

WOODBINE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Woodbine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Amy Sherer	President	2015
Mike Staben	Vice President	2013
Todd Heistand	Board Member	2015
Beth Fouts	Board Member	2015
Karen Lantz	Board Member	2013
Board of Education		
(After September 2013 Election)		
Amy Sherer	President	2015
Beth Fouts	Board Member	2015
Todd Heistand	Board Member	2015
Darrin Smith	Vice President	2017
Michael Jensen	Board Member	2017
School Officials		
Tom Vint	Superintendent	2014
Kelli Gray	District Secretary/ Treasurer	2014
Rick Franck	Attorney	2014

Woodbine Community School District

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District, Woodbine, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Woodbine Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodbine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2015 on our consideration of Woodbine Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Woodbine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$5,007,519 in fiscal year 2013 to \$5,003,379 in fiscal year 2014, while General Fund expenditures increased from \$4,622,772 in fiscal year 2013 to \$4,976,163 in fiscal year 2014. This resulted in an increase in the District's General Fund balance from \$646,796 at June 30, 2013 to \$674,012 at June 30, 2014, which represents a 4.21% increase from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in local tax revenues in fiscal year 2014 as compared to the prior year. The increase in expenditures was due primarily to increases in expenditures incurred in the instruction and support services functional areas as compared to the prior year.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

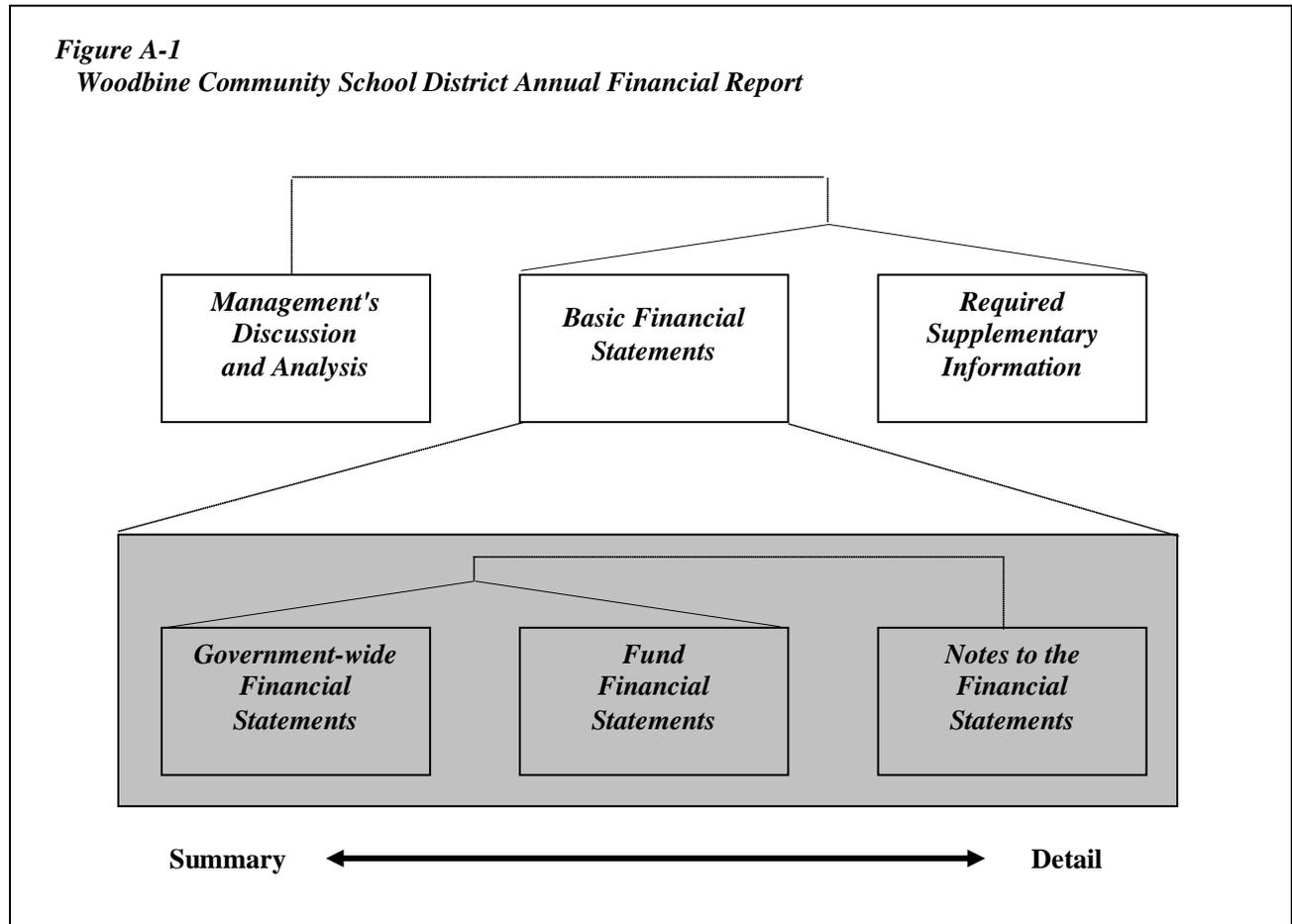


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. The Private-Purpose Trust is the District's only fiduciary fund.
 - Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2014 compared to June 30, 2013.

