

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Woodbury Central Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Marc Boothby	President	2015
Gary Frafjord	Vice President	2015
Scott Lamp	Board Member	2015
Eric Nelson	Board Member	2015
Steve Steffen	Board Member	2013
Chad Hayes	Board Member	2013
Thomas Conolly	Board Member	2013
(After September 2013 Election)		
Marc Boothby	President	2015
Gary Frafjord	Vice President	2015
Scott Lamp	Board Member	2015
Eric Nelson	Board Member	2015
Steve Steffen	Board Member	2017
Brad Koele	Board Member	2017
Taylor Lambert	Board Member	2017
School Officials		
Doug Glackin	Superintendent	2014
Christen Howrey	District Secretary/ Business Manager	2014
Ahlers & Cooney, P.C.	Attorney	2014
Thompson, Phipps & Thompson	Attorney	2014

**WOODBURY CENTRAL COMMUNITY SCHOOL
DISTRICT**

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbury Central Community School District, Moville, 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 Woodbury Central 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 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodbury Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2009 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 6 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2015 on our consideration of Woodbury Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Woodbury Central Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

January 30, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 Financial Highlights

- ❖ General Fund revenues increased from \$6,030,838 in fiscal year 2013 to \$6,402,141 in fiscal year 2014, while General Fund expenditures increased from \$5,902,006 in fiscal year 2013 to \$6,157,647 in fiscal year 2014. The District's General Fund balance increased to a balance of \$1,236,667 at June 30, 2014, compared to \$992,173 at June 30, 2013.
- ❖ The increase in General Fund revenue is primarily due to an increase in local and state source revenues, while the increase in expenditures is primarily due to an increase in instructional expenses incurred compared to the prior year.
- ❖ The Management Fund had no property tax levy for fiscal year 2014. This was due to the district using the fund balance to cover expenses and the districts efforts to keep property tax rates low.

