenue	7,583
Net OPEB liability	1,349
Total liabilities	<u>39,095</u>
Net Position	
Invested in capital assets	14,142
Unrestricted	(8,564)
Total net position	<u>\$ 5,578</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 173,487
Miscellaneous	55
Total operating revenues	173,542
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	99,776
Benefits	21,571
Supplies	144,415
Depreciation	3,473
Total operating expenses	269,235
Operating loss	(95,693)
Non-operating revenues:	
State sources	2,462
Federal sources	80,129
Interest income	2
Total non-operating revenues	82,593
Change in net position	(13,100)
Net position beginning of year	18,678
Net position end of year	\$ 5,578

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from charges for services	\$ 176,618
Cash received from miscellaneous operating activities	55
Cash payments to employees for services	(121,242)
Cash payments to suppliers for goods or services	(130,860)
Net cash used in operating activities	(75,429)
Cash flows from non-capital financing activities:	
Borrowings from the General Fund	1,809
State grants received	2,462
Federal grants received	66,415
Net cash provided by non-capital financing activities	70,686
Cash flows from investing activities:	
Interest on investment	2
Net decrease in cash and cash equivalents	(4,741)
Cash and cash equivalents at beginning of year	19,059
Cash and cash equivalents at end of year	\$ 14,318
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (95,693)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	13,714
Depreciation	3,473
Increase in inventories	(202)
Increase in accounts payable	43
Increase in unearned revenues	3,131
Increase in other postemployment benefits	105
Net cash used in operating activities	\$ (75,429)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received \$13,714 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Assets	
Cash and pooled investments	\$ 101,264
Liabilities	-
Net Position	
Restricted for scholarships	\$ 101,264

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Additions:	
Interest income	\$ 1,073
Other	500
Total additions	<u>1,573</u>
Deductions:	
Scholarships awarded	<u>1,544</u>
Change in net position	29
Net position beginning of year	<u>101,235</u>
Net position end of year	<u>\$ 101,264</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide financial statements - The Statement of Net 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 do 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 District reports the following proprietary fund:

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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 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	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

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

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

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

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

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

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

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

Non-spendable - Amounts which cannot be spend because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

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 Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 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.

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$29,467 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 400
General	Nutrition	29,720
Student Activity	General	169
Management Levy	General	779
Capital Projects: Statewide Sales, Services, and Use Tax	General	24,820
Capital Projects: Physical Plant and Equipment Levy	General	620
Total		<u>\$ 56,508</u>

The Nutrition Fund is repaying the General Fund for state deposited money for preschool not placed the proper fund.

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

The General Fund is repaying the Student Activity Fund for expenses more appropriate from that fund.

The General Fund is repaying the Management Levy Fund for property tax revenue more appropriate to that fund.

The General Fund is repaying the Capital Projects: Statewide Sales Fund for sales tax revenues not placed in the proper fund.

The General Fund is repaying the Capital Projects: Physical Plant and Equipment Levy for property tax revenues more appropriate to that fund.

(4) 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>\$ 227,244</u>

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

(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	\$ 208,204	-	-	208,204
Capital assets being depreciated:				
Buildings	8,548,559	-	-	8,548,559
Land improvements	997,556	26,549	-	1,024,105
Furniture and equipment	1,643,893	22,386	-	1,666,279
Total capital assets being depreciated	11,190,008	48,935	-	11,238,943
Less accumulated depreciation for:				
Buildings	3,008,483	158,862	-	3,167,345
Land improvements	605,839	35,097	-	640,936
Furniture and equipment	1,086,416	118,589	-	1,205,005
Total accumulated depreciation	4,700,738	312,548	-	5,013,286
Total capital assets being depreciated, net	6,489,270	(263,613)	-	6,225,657
Governmental activities capital assets, net	\$ 6,697,474	(263,613)	-	6,433,861
Business type activities:				
Furniture and equipment	\$ 124,264	-	-	124,264
Less accumulated depreciation	106,649	3,473	-	110,122
Business Type activities capital assets, net	\$ 17,615	(3,473)	-	14,142