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,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 4,832,355	5,095,477	48,413	68,925	4,880,768	5,164,402	-5.49%
Capital assets	6,164,522	6,276,201	48,079	57,532	6,212,601	6,333,733	-1.91%
Total assets	10,996,877	11,371,678	96,492	126,457	11,093,369	11,498,135	-3.52%
Long-term liabilities	2,481,332	3,019,137	11,729	9,353	2,493,061	3,028,490	-17.68%
Other liabilities	530,084	458,533	2,200	3,349	532,284	461,882	15.24%
Total liabilities	3,011,416	3,477,670	13,929	12,702	3,025,345	3,490,372	-13.32%
Deferred inflows of resources	2,244,879	2,348,705	-	-	2,244,879	2,348,705	-4.42%
Net position:							
Net investment in capital assets	4,404,522	3,831,201	48,079	57,532	4,452,601	3,888,733	14.50%
Restricted	1,208,409	1,497,920	-	-	1,208,409	1,497,920	-19.33%
Unrestricted	127,651	216,182	34,484	56,223	162,135	272,405	-40.48%
Total net position	\$ 5,740,582	5,545,303	82,563	113,755	5,823,145	5,659,058	2.90%

The District's total net position increased 2.90%, or \$164,087 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased 19.33% or \$289,511 compared to the prior year. This decrease in restricted net position can be partially attributed to the decrease in fund balance of the Debt Service Fund from the full repayment of the District's revenue bonds and QZAB bond during fiscal year 2014.

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 - decreased approximately 40.48% or \$110,270. The decrease in unrestricted net position is primarily the result of the decrease in fund balance of the General Fund and the increase in the District's net OPEB liability recorded during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Figure A-4						
	Change in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
2014	2013	2014	2013	2014	2013	2013-14	
Revenues:							
Program revenues:							
Charges for service	\$ 375,978	363,970	197,474	209,146	573,452	573,116	0.06%
Operating grants, contributions and restricted interest	471,839	483,705	123,632	116,458	595,471	600,163	-0.78%
Capital grants, contributions and restricted interest	7,000	3,000	-	-	7,000	3,000	133.33%
General revenues:							
Property tax	2,354,600	2,394,351	-	-	2,354,600	2,394,351	-1.66%
Income surtax	336,575	343,684	-	-	336,575	343,684	-2.07%
Statewide sales, services and use tax	379,772	372,273	-	-	379,772	372,273	2.01%
Unrestricted state grants	2,217,555	2,185,248	-	-	2,217,555	2,185,248	1.48%
Unrestricted investment earnings	5,813	7,327	11	22	5,824	7,349	-20.75%
Other	33,840	38,708	4,725	-	38,565	38,708	-0.37%
Total revenues	6,182,972	6,192,266	325,842	325,626	6,508,814	6,517,892	-0.14%
Program expenses:							
Instructional	3,989,175	3,492,234	-	-	3,989,175	3,492,234	14.23%
Support services	1,623,598	1,505,908	-	-	1,623,598	1,505,908	7.82%
Non-instructional programs	-	30	357,034	338,096	357,034	338,126	5.59%
Other expenses	374,920	377,742	-	-	374,920	377,742	-0.75%
Total expenses	5,987,693	5,375,914	357,034	338,096	6,344,727	5,714,010	11.04%
Change in net position	195,279	816,352	(31,192)	(12,470)	164,087	803,882	-79.59%
Net position beginning of year	5,545,303	4,728,951	113,755	126,225	5,659,058	4,855,176	16.56%
Net position end of year	\$ 5,740,582	5,545,303	82,563	113,755	5,823,145	5,659,058	2.90%

In fiscal year 2014, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 85.53% of the revenue from governmental activities while charges for service and operating grants and contributions account for 98.55% of the revenue from business type activities.

The District's total revenues were approximately \$6.51 million of which approximately \$6.18 million was for governmental activities and approximately \$0.33 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 0.14% in revenues and an 11.04% increase in expenses. The decrease in revenues was primarily related to a decrease in local tax revenues received by the District during the year while the increase in expenses was primarily due to increased spending in the instruction and support services functional areas.

Governmental Activities

Revenues for governmental activities were \$6,182,972 and expenses totaled \$5,987,693 for the year ended June 30, 2014.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 3,989,175	3,492,234	14.23%	3,351,995	2,852,283	17.52%
Support services	1,623,598	1,505,908	7.82%	1,572,141	1,455,917	7.98%
Non-instructional programs	-	30	-100.00%	-	30	-100.00%
Other expenses	374,920	377,742	-0.75%	208,740	217,009	-3.81%
Totals	\$ 5,987,693	5,375,914	11.38%	5,132,876	4,525,239	13.43%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$375,978.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$478,839.
- The net cost of governmental activities was financed with \$2,354,600 in property tax, \$336,575 in income surtax, \$379,772 in statewide sales, services and use tax, \$2,217,555 in unrestricted state grants, \$5,813 in interest income and \$33,840 in other general revenues.

Business Type Activities

Revenues of the District's business-type activities for the year ended June 30, 2014 were \$325,842 and expenses totaled \$357,034. The District's business-type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income, and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,764,506, below last year's ending fund balances of \$2,028,465. The primary reason for the decrease in combined fund balance was the decrease in the fund balance in the Debt Service Fund due to the District making its final payments on its revenue bond and QZAB bond indebtedness during fiscal year 2014.

Governmental Fund Highlights

- The District's General Fund balance increased from a balance of \$646,796 at June 30, 2013 to a balance of \$674,012 at June 30, 2014. The improvement in the District's General Fund financial position is the product of many factors. Total revenues decreased primarily due to a decrease in local tax revenues received as compared to the prior year, and total expenditures increased primarily due to increased instruction and support service expenditures incurred. Total expenditures still outpaced total revenues at year end ensuring and increase in ending fund balance.