Using This Annual Report

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1

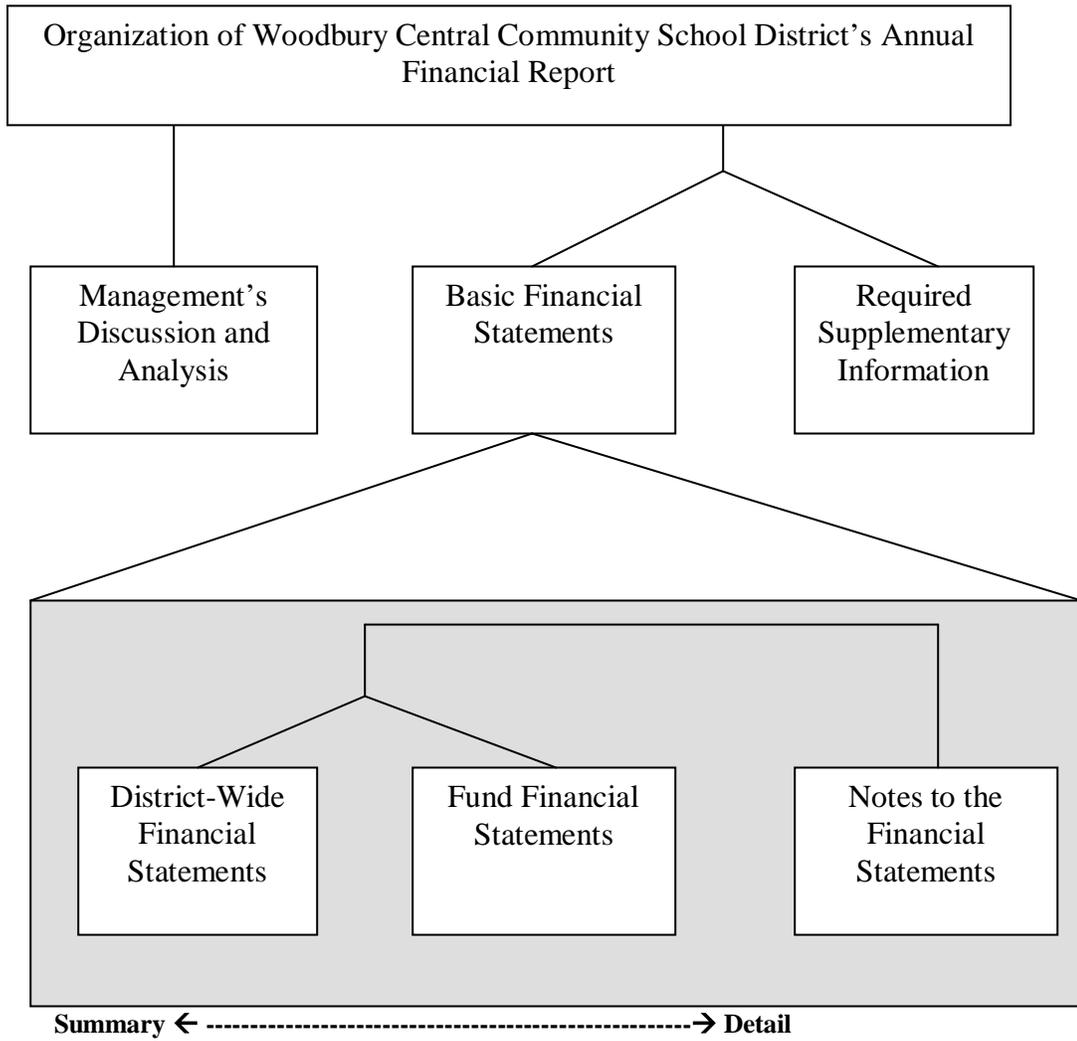


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2

Major Features of District-Wide and Fund Financial Statements

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

Reporting the District's Financial Activities

Government-wide Financial Statements - The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, 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, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

Reconciliations between the government-wide financial statements and the 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 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	\$ 5,405,739	5,148,229	17,973	30,531	5,423,712	5,178,760	4.73%
Capital assets	6,284,914	6,433,861	11,111	14,142	6,296,025	6,448,003	-2.36%
Total assets	<u>11,690,653</u>	<u>11,582,090</u>	<u>29,084</u>	<u>44,673</u>	<u>11,719,737</u>	<u>11,626,763</u>	<u>0.80%</u>
Long-term liabilities	533,339	685,914	1,517	1,349	534,856	687,263	-22.18%
Other liabilities	816,713	847,247	32,268	37,746	848,981	884,993	-4.07%
Total liabilities	<u>1,350,052</u>	<u>1,533,161</u>	<u>33,785</u>	<u>39,095</u>	<u>1,383,837</u>	<u>1,572,256</u>	<u>-11.98%</u>
Deferred inflows of resources	1,973,916	2,036,770	-	-	1,973,916	2,036,770	-3.09%
Net position:							
Net investment in capital assets	5,876,327	5,833,861	11,111	14,142	5,887,438	5,848,003	0.67%
Restricted	1,491,987	1,355,214	-	-	1,491,987	1,355,214	10.09%
Unrestricted	998,371	823,084	(15,812)	(8,564)	982,559	814,520	20.63%
Total net position	<u>\$ 8,366,685</u>	<u>8,012,159</u>	<u>(4,701)</u>	<u>5,578</u>	<u>8,361,984</u>	<u>8,017,737</u>	<u>4.29%</u>

The District’s combined net position increased by \$344,247 or 4.29% over the prior year. The largest portion of the District’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position increased \$136,773 or 10.09% over the prior year. This increase is due primarily to the increase in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased \$168,039 or 20.63%. The increase in unrestricted net position can be attributed to the increased General Fund unassigned fund balance.