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 6,731
Other	11,969
Support services:	
Student	1,084
Instructional staff	17,703
Administration	11,609
Operation and maintenance of plant	14,321
Transportation	55,172
	<u>118,589</u>
Unallocated depreciation	<u>193,959</u>
Total governmental activities depreciation expense	\$ <u>312,548</u>
Business type activities:	
Food service operations	\$ <u>3,473</u>

(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:					
Revenue bonds	\$ 800,000	-	200,000	600,000	100,000
Termination benefits	20,720	-	11,457	9,263	1,122
Net OPEB liability	65,640	11,011	-	76,651	-
Total	<u>\$ 886,360</u>	<u>11,011</u>	<u>211,457</u>	<u>685,914</u>	<u>101,122</u>
Business type activities:					
Net OPEB liability	\$ 1,244	105	-	1,349	-

Revenue Bonds Payable

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,000,000 of bonds issued during the year ended June 30, 2012. The bonds are through the First Trust & Savings Bank and require a 4.00% annual interest rate on the outstanding principal. The bonds require a minimum annual principal payment of \$100,000 with the entire unpaid balance due at maturity on July 1, 2017. There are no reserve fund or sinking fund requirements. During the year ended June 30, 2013, the District paid \$200,000 of principal and \$27,244 of interest on the issue.

Termination Benefits

The District offered a voluntary termination benefit (previously referred to as early retirement) plan to its certified employees in fiscal 2009 and 2010. Eligible employees must have been at least age fifty-nine and have ten years or more of continuous service as a licensed full-time employee of the District. Eligible employees were required to submit an application to the Superintendent by March 31st of the year the employee wished to retire. The applications were then submitted to the Board of Directors of the District for approval. The cost of termination benefit payments expected to be liquidated currently are recorded as a liability of the government-wide financial statements representing the District's commitment to fund non-current termination benefits of \$9,263. The District paid \$11,457 in termination benefits during the year ended June 30, 2013.

(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 covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$322,524, \$297,604, and \$232,270, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees, and their spouses. There are 58 active and 4 retired members in the plan. Employees must be age 59 or older at retirement and have ten or more years of continuous service to the District.

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

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

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

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

Annual required contribution	\$ 36,000
Interest on net OPEB obligation	3,544
Adjustment to annual required contribution	(2,428)
Annual OPEB cost	<u>37,116</u>
Contributions made	<u>(26,000)</u>
Increase in net OPEB obligation	11,116
Net OPEB obligation - beginning of year	<u>66,884</u>
Net OPEB obligation - end of year	<u><u>\$ 78,000</u></u>

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

For the year ended June 30, 2013 the District contributed \$26,000 to the medical plan. Plan members eligible for benefits contributed \$33,000 or 55.9% 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	\$ 41,569	45.71%	\$ 48,569
2012	41,315	55.67%	66,884
2013	37,116	70.05%	78,000

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 \$606,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$606,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,039,735, and the ratio of the UAAL to the covered payroll was 19.9%. 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 events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement assumptions were developed on the average retirement age of pension eligible retirees over the past five years. This valuation assumes a retirement age of 62 for all future retirees.

Projected claim costs of the medical plan are \$820 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2013 were \$333,148.

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

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$229,549 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) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program	Amount
Limited English Proficient	\$ 3,736
Gifted and Talented Programs	32,962
Returning Dropouts and Dropout Prevention Programs	25,774
Teacher Salary Supplement	28,469
Statewide Voluntary Preschool	76,290
Professional Development for Model Core Curriculum	42,146
Professional Development for Educator Quality	34,685
Professional Development	4,334
Innovative at Risk	1,068
Total	<u>\$ 249,464</u>