-
- The Capital Projects Fund balance increased from \$934,544 at June 30, 2013 to \$986,901 at June 30, 2014. This represents an increase in fund balance of 5.60 percent. While total expenditures increases as compared to the prior year primarily due to increased instructional expenditures total revenues still outpaced total expenditures ensuring and increase in ending fund balance.
 - The Debt Service Fund balance decreased from \$373,656 on June 30, 2013 to \$17,922 on June 30, 2014. This represents a decrease in fund balance of 95.20%. The primary reason for this decrease in fund balance is due to the District making the final bond payments on its revenue bond and QZAB bond indebtedness during the year and the removal of the appropriate reserve accounts from the Debt Service financial statements.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$93,118 at June 30, 2013 to \$73,455 at June 30, 2014, representing a decrease of 21.12%. The primary reason for this decrease in net position is due to increase salaries and benefits and supplies expenditures incurred for the School Nutrition program as compared to prior years.

The Day Care Fund net position decreased from \$20,637 at June 30, 2013 to \$9,108 at June 30, 2014, representing a decrease of 55.87%. The primary reason for the decrease in ending net position is due to a decrease in charges for service revenue received as compared to the prior year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$2,469 less than budgeted revenues, a variance of less than one percent. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

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

In spite of the District' budgetary practice, the certified budget was exceeded in the instruction and other expenditures functional areas and in total during the year ended June 30, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$6,212,601, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$211,696.

The original cost of the District's capital assets was \$9,494,148. Governmental funds account for \$9,366,664, with the remainder of \$127,484 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The amount reported for the District's land improvements at June 30, 2014 was \$163,687 compared to \$113,470 for June 30, 2013. The increase was due to the completion of phase three of the District's parking lot and the installation of a drainage system for the elementary school playground.

Figure A-6 Capital Assets, Net of Depreciation							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 48,655	48,655	-	-	48,655	48,655	0.00%
Buildings	5,826,626	5,981,612	-	-	5,826,626	5,981,612	-2.59%
Land improvements	163,687	113,470	-	-	163,687	113,470	44.26%
Machinery and equipment	125,554	132,464	48,079	57,532	173,633	189,996	-8.61%
Total	\$ 6,164,522	6,276,201	48,079	57,532	6,212,601	6,333,733	-1.91%

Long-Term Debt

At June 30, 2014, the District had \$2,493,061 in general obligation and other long-term debt outstanding. This represents a decrease of 17.68% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

At June 30, 2014, the District had total outstanding general obligation bond indebtedness of \$1,760,000 at June 30, 2014, payable from the Debt Service Fund.

At June 30, 2014, the District had net OPEB liability of \$733,061. \$721,332 of this total is attributable to the District's governmental activities while the remaining \$11,729 is attributed to the District's business type activities.

Figure A-7 Outstanding Long-Term Obligations							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
General obligation bonds	\$ 1,760,000	1,990,000	-	-	1,760,000	1,990,000	-11.56%
Revenue bonds	-	155,000	-	-	-	155,000	-100.00%
QZAB bonds	-	300,000	-	-	-	300,000	-100.00%
Net OPEB Liability	721,332	574,137	11,729	9,353	733,061	583,490	25.63%
Totals	\$ 2,481,332	3,019,137	11,729	9,353	2,493,061	3,028,490	-17.68%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years is negatively impacted the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- The District is aware of the reduction in the unspent authorized budget and is making the appropriate reductions.
- Beginning in May 2015, The District is beginning construction on a new All Weather Track. Upon completion, the new track will provide more revenue opportunities in the Activity Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSET			
Cash and pooled investments	\$ 1,730,218	39,110	1,769,328
Receivables:			
Property tax:			
Delinquent	25,457	-	25,457
Succeeding year	2,244,879	-	2,244,879
Income surtax	299,325	-	299,325
Accounts	5,348	-	5,348
Due from other governments	527,128	600	527,728
Inventories	-	8,703	8,703
Capital assets, net of accumulated depreciation	6,164,522	48,079	6,212,601
TOTAL ASSETS	10,996,877	96,492	11,093,369
LIABILITIES			
Accounts payable	77,600	48	77,648
Salaries and benefits payable	446,045	-	446,045
Accrued interest payable	6,439	-	6,439
Unearned revenue	-	2,152	2,152
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	240,000	-	240,000
Portion due after one year:			
General obligation bonds payable	1,520,000	-	1,520,000
Net OPEB Liability	721,332	11,729	733,061
TOTAL LIABILITIES	3,011,416	13,929	3,025,345
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	2,244,879	-	2,244,879
NET POSITION			
Net investment in capital assets	4,404,522	48,079	4,452,601
Restricted for:			
Categorical funding	124,354	-	124,354
Debt service	11,483	-	11,483
Management levy purposes	78,789	-	78,789
Student activities	6,882	-	6,882
School infrastructure	566,679	-	566,679
Physical plant and equipment	420,222	-	420,222
Unrestricted	127,651	34,484	162,135
TOTAL NET POSITION	\$ 5,740,582	82,563	5,823,145

SEE NOTES TO FINANCIAL STATEMENTS.

**WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular	\$ 2,685,269	105,600	51,771	-	(2,527,898)	-	(2,527,898)
Special	701,463	123,478	94,019	-	(483,966)	-	(483,966)
Other	602,443	104,044	158,268	-	(340,131)	-	(340,131)
	<u>3,989,175</u>	<u>333,122</u>	<u>304,058</u>	<u>-</u>	<u>(3,351,995)</u>	<u>-</u>	<u>(3,351,995)</u>
Support services:							
Student services	183,589	28,508	-	-	(155,081)	-	(155,081)
Instructional staff	94,593	14,348	-	-	(80,245)	-	(80,245)
Administration	546,886	-	-	-	(546,886)	-	(546,886)
Operation and maintenance of plant	523,651	-	-	7,000	(516,651)	-	(516,651)
Transportation	274,879	-	1,601	-	(273,278)	-	(273,278)
	<u>1,623,598</u>	<u>42,856</u>	<u>1,601</u>	<u>7,000</u>	<u>(1,572,141)</u>	<u>-</u>	<u>(1,572,141)</u>
Long-term debt interest	44,421	-	-	-	(44,421)	-	(44,421)
Other expenses:							
AEA flowthrough	166,180	-	166,180	-	-	-	-
Depreciation(unallocated)*	164,319	-	-	-	(164,319)	-	(164,319)
	<u>330,499</u>	<u>-</u>	<u>166,180</u>	<u>-</u>	<u>(164,319)</u>	<u>-</u>	<u>(164,319)</u>
Total governmental activities	5,987,693	375,978	471,839	7,000	(5,132,876)	-	(5,132,876)
Business type activities:							
Non-instructional programs:							
Food service operations	257,079	109,048	123,632	-	-	(24,399)	(24,399)
Other enterprise operations	99,955	86,764	1,662	-	-	(11,529)	(11,529)
Total business type activities	<u>357,034</u>	<u>195,812</u>	<u>125,294</u>	<u>-</u>	<u>-</u>	<u>(35,928)</u>	<u>(35,928)</u>
Total	<u>\$ 6,344,727</u>	<u>571,790</u>	<u>597,133</u>	<u>7,000</u>	<u>(5,132,876)</u>	<u>(35,928)</u>	<u>(5,168,804)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 1,940,865	-		1,940,865
Capital outlay				141,388	-		141,388
Debt service				272,347	-		272,347
Income surtax				336,575	-		336,575
Statewide sales, services and use tax				379,772	-		379,772
Unrestricted state grants				2,217,555	-		2,217,555
Unrestricted investment earnings				5,813	11		5,824
Other general revenues				33,840	4,725		38,565
Total general revenues				<u>5,328,155</u>	<u>4,736</u>		<u>5,332,891</u>
Change in net position				195,279	(31,192)		164,087
Net position beginning of year				5,545,303	113,755		5,659,058
Net position end of year				<u>\$ 5,740,582</u>	<u>82,563</u>		<u>5,823,145</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 848,908	782,112	14,984	84,214	1,730,218
Receivables:					
Property tax:					
Delinquent	19,692	1,486	2,861	1,418	25,457
Succeeding year	1,639,284	151,460	279,135	175,000	2,244,879
Income surtax	199,550	99,775	-	-	299,325
Accounts	5,155	77	77	39	5,348
Due from other governments	314,628	212,500	-	-	527,128
TOTAL ASSETS	\$ 3,027,217	1,247,410	297,057	260,671	4,832,355
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 68,326	9,274	-	-	77,600
Salaries and benefits payable	446,045	-	-	-	446,045
Total liabilities	514,371	9,274	-	-	523,645
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,639,284	151,460	279,135	175,000	2,244,879
Income surtax	199,550	99,775	-	-	299,325
Total deferred inflows of resources	1,838,834	251,235	279,135	175,000	2,544,204
Fund balances:					
Restricted for:					
Categorical funding	124,354	-	-	-	124,354
Debt service	-	-	17,922	-	17,922
Management levy purposes	-	-	-	78,789	78,789
Student activities	-	-	-	6,882	6,882
School infrastructure	-	566,679	-	-	566,679
Physical plant and equipment	-	420,222	-	-	420,222
Unassigned	549,658	-	-	-	549,658
Total fund balances	674,012	986,901	17,922	85,671	1,764,506
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,027,217	1,247,410	297,057	260,671	4,832,355

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances of governmental funds (page 20)	\$	1,764,506
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		6,164,522
Accounts receivable income surtax, are not yet available to finance expenditures of the current year and, therefore, are recognized as deferred inflows of resources in the governmental funds.		299,325
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(6,439)
Long-term liabilities, including bonds payable and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(2,481,332)</u>
Net position of governmental activities (page 18)	\$	<u><u>5,740,582</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 2,013,017	244,055	272,347	130,121	2,659,540
Tuition	226,057	-	-	-	226,057
Other	83,854	7,957	2,172	111,534	205,517
State sources	2,476,323	379,772	-	-	2,856,095
Federal sources	204,128	-	-	-	204,128
Total revenues	<u>5,003,379</u>	<u>631,784</u>	<u>274,519</u>	<u>241,655</u>	<u>6,151,337</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,217,619	252,495	-	78,814	2,548,928
Special	667,213	-	-	-	667,213
Other	460,047	-	-	121,973	582,020
	<u>3,344,879</u>	<u>252,495</u>	<u>-</u>	<u>200,787</u>	<u>3,798,161</u>
Support services:					
Student	176,169	-	-	-	176,169
Instructional staff	90,717	-	-	-	90,717
Administration	523,161	-	-	-	523,161
Operation and maintenance of plant	459,038	37,909	-	23,516	520,463
Transportation	216,019	30,282	-	5,150	251,451
	<u>1,465,104</u>	<u>68,191</u>	<u>-</u>	<u>28,666</u>	<u>1,561,961</u>
Capital outlay	-	158,096	-	-	158,096
Long-term debt:					
Principal	-	-	685,000	-	685,000
Interest and fiscal charges	-	-	45,898	-	45,898
	<u>-</u>	<u>-</u>	<u>730,898</u>	<u>-</u>	<u>730,898</u>
Other expenditures:					
AEA flowthrough	166,180	-	-	-	166,180
Total expenditures	<u>4,976,163</u>	<u>478,782</u>	<u>730,898</u>	<u>229,453</u>	<u>6,415,296</u>
Excess(Deficiency) of revenues over(under) expenditures	27,216	153,002	(456,379)	12,202	(263,959)
Other financing sources(uses):					
Transfer in	-	-	100,645	-	100,645
Transfer out	-	(100,645)	-	-	(100,645)
Total other financing sources(uses)	<u>-</u>	<u>(100,645)</u>	<u>100,645</u>	<u>-</u>	<u>-</u>
Change in fund balances	27,216	52,357	(355,734)	12,202	(263,959)
Fund balances beginning of year	646,796	934,544	373,656	73,469	2,028,465
Fund balances end of year	<u>\$ 674,012</u>	<u>986,901</u>	<u>17,922</u>	<u>85,671</u>	<u>1,764,506</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2014