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

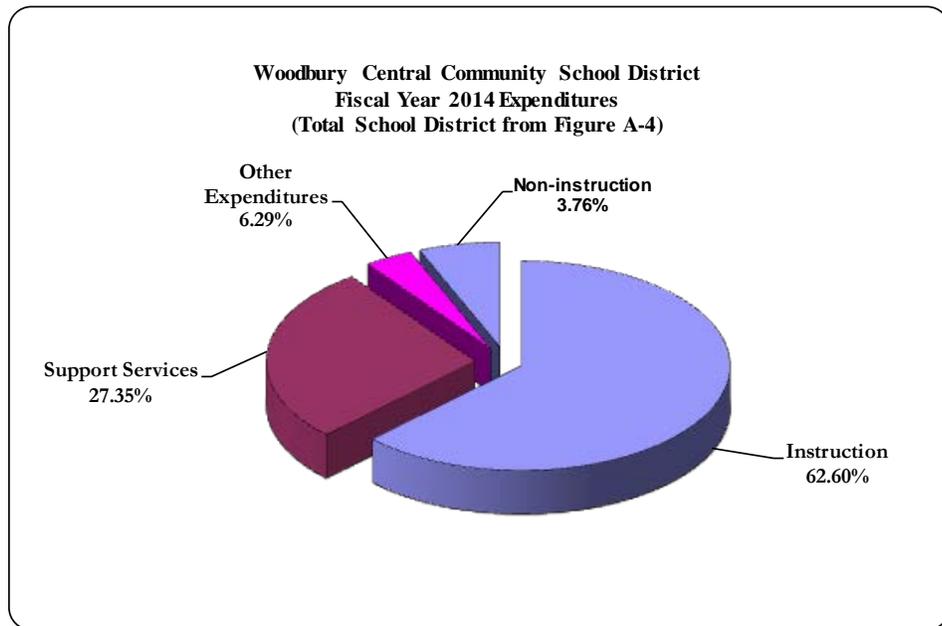
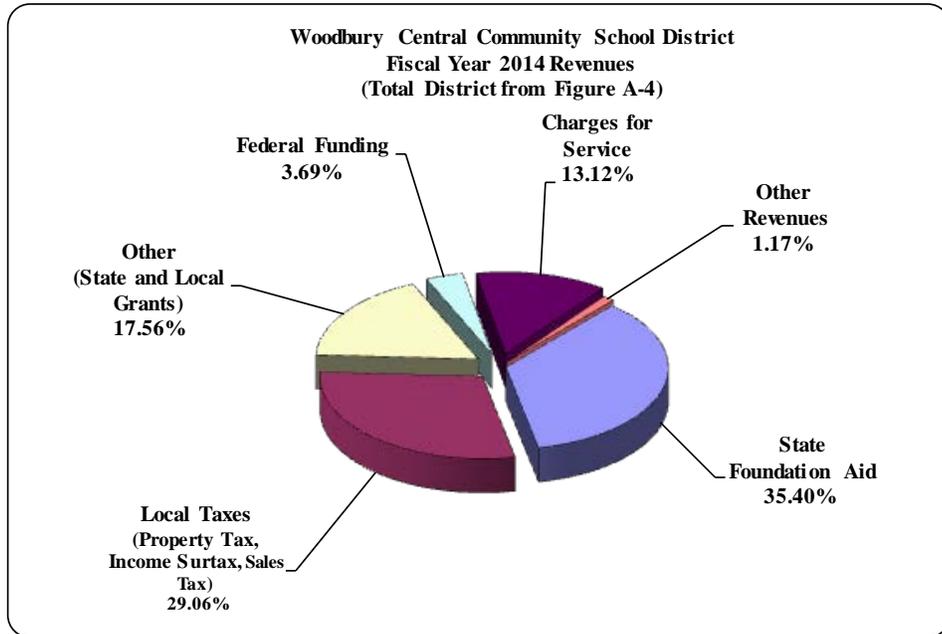
Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 816,778	685,445	171,750	173,487	988,528	858,932	15.09%
Operating grants, contributions and restricted interest	522,147	473,437	88,050	82,591	610,197	556,028	9.74%
General revenues:							
Property tax	2,041,941	2,010,315	-	-	2,041,941	2,010,315	1.57%
Income surtax	148,784	174,898	-	-	148,784	174,898	-14.93%
Statewide sales, services and use tax	513,112	519,118	-	-	513,112	519,118	-1.16%
Unrestricted state grants	3,146,694	3,050,275	-	-	3,146,694	3,050,275	3.16%
Unrestricted investment earnings	10,448	5,730	1	2	10,449	5,732	82.29%
Other	77,258	86,134	501	55	77,759	86,189	-9.78%
Total revenues	<u>7,277,162</u>	<u>7,005,352</u>	<u>260,302</u>	<u>256,135</u>	<u>7,537,464</u>	<u>7,261,487</u>	<u>3.80%</u>
Program expenses:							
Instruction	4,503,068	4,307,794	-	-	4,503,068	4,307,794	4.53%
Support services	1,967,144	2,032,700	-	-	1,967,144	2,032,700	-3.23%
Non-instructional programs	-	-	270,581	269,235	270,581	269,235	0.50%
Other expenses	452,424	450,752	-	-	452,424	450,752	0.37%
Total expenses	<u>6,922,636</u>	<u>6,791,246</u>	<u>270,581</u>	<u>269,235</u>	<u>7,193,217</u>	<u>7,060,481</u>	<u>1.88%</u>
Change in net position	354,526	214,106	(10,279)	(13,100)	344,247	201,006	-71.26%
Net position beginning of year	<u>8,012,159</u>	<u>7,798,053</u>	<u>5,578</u>	<u>18,678</u>	<u>8,017,737</u>	<u>7,816,731</u>	<u>-2.57%</u>
Net position end of year	<u>\$ 8,366,685</u>	<u>8,012,159</u>	<u>(4,701)</u>	<u>5,578</u>	<u>8,361,984</u>	<u>8,017,737</u>	<u>4.29%</u>

In fiscal year 2014, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants accounted for 80.40% (82.15% in fiscal 2013) of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.81% (99.98% in fiscal 2013) of business type activities revenue.