(12) Deficit Net Position

At June 30, 2013, the Nutrition Fund had a deficit unassigned net position of \$8,564.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,458,518	173,544	3,632,062	3,515,378	3,515,378	116,684
State sources	3,367,743	2,462	3,370,205	3,431,726	3,431,726	(61,521)
Federal sources	155,969	80,129	236,098	284,930	284,930	(48,832)
Total revenues	<u>6,982,230</u>	<u>256,135</u>	<u>7,238,365</u>	<u>7,232,034</u>	<u>7,232,034</u>	<u>6,331</u>
Expenditures/Expenses:						
Instruction	4,315,368	-	4,315,368	4,471,000	4,471,000	155,632
Support services	1,764,481	-	1,764,481	1,948,200	1,948,200	183,719
Non-instructional programs	-	269,235	269,235	282,000	282,000	12,765
Other expenditures	653,075	-	653,075	751,688	751,688	98,613
Total expenditures/expenses	<u>6,732,924</u>	<u>269,235</u>	<u>7,002,159</u>	<u>7,452,888</u>	<u>7,452,888</u>	<u>450,729</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	249,306	(13,100)	236,206	(220,854)	(220,854)	457,060
Other financing sources, net	<u>4,845</u>	<u>-</u>	<u>4,845</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	254,151	(13,100)	241,051	(220,854)	(220,854)	457,060
Balances beginning of year	<u>1,853,035</u>	<u>18,678</u>	<u>1,871,713</u>	<u>2,005,892</u>	<u>2,005,892</u>	<u>(134,179)</u>
Balances end of year	<u>\$ 2,107,186</u>	<u>5,578</u>	<u>2,112,764</u>	<u>1,785,038</u>	<u>1,785,038</u>	<u>322,881</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 649	649	0.0%	\$ 3,058	21.2%
2011	July 1, 2009	-	649	649	0.0%	2,640	24.6%
2012	July 1, 2009	-	649	649	0.0%	2,964	21.9%
2013	July 1, 2012	-	606	606	0.0%	3,040	19.9%

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.

SUPPLEMENTARY INFORMATION

WOODBURY CENTRAL 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	\$ 246,865	171,721	418,586
Receivables:			
Property tax:			
Delinquent	714	-	714
Interfund	779	169	948
Total assets	\$ 248,358	171,890	420,248
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	1,805	1,805
Fund Balances:			
Restricted for:			
Management levy purposes	248,358	-	248,358
Student activities	-	170,085	170,085
Total fund balances	248,358	170,085	418,443
Total liabilities and fund balances	\$ 248,358	171,890	420,248

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ 60,190	-	60,190	-	60,190
Other	3,663	323,580	327,243	-	327,243
Total revenues	63,853	323,580	387,433	-	387,433
Expenditures:					
Current:					
Instruction:					
Regular	14,595	-	14,595	-	14,595
Other	-	305,074	305,074	-	305,074
Support services:					
Administration	787	-	787	-	787
Operation and maintenance of plant	77,942	-	77,942	-	77,942
Transportation	8,994	-	8,994	-	8,994
Long-term debt:					
Principal	-	-	-	200,000	200,000
Interest and fiscal charges	-	-	-	27,244	27,244
Total expenditures	102,318	305,074	407,392	227,244	634,636
Excess(deficiency) of revenues over(under) expenditures	(38,465)	18,506	(19,959)	(227,244)	(247,203)
Other financing sources:					
Operating transfers in	-	-	-	227,244	227,244
Net change in fund balances	(38,465)	18,506	(19,959)	-	(19,959)
Fund balances beginning of year	286,823	151,579	438,402	-	438,402
Fund balances end of year	\$ 248,358	170,085	418,443	-	418,443

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 422,251	166,056	588,307
Receivables:			
Property tax:			
Delinquent	-	568	568
Succeeding year	-	50,024	50,024
Interfund	24,820	620	25,440
Due from other governments	82,255	-	82,255
Total assets	\$ 529,326	217,268	746,594
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	50,024	50,024
Fund Balances:			
Restricted for:			
School infrastructure	529,326	-	529,326
Physical plant and equipment	-	167,244	167,244
Total fund balances	529,326	167,244	696,570
Total liabilities and fund balances	\$ 529,326	217,268	746,594