Change in fund balances - total governmental funds (page 22) \$ (263,959)

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

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlay and depreciation expense in the year are as follows:

Capital outlay	\$ 90,564	
Depreciation expense	<u>(202,243)</u>	(111,679)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,477

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 685,000

Income surtax accounts receivable is not available to finance expenditures of the current year and is recognized as deferred inflows of resources in the governmental funds. 31,635

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

Other postemployment benefits (147,195)

Change in net position of governmental activities (page 19) \$ 195,279

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Day Care	Total
ASSETS			
Current assets:			
Cash and pooled investments	\$ 30,554	8,556	39,110
Due from other governments	-	600	600
Inventories	8,703	-	8,703
Total current assets	39,257	9,156	48,413
Noncurrent assets:			
Capital assets, net of accumulated depreciation	48,079	-	48,079
TOTAL ASSETS	87,336	9,156	96,492
LIABILITIES			
Accounts payable	-	48	48
Unearned revenue	2,152	-	2,152
Total current liabilities	2,152	48	2,200
Noncurrent liabilities:			
Net OPEB liability	11,729	-	11,729
TOTAL LIABILITIES	13,881	48	13,929
NET POSITION			
Net investment in capital assets	48,079	-	48,079
Unrestricted	25,376	9,108	34,484
TOTAL NET POSITION	\$ 73,455	9,108	82,563

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Day Care	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 109,048	86,764	195,812
Donations	-	50	50
Miscellaneous	4,725	-	4,725
Total operating revenues	<u>113,773</u>	<u>86,814</u>	<u>200,587</u>
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	62,502	-	62,502
Benefits	21,108	-	21,108
Services	1,984	-	1,984
Supplies	161,761	-	161,761
Depreciation	9,453	-	9,453
Other	271	-	271
	<u>257,079</u>	<u>-</u>	<u>257,079</u>
Other enterprise operations:			
Salaries	-	81,349	81,349
Benefits	-	13,033	13,033
Supplies	-	5,573	5,573
	<u>-</u>	<u>99,955</u>	<u>99,955</u>
Total operating expenses	<u>257,079</u>	<u>99,955</u>	<u>357,034</u>
Operating loss	<u>(143,306)</u>	<u>(13,141)</u>	<u>(156,447)</u>
Non-operating revenues:			
Interest income	11	-	11
State sources	2,361	1,612	3,973
Federal sources	121,271	-	121,271
Total non-operating revenues	<u>123,643</u>	<u>1,612</u>	<u>125,255</u>
Change in net position	(19,663)	(11,529)	(31,192)
Net position beginning of year	<u>93,118</u>	<u>20,637</u>	<u>113,755</u>
Net position end of year	<u>\$ 73,455</u>	<u>9,108</u>	<u>82,563</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Day Care	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 108,823	-	108,823
Cash received from day care charges	-	86,864	86,864
Cash received from miscellaneous sources	4,725	50	4,775
Cash payments to employees for services	(81,234)	(94,382)	(175,616)
Cash payments to suppliers for goods or services	(149,632)	(5,525)	(155,157)
Net cash used in operating activities	<u>(117,318)</u>	<u>(12,993)</u>	<u>(130,311)</u>
Cash flows from non-capital financing activities:			
State source revenues received	2,361	1,012	3,373
Federal source revenues received	109,934	-	109,934
Net cash provided by non-capital financing activities	<u>112,295</u>	<u>1,012</u>	<u>113,307</u>
Cash flow from investing activities:			
Interest on investments	11	-	11
Net decrease in cash and cash equivalents	(5,012)	(11,981)	(16,993)
Cash and cash equivalents beginning of year	<u>35,566</u>	<u>20,537</u>	<u>56,103</u>
Cash and cash equivalents end of year	<u>\$ 30,554</u>	<u>8,556</u>	<u>39,110</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (143,306)	(13,141)	(156,447)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities consumed	11,337	-	11,337
Depreciation	9,453	-	9,453
Decrease in accounts receivable	175	100	275
Decrease in inventories	3,844	-	3,844
Increase(Decrease) in accounts payable	(797)	48	(749)
Decrease in unearned revenue	(400)	-	(400)
Increase in other postemployment benefits	2,376	-	2,376
Net cash used in operating activities	<u>\$ (117,318)</u>	<u>(12,993)</u>	<u>(130,311)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received Federal commodities valued at \$11,337.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

	<u>Private Purpose Trust Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 23,500
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for scholarships	<u><u>\$ 23,500</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Scholarship</u>
Additions:	<u>\$ -</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>500</u>
Change in net position	(500)
Net position beginning of year	<u>24,000</u>
Net position end of year	<u><u>\$ 23,500</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets 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. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

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

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports the following nonmajor proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Balances

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

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

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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

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

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

Asset Class	Amount
Land	\$ -
Buildings	5,000
Land improvements	5,000
Intangibles	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5 to 7 years

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

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

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

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

Unassigned - All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the instruction and other expenditures functional areas and in total.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. For the year ended June 30, 2014, the District had no investments.