The District's total revenues were approximately \$7.54 million, of which approximately \$7.28 million was for governmental activities and approximately \$0.26 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.80% increase in revenues and a 1.88% increase in expenses. The District's expenses primarily relate to instruction and support services, which account for 89.95% of the total expenses (89.80 % in 2013).

Figure A-5



Governmental Activities - Revenues for governmental activities were \$7,277,162, while expenses were \$6,922,636 for the year ended June 30, 2014.

Figure A-6 presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses for the years ended June 30, 2014 compared to the year ended June 30, 2013.

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 4,503,068	4,307,794	4.53%	3,404,547	3,379,211	0.75%
Support services	1,967,144	2,032,700	-3.23%	1,966,141	2,031,950	-3.24%
Other expenses	452,424	450,752	0.37%	213,023	221,203	-3.70%
Totals	\$ 6,922,636	6,791,246	1.93%	5,583,711	5,632,364	-0.86%

- The cost financed by users of the District's programs was \$816,778 (\$685,445 in 2013).
- The federal and state governments subsidized certain programs with grants and contributions totaling \$522,147 (\$473,437 in 2013).
- The net cost of governmental activities was financed with \$2,703,837 in property and other taxes (\$2,704,331 in 2013) and \$3,146,694 in unrestricted state grants (\$3,050,275 in 2013).

Business type Activities - Revenues of the District's business type activities were \$260,302 (\$256,135 in 2013) and expenses were \$270,581 (\$269,235 in 2013). The District's business type activities consist of the School Nutrition Fund. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

Governmental Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,463,363, higher than last year's ending fund balances of \$2,107,186. This increase is primarily due to the increase in fund balance of the general fund during fiscal year 2014.

Governmental Fund Highlights

The District's General Fund ended fiscal 2014 with a positive fund balance of \$1,236,667. The General Fund balance increase of \$244,494 from last year is due primarily to an increase in local and state sources of funding and the District's continued efforts to limit expenditures.

The Capital Projects Fund balance increased from \$696,570 at June 30, 2013 to \$860,983 at June 30, 2014. The increase in fund balance is primarily due to decrease in capital outlay expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$5,578 at June 30, 2013 to a deficit net position of \$4,701 at June 30, 2014. Although revenues increased over the prior year, expenditures still outpaced revenues, resulting in a decrease in net position of \$10,279.

The District served 2,746 fewer meals in 2014 than in 2013, which they attribute mostly to requirements of the federal Healthy & Hunger-free Kids Act of 2012.

Budgetary Highlights

The District's total revenues were \$147,417 more than total budgeted revenues, a variance of less than 2%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

The District's total expenditures were \$566,159 less than budgeted amounts in the instructional, support services, non-instructional and other expenditures functions combined.

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

Capital Assets and Debt Administration

Capital Assets - **Figure A-7** shows at June 30, 2014, the District had invested \$6,296,025, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$311,233.

The original cost of the District's capital assets was \$11,696,051. Governmental funds account for \$11,571,787 with the remainder of \$124,264 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$349,083 at June 30, 2014, compared to \$383,169 reported at June 30, 2013. This decrease resulted from depreciation recorded during the year.

	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
Land	\$ 208,204	208,204	-	-	208,204	208,204	0.00%
Buildings	5,223,762	5,381,214	-	-	5,223,762	5,381,214	-2.93%
Land improvements	349,083	383,169	-	-	349,083	383,169	-8.90%
Furniture and equipment	503,865	461,274	11,111	14,142	514,976	475,416	8.32%
Total	\$ 6,284,914	6,433,861	11,111	14,142	6,296,025	6,448,003	-2.36%

Long-Term Debt - **Figure A-8** shows at June 30, 2014, the District had \$534,856 in total long-term debt outstanding. This represents a 22.18% decrease from the prior year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

During the year ended June 30, 2012, The District issued \$1,000,000 of revenue bonds payable to finance a portion of the District's HVAC project. The District repaid \$191,413 of the issue during fiscal 2014, leaving an unpaid balance of \$408,587 at June 30, 2014.

The District had termination benefits payable of \$38,591 at June 30, 2014. This liability is payable from the Special Revenue, Management Levy Fund.

The District had a Net OPEB liability of \$87,678 at June 30, 2014. Governmental Activities account for \$86,161 of this total while business type activities account for the remaining \$1,517.