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 519,118	48,162	567,280
Other	933	591	1,524
Total revenues	<u>520,051</u>	<u>48,753</u>	<u>568,804</u>
Expenditures:			
Capital outlay	189,385	6,897	196,282
Total expenditures	<u>189,385</u>	<u>6,897</u>	<u>196,282</u>
Excess of revenues over expenditures	330,666	41,856	372,522
Other financing uses:			
Operating transfers out	(227,244)	-	(227,244)
Net change in fund balances	103,422	41,856	145,278
Fund balances beginning of year	425,904	125,388	551,292
Fund balances end of year	<u>\$ 529,326</u>	<u>167,244</u>	<u>696,570</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Interfund and Intrafund Transfers	Balance End of Year
Yearbook	\$ 11,038	8,336	6,311	32	13,095
Fine arts	2,798	1,623	5,943	1,723	201
Cat shop	886	10,958	9,373	32	2,503
High School choir	1,154	34,223	44,800	11,056	1,633
Band	3,582	18,622	8,564	(11,330)	2,310
Color guard	426	606	1,002	2	32
Boys and girls track	(5,314)	6,612	11,208	9,910	-
Golf	(669)	2,458	2,022	233	-
Athletics	48,395	11,896	18,517	(15,583)	26,191
Boys basketball	14,918	26,619	21,355	(3,141)	17,041
Football	11,580	38,384	26,239	(403)	23,322
Baseball	5,842	9,876	12,342	(143)	3,233
Wrestling	4,389	33,188	29,012	2,389	10,954
Girls basketball	105	2,652	5,904	3,179	32
Volleyball	(920)	7,630	4,462	(41)	2,207
Softball	3,192	15,985	14,835	1,846	6,188
Drill team	5,329	7,319	10,522	(177)	1,949
Cheerleaders	1,427	7,573	7,686	25	1,339
Weight room	6,475	11,695	11,273	(885)	6,012
Class of 2011	38	-	-	(38)	-
Class of 2012	585	-	-	-	585
Class of 2013	3,522	552	1,049	-	3,025
Class of 2014	98	15,928	13,058	32	3,000
Class of 2015	78	-	-	-	78
Class of 2016	-	-	112	112	-
Miscellaneous resale	-	1,012	1,012	-	-
National honor society	572	3,891	2,619	(12)	1,832
Student council	910	886	1,326	32	502
Renaissance	3,210	-	180	250	3,280
Reserve account	7,201	-	-	-	7,201
Interest	-	762	-	(762)	-
Middle school activity	7,181	13,723	13,188	(95)	7,621
Student Camps and Contests	-	600	600	-	-
Concessions	10,656	29,971	20,560	198	20,265
Fundraisers	2,895	-	-	1,559	4,454
Total	\$ 151,579	323,580	305,074	-	170,085

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 2,681,209	2,595,866	2,559,226	2,433,726	2,368,304	2,300,132	2,187,089	1,984,174	1,963,383	2,038,319
Tuition	274,764	302,898	359,875	351,156	270,513	324,527	231,250	293,308	271,566	298,383
Other	502,545	472,819	483,945	413,681	417,667	472,883	539,798	449,128	393,048	358,377
State sources	3,367,743	3,309,462	3,089,575	2,582,244	3,091,406	3,157,963	2,760,912	2,757,304	2,628,864	2,314,577
Federal sources	155,969	163,117	349,662	466,050	203,575	134,105	134,510	198,690	150,870	181,976
Total	\$ 6,982,230	6,844,162	6,842,283	6,246,857	6,351,465	6,389,610	5,853,559	5,682,604	5,407,731	5,191,632
Expenditures:										
Instruction:										
Regular	\$ 2,615,649	2,564,613	2,500,905	2,655,654	2,802,025	2,889,640	2,646,504	2,363,040	2,111,127	2,141,512
Special	699,830	769,929	536,863	550,836	626,030	610,468	485,550	583,421	635,044	594,627
Other	999,889	943,260	870,427	778,329	360,405	388,271	445,464	379,421	401,815	408,801
Support services:										
Student	196,868	153,900	133,946	98,593	182,321	175,246	151,574	145,745	141,388	142,366
Instructional staff	102,036	91,923	67,046	77,127	74,557	74,968	83,174	72,562	68,508	66,163
Administration	582,974	588,879	546,415	613,734	667,293	649,883	589,661	509,217	499,501	467,476
Operation and maintenance of plant	590,765	616,818	462,932	537,858	448,908	518,160	535,530	550,229	499,483	473,330
Transportation	291,838	398,958	288,094	316,136	246,459	261,823	209,210	259,496	223,872	261,576
Non-instructional programs	-	-	967	16,159	-	-	-	-	-	-
Capital outlay	196,282	898,709	957,438	239,313	294,000	461,136	674,468	264,775	343,110	616,951
Long-term debt:										
Principal	200,000	220,000	20,000	20,000	255,000	245,000	240,000	240,000	235,000	220,000
Interest and fiscal charges	27,244	30,970	-	-	58,006	78,053	52,659	21,040	25,152	35,553
Other expenditures:										
AEA flow-through	229,549	216,500	235,704	232,029	212,060	213,923	187,063	172,135	180,772	166,997
Total	\$ 6,732,924	7,494,459	6,620,737	6,135,768	6,227,064	6,566,571	6,300,857	5,561,081	5,364,772	5,595,352

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

To the Board of Education of the Woodbury Central 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 Woodbury Central 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 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodbury Central Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodbury Central Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodbury Central Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency 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 which 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 Woodbury Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could

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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.