(3) Interfund Transfers

The detail of transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 100,645</u>

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 127,484	-	-	\$ 127,484
Less accumulated depreciation	69,952	9,453	-	79,405
Business-type activities capital assets, net	<u>\$ 57,532</u>	<u>(9,453)</u>	<u>-</u>	<u>\$ 48,079</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 48,655	-	-	48,655
Total capital assets not being depreciated	48,655	-	-	48,655
Capital assets being depreciated:				
Buildings	8,199,117	-	-	8,199,117
Land improvements	212,200	59,550	-	271,750
Machinery and equipment	903,348	31,014	87,220	847,142
Total capital assets being depreciated	9,314,665	90,564	87,220	9,318,009
Less accumulated depreciation for:				
Buildings	2,217,505	154,986	-	2,372,491
Land improvements	98,730	9,333	-	108,063
Machinery and equipment	770,884	37,924	87,220	721,588
Total accumulated depreciation	3,087,119	202,243	87,220	3,202,142
Total capital assets being depreciated, net	6,227,546	(111,679)	-	6,115,867
Governmental activities capital assets, net	\$ 6,276,201	(111,679)	-	6,164,522

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 9,955
Support services:		
Operation and maintenance of plant		12,667
Transportation		15,302
		37,924
Unallocated depreciation		164,319
Total governmental activities depreciation expense		\$ 202,243
Business type activities:		
Food service operations		\$ 9,453

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,990,000	-	230,000	1,760,000	240,000
Revenue Bonds	155,000	-	155,000	-	-
QZAB Bonds	300,000	-	300,000	-	-
Net OPEB liability	574,137	147,195	-	721,332	-
Total	\$ 3,019,137	147,195	685,000	2,481,332	240,000
Business type activities:					
Net OPEB liability	\$ 9,353	2,376	-	11,729	-

General Obligation Bonds

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Dated August 26, 2010				
	Interest Rates		Principal	Interest	Total
2015	1.40	% \$	240,000	38,635	278,635
2016	1.70		245,000	35,275	280,275
2017	2.00		245,000	31,110	276,110
2018	2.20		250,000	26,210	276,210
2019	2.45		250,000	20,710	270,710
2020-2021	2.65-2.85		530,000	22,280	552,280
Total			\$ 1,760,000	174,220	1,934,220

(6) Other Post-employment Benefits (OPEB)

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

The medical/prescription drug benefits are provided through a fully-insured plan with Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit rate subsidy and an OPEB liability. The District also offers retirees a monthly insurance premium as a benefit which is accounted for as an explicit benefit in the actuarial report dated July 1, 2012.

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

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

The following table shows the components of the Districts OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 237,413
Interest on net OPEB obligation	14,587
Adjustment to annual required contribution	(53,370)
Annual OPEB cost	<u>198,630</u>
Contributions made	<u>(49,059)</u>
Increase in net OPEB obligation	149,571
Net OPEB obligation beginning of year	<u>583,490</u>
Net OPEB obligation end of year	<u>\$ 733,061</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$49,059 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 183,522	17.19%	\$ 422,326
2013	221,724	27.31%	583,490
2014	198,630	24.70%	733,061

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$1,224,391 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,224,391. The covered payroll (annual payroll of active employees covered by the plan) was \$2,561,846, and the ratio of the UAAL to covered payroll was 47.79%. As of June 30, 2014 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$267,299, \$241,964 and \$224,190 respectively, equal to the required contributions for each year.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District’s actual amount for this purpose totaled \$166,180 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District’s ending restricted balances for categorical funding as of June 30, 2014 comprised of the following programs:

Program	Amount
Gifted and talented	\$ 9,523
Beginning teacher mentoring and induction	535
Teacher salary supplement	16,698
Successful progression for early readers	6,090
Professional development for the model core curriculum	40,503
Professional development	44,400
Teacher leadership grants	6,605
Total	<u>\$ 124,354</u>

(11) Budget Overexpenditures

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the instruction and other expenditures functional areas and in total.

(12) Operating Lease

During the year ended June 30, 2014, the District entered into a lease agreement with Sovereign Bank to lease three school buses. The District has payments of \$30,282 for fiscal years 2015 and 2016 to be made from the Capital Projects: Physical Plant and Equipment Levy Fund.

(13) Reconciliation of Certain Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	Net investment in in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	17,922	549,658
Capital assets, net of accumulated depreciation	6,164,522	-	-
General obligation bond capitalized indebtedness	(1,760,000)	-	-
Accrued interest payable	-	(6,439)	-
Income surtax receivable	-	-	299,325
Net OPEB liability	-	-	(721,332)
Net position (Exhibit A)	<u>\$ 4,404,522</u>	<u>11,483</u>	<u>127,651</u>

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68 Accounting and Financial Reporting for Pensions - an Amendment to GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTAL INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,091,114	200,598	3,291,712	3,769,369	3,769,369	(477,657)
State sources	2,856,095	3,973	2,860,068	2,390,279	2,390,279	469,789
Federal sources	204,128	121,271	325,399	320,000	320,000	5,399
Total revenues	6,151,337	325,842	6,477,179	6,479,648	6,479,648	(2,469)
Expenditures/Expenses:						
Instruction	3,798,161	-	3,798,161	3,795,000	3,795,000	(3,161)
Support services	1,561,961	-	1,561,961	1,790,000	1,790,000	228,039
Non-instructional programs	-	357,034	357,034	365,000	365,000	7,966
Other expenditures	1,055,174	-	1,055,174	717,047	717,047	(338,127)
Total expenditures/expenses	6,415,296	357,034	6,772,330	6,667,047	6,667,047	(105,283)
Deficiency of revenues under expenditures	(263,959)	(31,192)	(295,151)	(187,399)	(187,399)	(107,752)
Other financing sources, net	-	-	-	6,087	6,087	(6,087)
Deficiency of revenues and other financing sources under expenditures	(263,959)	(31,192)	(295,151)	(181,312)	(181,312)	(113,839)
Balances beginning of year	2,028,465	113,755	2,142,220	2,095,798	2,095,798	46,422
Balances end of year	\$ 1,764,506	82,563	1,847,069	1,914,486	1,914,486	(67,417)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

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

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

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

During the year ended June 30, 2014, expenditures exceeded budgeted amounts in the instruction and other expenditures functional areas as well as in total.

WOODBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 1,512,811	\$ 1,512,811	0.00%	\$ 2,357,215	64.18%
2011	July 1, 2009	-	1,506,823	1,506,823	0.00%	2,152,157	70.01%
2012	July 1, 2009	-	1,486,414	1,486,414	0.00%	2,238,712	66.40%
2013	July 1, 2012	-	1,568,485	1,568,485	0.00%	2,425,506	64.67%
2014	July 1, 2012	-	1,224,391	1,224,391	0.00%	2,561,846	47.79%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 77,332	6,882	84,214
Receivables:			
Property tax:			
Delinquent	1,418	-	1,418
Succeeding year	175,000	-	175,000
Accounts	39	-	39
TOTAL ASSETS	\$ 253,789	6,882	260,671
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	175,000	-	175,000
Fund balances:			
Restricted for:			
Management levy purposes	78,789	-	78,789
Student activities	-	6,882	6,882
Total fund balances	78,789	6,882	85,671
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 253,789	6,882	260,671

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 130,121	-	130,121
Other	446	111,088	111,534
Total revenues	<u>130,567</u>	<u>111,088</u>	<u>241,655</u>
Expenditures			
Current:			
Instruction:			
Regular	78,814	-	78,814
Other	-	121,973	121,973
Support services:			
Operation and maintenance of plant	23,516	-	23,516
Transportation	5,150	-	5,150
Total expenditures	<u>107,480</u>	<u>121,973</u>	<u>229,453</u>
Change in fund balances	23,087	(10,885)	12,202
Fund balances beginning of year	<u>55,702</u>	<u>17,767</u>	<u>73,469</u>
Fund balances end of year	<u>\$ 78,789</u>	<u>6,882</u>	<u>85,671</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 357,132	424,980	782,112
Receivables:			
Property tax:			
Delinquent	-	1,486	1,486
Succeeding year	-	151,460	151,460
Income surtax	-	99,775	99,775
Accounts	-	77	77
Due from other governments	212,500	-	212,500
TOTAL ASSETS	\$ 569,632	677,778	1,247,410
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,953	6,321	9,274
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	151,460	151,460
Income surtax	-	99,775	99,775
Total deferred inflows of resources	-	251,235	251,235
Fund balances:			
Restricted for:			
School infrastructure	566,679	-	566,679
Physical plant and equipment	-	420,222	420,222
Total fund balances	566,679	420,222	986,901
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 569,632	677,778	1,247,410

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	244,055	244,055
Other	7,064	893	7,957
State sources	379,772	-	379,772
Total revenues	<u>386,836</u>	<u>244,948</u>	<u>631,784</u>
Expenditures:			
Current:			
Instruction:			
Regular	180,211	72,284	252,495
Support services:			
Operation and maintenance of plant	34,882	3,027	37,909
Transportation	-	30,282	30,282
Capital outlay	84,762	73,334	158,096
Total expenditures	<u>299,855</u>	<u>178,927</u>	<u>478,782</u>
Excess of revenues over expenditures	86,981	66,021	153,002
Other financing uses:			
Transfer out	<u>(100,645)</u>	-	<u>(100,645)</u>
Change in fund balances	(13,664)	66,021	52,357
Fund balances beginning of year	<u>580,343</u>	<u>354,201</u>	<u>934,544</u>
Fund balances end of year	<u>\$ 566,679</u>	<u>420,222</u>	<u>986,901</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Designated Fund	\$ 409	6,978	7,387	-
Operetta	3,420	-	2,818	602
Activity	3,968	86,242	90,171	39
K-6	1,164	275	740	699
Yearbook	3,323	6,700	7,970	2,053
Class of 2013	748	-	641	107
Class of 2014	4,627	14	3,694	947
Class of 2015	-	10,872	8,552	2,320
Computer Club	91	-	-	91
Interest	17	7	-	24
Total	<u>\$ 17,767</u>	<u>111,088</u>	<u>121,973</u>	<u>6,882</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 2,659,540	3,085,889	2,761,283	2,372,851	2,420,954	2,358,642	2,289,183	2,188,125	2,065,249	2,058,290
Tuition	226,057	207,914	231,217	157,938	183,810	295,482	223,694	222,668	120,781	163,711
Other	205,517	239,882	197,276	592,730	290,514	389,605	310,471	399,215	406,127	344,900
State sources	2,856,095	2,454,168	2,383,136	2,351,515	2,035,137	2,234,409	2,155,957	2,308,579	2,222,875	1,961,514
Federal sources	204,128	179,994	179,259	362,151	476,841	215,976	177,443	233,768	298,245	647,953
Total	\$ 6,151,337	6,167,847	5,752,171	5,837,185	5,407,256	5,494,114	5,156,748	5,352,355	5,113,277	5,176,368
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,548,928	2,315,793	2,129,279	2,197,307	2,253,665	2,425,586	2,198,926	2,107,162	2,020,427	2,010,483
Special	667,213	550,979	525,938	494,624	635,104	602,944	528,295	561,241	512,589	503,880
Other	582,020	565,289	586,315	550,014	587,166	523,719	466,003	527,568	454,405	357,885
Support services:										
Student	176,169	105,166	94,839	64,564	72,614	86,684	56,849	80,130	83,373	149,154
Instructional staff	90,717	100,015	58,405	62,316	33,580	49,168	21,175	14,107	7,404	14,797
Administration	523,161	494,958	490,546	497,626	458,053	470,929	538,021	548,768	534,350	519,223
Operation and maintenance of plant	520,463	580,517	448,817	417,200	455,844	438,572	461,536	426,666	420,393	440,454
Transportation	251,451	195,781	293,102	190,126	185,083	193,358	269,174	166,973	178,444	180,563
Non-instructional programs	-	30	-	-	74	-	-	-	-	-
Capital outlay	158,096	86,973	48,470	26,191	19,268	2,484	-	314,236	1,738,265	3,235,458
Long-term debt:										
Principal	685,000	375,000	2,440,000	1,015,000	290,000	275,000	260,000	195,000	135,000	125,000
Interest and fiscal charges	45,898	57,613	184,106	179,607	168,056	181,649	195,009	197,266	181,314	207,086
Other expenditures:										
AEA flow-through	166,180	160,733	158,974	179,277	177,587	164,166	156,919	155,118	151,527	149,175
Total	\$ 6,415,296	5,588,847	7,458,791	5,873,852	5,336,094	5,414,259	5,151,907	5,294,235	6,417,491	7,893,158