	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
Revenue bonds	\$ 408,587	600,000	-	-	408,587	600,000	-31.90%
Termination benefits	38,591	9,263	-	-	38,591	9,263	316.61%
Net OPEB liability	86,161	76,651	1,517	1,349	87,678	78,000	12.41%
Total	\$ 533,339	685,914	1,517	1,349	534,856	687,263	-22.18%

Economic Factors Bearing on the District's Future

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

- The district is looking at increased costs in the general fund for compliance with the Affordable Healthcare Act requirements in the upcoming years. This includes additional individuals they will need to provide health insurance for, administrative costs and possible software related expenses.
- With the implementation of GASB Statement No. 68 in FY15, the District is expected to book a liability on financial statements associated with the District's share of its IPERS liability. This is expected to negatively impact the District's financial statements.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,858,442	1,069	2,859,511
Receivables:			
Property tax:			
Delinquent	25,640	-	25,640
Succeeding year	1,973,916	-	1,973,916
Income surtax	151,747	-	151,747
Interfund	26,083	-	26,083
Accounts	3,074	-	3,074
Due from other governments	366,837	-	366,837
Inventories	-	16,904	16,904
Capital assets, net of accumulated depreciation	6,284,914	11,111	6,296,025
Total Assets	11,690,653	29,084	11,719,737
Liabilities			
Interfund payable	93	25,990	26,083
Accounts payable	199,206	-	199,206
Salaries and benefits payable	598,946	-	598,946
Due to other governments	18,468	-	18,468
Unearned revenue	-	6,278	6,278
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	100,000	-	100,000
Termination benefits payable	8,458	-	8,458
Portion due after one year:			
Revenue bonds payable	308,587	-	308,587
Termination benefits payable	30,133	-	30,133
Net OPEB liability	86,161	1,517	87,678
Total Liabilities	1,350,052	33,785	1,383,837
Deferred Inflows of Resources			
Unavailable property tax revenue	1,973,916	-	1,973,916
Net Position			
Net investment in capital assets	5,876,327	11,111	5,887,438
Restricted for:			
Categorical funding	303,766	-	303,766
Management levy purposes	111,123	-	111,123
Student activities	216,115	-	216,115
School infrastructure	685,219	-	685,219
Physical plant & equipment levy	175,764	-	175,764
Unrestricted	998,371	(15,812)	982,559
Total Net Position	\$ 8,366,685	(4,701)	8,361,984

SEE NOTES TO FINANCIAL STATEMENTS.

**WOODBURY CENTRAL 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	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,753,108	415,516	67,500	(2,270,092)	-	(2,270,092)
Special	800,605	116,059	76,920	(607,626)	-	(607,626)
Other	949,355	285,203	137,323	(526,829)	-	(526,829)
	<u>4,503,068</u>	<u>816,778</u>	<u>281,743</u>	<u>(3,404,547)</u>	<u>-</u>	<u>(3,404,547)</u>
Support services:						
Student	208,186	-	-	(208,186)	-	(208,186)
Instructional staff	120,825	-	-	(120,825)	-	(120,825)
Administration	650,432	-	-	(650,432)	-	(650,432)
Operation and maintenance of plant	643,914	-	-	(643,914)	-	(643,914)
Transportation	343,787	-	1,003	(342,784)	-	(342,784)
	<u>1,967,144</u>	<u>-</u>	<u>1,003</u>	<u>(1,966,141)</u>	<u>-</u>	<u>(1,966,141)</u>
Other expenditures:						
Long-term debt interest	18,936	-	-	(18,936)	-	(18,936)
AEA flowthrough	239,401	-	239,401	-	-	-
Depreciation(unallocated)*	194,087	-	-	(194,087)	-	(194,087)
	<u>452,424</u>	<u>-</u>	<u>239,401</u>	<u>(213,023)</u>	<u>-</u>	<u>(213,023)</u>
Total governmental activities	6,922,636	816,778	522,147	(5,583,711)	-	(5,583,711)
Business type activities:						
Non-instructional programs:						
Food service operations	270,581	171,750	88,050	-	(10,781)	(10,781)
Total	<u>\$ 7,193,217</u>	<u>988,528</u>	<u>610,197</u>	<u>(5,583,711)</u>	<u>(10,781)</u>	<u>(5,594,492)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,991,770	-	1,991,770
Capital outlay				50,171	-	50,171
Income surtax				148,784	-	148,784
Statewide sales, services and use tax				513,112	-	513,112
Unrestricted state grants				3,146,694	-	3,146,694
Unrestricted investment earnings				10,448	1	10,449
Other				77,258	501	77,759
Total general revenues				<u>5,938,237</u>	<u>502</u>	<u>5,938,739</u>
Changes in net position				354,526	(10,279)	344,247
Net position beginning of year				<u>8,012,159</u>	<u>5,578</u>	<u>8,017,737</u>
Net position end of year				<u>\$ 8,366,685</u>	<u>(4,701)</u>	<u>8,361,984</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 1,692,944	780,360	385,138	2,858,442
Receivables:				
Property tax:				
Delinquent	25,010	630	-	25,640
Succeeding year	1,831,291	52,625	90,000	1,973,916
Income surtax	151,747	-	-	151,747
Interfund	26,083	-	-	26,083
Accounts	3,074	-	-	3,074
Due from other governments	285,781	81,056	-	366,837
Total Assets	\$ 4,015,930	914,671	475,138	5,405,739
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Interfund payable	\$ -	-	93	93
Accounts payable	178,811	1,063	19,332	199,206
Salaries and benefits payable	598,946	-	-	598,946
Due to other governments	18,468	-	-	18,468
Total liabilities	796,225	1,063	19,425	816,713
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,831,291	52,625	90,000	1,973,916
Income surtax	151,747	-	-	151,747
Total deferred inflows of resources	1,983,038	52,625	90,000	2,125,663
Fund balances:				
Restricted for:				
Categorical funding	303,766	-	-	303,766
Management levy purposes	-	-	149,714	149,714
Student activities	-	-	216,115	216,115
School infrastructure	-	685,219	-	685,219
Physical plant and equipment	-	175,764	-	175,764
Unassigned:				
General fund	932,901	-	-	932,901
Student activities	-	-	(116)	(116)
Total fund balances	1,236,667	860,983	365,713	2,463,363
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 4,015,930	914,671	475,138	5,405,739