Woodbury Central Community School District's Responses to Findings

Woodbury Central Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Woodbury Central 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 Woodbury Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 6, 2014
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-13 Segregation of Duties - One important aspect of internal accounting control 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) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.

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

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

Conclusion - Response accepted.

I-B-13 Nutrition Procedures - During our audit of the Enterprise, School Nutrition Fund, we noted the following deficiencies in internal controls:

Commodity Pricing - We noted that the District did not price out the commodity inventory using the correct values provided by the Department of Education, resulting in an overstatement of inventory.

Recommendation - The District should review their 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 the end of the year.

Response - The District will verify that proper pricing is used in inventory reporting.

Conclusion - Response accepted.

Disbursement Procedures - We noted that the District has procedures in place to authorize invoices for disbursements, however not all invoices were being authorized. In addition, we noted that invoices were not cancelled after payment.

Recommendation - Better internal controls are achieved when invoices are authorized and cancelled. Authorizing invoices involves signing off on invoices received, making sure that shipments received include only items that have been ordered. Cancelling invoices entails marking the invoices that have been paid; this will alleviate the risk that an invoice may inadvertently be paid twice.

Response - The District will have the head cook verify shipments and authorize payment on all invoices. The secretary currently utilizes a software program that does not allow for duplicate invoice numbers to be paid. Although the District feels this is adequate we will also mark invoices as suggested.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - District expenditures for the year ended June 30, 2013 did not exceed the certified budgeted amounts in any of the functional areas.

II-B-13 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

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

II-D-13 Business Transactions - No business transactions between the District and District officials or employees were noted.

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. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - The District will submit minutes for publishing within two weeks after each Board meeting.

Conclusion - Response accepted.

II-G-13 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-13 Supplementary Weighting - No variances in the supplementary weighting certified to the Iowa Department of Education were noted.

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 and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$ 425,904
Revenues/transfers in:		
Sales tax revenues	\$ 519,118	
Other	933	
	<u> </u>	<u>520,051</u>
		945,955
Expenditures/transfers out		
School infrastructure construction	\$ 189,385	
Transfers to other funds:		
Debt service fund	<u>227,244</u>	<u>416,629</u>
Ending Balance		<u><u>\$ 529,326</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 Code of Iowa.

- II-M-13 Signing of Contracts - We noted during our audit a contract for a DJ was signed by the junior class sponsor, and was not signed by the Board President. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District needs to have the Board President sign all contracts the District enters into to be in compliance with 291.1 of the Code of Iowa.

Response - The District will ensure that the Board President signs all contracts.

Conclusion - Response accepted.

- II-N-13 Check Signatures - We noted instances of Special Revenue, Student Activity Fund and Enterprise, School Nutrition Fund checks being signed only by a secretary. Chapter 291.8 of the Code of Iowa requires the Board Secretary to sign all checks. Pursuant to Chapter 291.1 of the Iowa Code of Iowa, the Board President must sign all checks or may designate an individual to sign warrants on his/her behalf.

Recommendation - The District should review procedures in place and make necessary adjustments to ensure the proper signatures are on all checks to be in compliance with Chapter 291.1 and 291.8 of the Code of Iowa.

Response - The Board Secretary and Board President will sign all checks

Conclusion - Response accepted.

II-O-13 Financial Condition - We noted during our audit that the Enterprise, School Nutrition Fund has a deficit unrestricted net position balance of \$8,564.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits. The District should review the controls in place for the Enterprise, School Nutrition Fund. In addition, the District should create a workout plan to address this deficit.

Response - The District will continue to monitor and adjust budgets and procedures as necessary.

Conclusion - Response accepted.