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-14 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Woodbine Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2015
Newton, Iowa

WOODBINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

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

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

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

Conclusion - Response accepted.

I-B-14 Purchase Orders - We noted during our audit several instances of purchase orders dated after the invoice date on items purchased in the Student Activity Fund.

Recommendation - The advantage of using a purchase order system is that approvals of the items being purchased are noted prior to ordering of the items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - The District will monitor this procedure to make sure disbursements are approved before ordering of supplies.

Conclusion - Response accepted.

OTHER MATTERS:

I-C-14 Student Activity Fund Interest - We noted during our audit that the Student Activity Fund has an interest account. It appears that interest earned during the year was not allocated to individual accounts in the Student Activity Fund which earned the interest during the year.

Recommendation - Interest earned each year should be allocated to the individual student activity accounts that have earned the interest. The District's Board of Directors should develop a workout plan to reduce the carryover balance in the interest account to zero.

Response - The District will develop a plan to reduce the carryover balance in the interest account to zero. The District will also develop a plan to make sure interest earned each year is allocated to the right amounts.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - For the year ended June 30, 2014, District exceeded budgeted expenditures in the instruction and other expenditures functional areas as well as in total.

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

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

Conclusion - Response accepted.

II-B-14 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-14 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marchelle Butrick, Tiger Tots associate Owner of Chelle's Creative Photography	Services	\$189
Beth Fouts, Board Member Substitute teacher for District	Services	\$375

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

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

II-E-14 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-14 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 publish board minutes within two weeks of the Board meeting date as required by Chapter 279.35 of the Code of Iowa.

Conclusion - Response accepted.

II-G-14 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.

II-I-14 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-14 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-14 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds. However, we noted during our audit that the District did not code the Phase II portions of its teacher salary supplement allocation as an expense to its teacher salary supplement project code, instead coding them as part of regular salaries. Phase II monies in the amount of \$70,580, should have been coded to the teacher salary supplement project for the year ended June 30, 2014, bringing the year ending balance to \$16,698. The following shows the adjustment made by the District to the ending restricted balance for the teacher salary supplement program:

	<u>Restricted</u> <u>Balance on</u> <u>District's CAR</u>	<u>Amount</u> <u>of Expense</u> <u>Adjustment</u>	<u>Audited</u> <u>Ending</u> <u>Restricted Balance</u>
Teacher Salary Supplement	\$ 87,278	(70,580)	16,698

Recommendation - The District should review their procedures to ensure all expenditures including Phase II money are coded to teacher salary supplement prior to certification of the District's certified annual report.

Response - The District will ensure all expenditures are coded correctly prior to certification of the District's certified annual report.

Conclusion - Response accepted.

II-L-14 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services, and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the following information includes the amounts the District reported for the statewide, sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2014 audit:

Beginning balance		\$	580,343
Revenue			
Sales tax revenues	\$	379,772	
Other		<u>7,064</u>	<u>386,836</u>
			967,179
Expenditures/transfers out:			
School infrastructure construction		81,810	
Equipment		143,891	
Other		74,154	
Transfers to other funds:			
Debt service fund		<u>100,645</u>	<u>400,500</u>
Ending balance			<u>\$ 566,679</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-14 Non-certified Time Sheets - We noted during our audit that the District does not maintain documentation of hours worked by coaches who are non-certified staff. This creates a situation where calculating wage per hour amounts is not possible.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches. The District should then determine if wages paid comply with minimum wage and overtime requirements.

Response - The District will keep track of hours worked for non-certified staff coaches.

Conclusion - Response accepted.

II-N-14 Lease Contract - We noted during our audit that the Superintendent signed a bus lease agreement with Sovereign Bank for the lease of three school buses. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board president sign all contracts entered into by the District to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District will ensure the Board President signs all contracts entered into by the District to be in compliance with Chapter 291.1 of the Code of Iowa.

Conclusion - Response accepted.

II-O-14 Student Activity Fund - The District's Student Activity Fund is maintaining Class of 2013 account with balances of \$107 at June 30, 2014.

Recommendation - The District activities director should review the accounts associated with prior graduating classes and provide input to the Board of Directors as to where these remaining moneys should be allocated within the Student Activity Fund. The Board of Directors should approve the official use of the remaining monies within the Student Activity Fund. In the future the District should consider having the graduating class designate in their class minutes an allowable use of any remaining funds.

Response - The District will implement a plan to have the graduation class designate an allowable use of any remaining funds.

Conclusion - Response accepted.