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances of governmental funds(page 20)	\$	2,463,363
 <i>Amounts reported for governmental activities in the Statement of Net Position is different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,284,914
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		151,747
Long-term liabilities, including bonds payable, termination benefits payable and other post-employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(533,339)</u>
Net position of governmental activities(page 18)	\$	<u><u>8,366,685</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,145,833	50,171	-	2,196,004
Tuition	465,521	-	-	465,521
Other	121,141	2,289	315,533	438,963
State sources	3,476,309	513,112	-	3,989,421
Federal sources	192,532	-	-	192,532
Total revenues	<u>6,401,336</u>	<u>565,572</u>	<u>315,533</u>	<u>7,282,441</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,724,263	-	264	2,724,527
Special	799,467	-	-	799,467
Other	682,072	-	264,953	947,025
	<u>4,205,802</u>	<u>-</u>	<u>265,217</u>	<u>4,471,019</u>
Support services:				
Student	206,680	-	-	206,680
Instructional staff	106,822	-	-	106,822
Administration	606,737	32,439	972	640,148
Operation and maintenance of plant	508,832	16,756	91,034	616,622
Transportation	283,373	104,683	11,040	399,096
	<u>1,712,444</u>	<u>153,878</u>	<u>103,046</u>	<u>1,969,368</u>
Capital outlay	-	36,932	-	36,932
Long-term debt:				
Principal	-	-	191,413	191,413
Interest and fiscal charges	-	-	18,936	18,936
	<u>-</u>	<u>-</u>	<u>210,349</u>	<u>210,349</u>
Other expenditures:				
AEA flowthrough	239,401	-	-	239,401
Total expenditures	<u>6,157,647</u>	<u>190,810</u>	<u>578,612</u>	<u>6,927,069</u>
Excess(Deficiency) of revenues over(under) expenditures	<u>243,689</u>	<u>374,762</u>	<u>(263,079)</u>	<u>355,372</u>
Other financing sources(uses):				
Transfer in	-	-	210,349	210,349
Transfer out	-	(210,349)	-	(210,349)
Proceeds from the sale of property	805	-	-	805
Total other financing sources(uses)	<u>805</u>	<u>(210,349)</u>	<u>210,349</u>	<u>805</u>
Change in fund balances	244,494	164,413	(52,730)	356,177
Fund balances beginning of year	<u>992,173</u>	<u>696,570</u>	<u>418,443</u>	<u>2,107,186</u>
Fund balances end of year	<u>\$ 1,236,667</u>	<u>860,983</u>	<u>365,713</u>	<u>2,463,363</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds(page 22) \$ 356,177

*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 reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts for capital outlay and depreciation expense in the current year are as follows:

Capital outlay	\$ 159,255	
Depreciation expense	(308,202)	(148,947)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows: 191,413

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (5,279)

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

Termination benefits	(29,328)	
Other postemployment benefits	(9,510)	(38,838)

Changes in net position of governmental activities(page 19) \$ 354,526

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,069
Inventories	16,904
Total current assets	17,973
Noncurrent assets:	
Capital assets, net of accumulated depreciation	11,111
Total Assets	29,084
Liabilities	
Current liabilities:	
Interfund payable	25,990
Unearned revenue	6,278
Total current liabilities	32,268
Noncurrent liabilities	
Net OPEB liability	1,517
Total Liabilities	33,785
Net Position	
Net investment in capital assets	11,111
Unrestricted	(15,812)
Total Net Position	\$ (4,701)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 171,750
Miscellaneous	501
Total operating revenues	172,251
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	100,399
Benefits	22,045
Supplies	145,106
Depreciation	3,031
Total operating expenses	270,581
Operating loss	(98,330)
Non-operating revenues:	
State sources	2,368
Federal sources	85,682
Interest income	1
Total non-operating revenues	88,051
Change in net position	(10,279)
Net position beginning of year	5,578
Net position end of year	\$ (4,701)

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from charges for services	\$ 170,445
Cash received from miscellaneous operating activities	501
Cash payments to employees for services	(122,276)
Cash payments to suppliers for goods or services	(132,849)
Net cash used in operating activities	(84,179)
Cash flows from non-capital financing activities:	
Borrowings from the General Fund	(4,130)
State grants received	2,368
Federal grants received	72,691
Net cash provided by non-capital financing activities	70,929
Cash flows from investing activities:	
Interest on investment	1
Net decrease in cash and cash equivalents	(13,249)
Cash and cash equivalents at beginning of year	14,318
Cash and cash equivalents at end of year	\$ 1,069
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (98,330)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	12,991
Depreciation	3,031
Increase in inventories	(691)
Decrease in accounts payable	(43)
Decrease in unearned revenues	(1,305)
Increase in other postemployment benefits	168
Net cash used in operating activities	\$ (84,179)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received \$12,991 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	\$ 100,750
Liabilities	<u>-</u>
Net Position	
Restricted for scholarships	<u>\$ 100,750</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest income	\$ 2,152
Other	250
Total additions	<u>2,402</u>
Deductions:	
Scholarships awarded	<u>2,916</u>
Change in net position	(514)
Net position beginning of year	<u>101,264</u>
Net position end of year	<u><u>\$ 100,750</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) **Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three 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 do not meet the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The District reports the following proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available

when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

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

D. Assets, Liabilities, 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 except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

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

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

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

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

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

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

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.

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits 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.

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$10,303 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nutrition	\$ 25,990
General	Student Activity	93
Total		<u>\$ 26,083</u>

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

The Student Activity Fund is repaying the General Fund for P-Card expenses.

(4) Interfund Transfers

The detail of interfund 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>\$ 210,349</u>

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

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 124,264	-	-	124,264
Less accumulated depreciation	110,122	3,031	-	113,153
Business Type activities capital assets, net	<u>\$ 14,142</u>	<u>(3,031)</u>	-	<u>11,111</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 208,204	-	-	208,204
Capital assets being depreciated:				
Buildings	8,548,559	1,485	-	8,550,044
Land improvements	1,024,105	1,064	-	1,025,169
Furniture and equipment	1,666,279	156,706	34,615	1,788,370
Total capital assets being depreciated	11,238,943	159,255	34,615	11,363,583
Less accumulated depreciation for:				
Buildings	3,167,345	158,937	-	3,326,282
Land improvements	640,936	35,150	-	676,086
Furniture and equipment	1,205,005	114,115	34,615	1,284,505
Total accumulated depreciation	5,013,286	308,202	34,615	5,286,873
Total capital assets being depreciated, net	6,225,657	(148,947)	-	6,076,710
Governmental activities capital assets, net	\$ 6,433,861	(148,947)	-	6,284,914

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 7,529
Other		10,831
Support services:		
Student		1,084
Instructional staff		14,003
Administration		10,104
Operation and maintenance of plant		16,434
Transportation		54,130
		114,115
Unallocated depreciation		194,087
Total governmental activities depreciation expense		\$ 308,202
Business type activities:		
Food service operations		\$ 3,031

(6) 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:					
Revenue bonds	\$ 600,000	-	191,413	408,587	100,000
Termination benefits	9,263	30,450	1,122	38,591	8,458
Net OPEB liability	76,651	9,510	-	86,161	-
Total	<u>\$ 685,914</u>	<u>39,960</u>	<u>192,535</u>	<u>533,339</u>	<u>108,458</u>
Business type activities:					
Net OPEB liability	\$ 1,349	168	-	1,517	-

Revenue Bonds Payable

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,000,000 of bonds issued during the year ended June 30, 2012. The bonds are through the First Trust & Savings Bank and require a 4.00% annual interest rate on the outstanding principal. The bonds require a minimum annual principal payment of \$100,000 with the entire unpaid balance due at maturity on July 1, 2017. There are no reserve fund or sinking fund requirements. During the year ended June 30, 2014, the District paid \$191,413 of principal and \$18,936 of interest on the issue.

Termination Benefits

The District offered a voluntary termination benefit (previously referred to as early retirement) plan to its certified employees in fiscal 2010 and 2014. Eligible employees must have been at least age fifty-nine and have ten years or more of continuous service as a licensed full-time employee of the District. Eligible employees were required to submit an application to the Superintendent by March 31st of the year the employee wished to retire. The applications were then submitted to the Board of Directors of the District for approval. The cost of termination benefit payments expected to be liquidated currently are recorded as a liability of the government-wide financial statements representing the District's commitment to fund non-current termination benefits of \$38,591. The District accrued \$30,450 in termination benefits payable and paid out \$1,122 in termination benefits during the year ended June 30, 2014.

(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 contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$348,114, \$322,524 and \$297,604, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

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

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

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

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

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

Annual required contribution	\$ 36,000
Interest on net OPEB obligation	3,510
Adjustment to annual required contribution	(2,832)
Annual OPEB cost	<u>36,678</u>
Contributions made	<u>(27,000)</u>
Increase in net OPEB obligation	9,678
Net OPEB obligation - beginning of year	<u>78,000</u>
Net OPEB obligation - end of year	<u>\$ 87,678</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014 the District contributed \$27,000 to the medical plan. Plan members eligible for benefits contributed \$33,000 or 55% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	41,315	55.67%	66,884
2013	37,116	70.05%	78,000
2014	36,678	73.61%	87,678

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 \$606,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$606,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,123,844, and the ratio of the UAAL to the covered payroll was 19.4%. 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 events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan presented as Required Supplementary Information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

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

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

(9) Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2014 were \$261,634.

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

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$239,401 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.

(11) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
Limited English Proficient	\$ 3,552
Gifted and Talented Programs	45,010
Returning Dropouts and Dropout Prevention Programs	33,220
Teacher Salary Supplement	28,469
Statewide Voluntary Preschool	109,240
Professional Development for Model Core Curriculum	46,001
Professional Development for Educator Quality	20,696
Professional Development	1,774
Innovative at Risk	1,067
Successful Progression for Early Readers	7,692
Teacher Leadership Grants	7,045
Total	\$ 303,766

(12) Deficit Net Position

At June 30, 2014, the District Nutrition Fund had a deficit unrestricted net position of \$15,812 and a total deficit net position of \$4,701. The Student Activity Fund had two accounts with a total deficit balance of \$116.

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

	Invested in Capital Assets	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	149,714	932,901
Invested in capital assets, net of accumulated depreciation	6,284,914	-	-
Revenue bond capitalized indebtedness	(408,587)	-	-
Income Surtax	-	-	151,747
Termination benefits	-	(38,591)	-
Net OPEB liability	-	-	(86,161)
Net position (Exhibit A)	\$ 5,876,327	111,123	998,487

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of 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 SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,100,488	172,252	3,272,740	3,597,777	3,597,777	(325,037)
State sources	3,989,421	2,368	3,991,789	3,494,288	3,494,288	497,501
Federal sources	192,532	85,682	278,214	303,261	303,261	(25,047)
Total revenues	<u>7,282,441</u>	<u>260,302</u>	<u>7,542,743</u>	<u>7,395,326</u>	<u>7,395,326</u>	<u>147,417</u>
Expenditures/Expenses:						
Instruction	4,471,019	-	4,471,019	4,659,500	4,659,500	188,481
Support services	1,969,368	-	1,969,368	2,126,700	2,126,700	157,332
Non-instructional programs	-	270,581	270,581	300,000	300,000	29,419
Other expenditures	486,682	-	486,682	677,609	677,609	190,927
Total expenditures/expenses	<u>6,927,069</u>	<u>270,581</u>	<u>7,197,650</u>	<u>7,763,809</u>	<u>7,763,809</u>	<u>566,159</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	355,372	(10,279)	345,093	(368,483)	(368,483)	713,576
Other financing sources, net	<u>805</u>	<u>-</u>	<u>805</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	356,177	(10,279)	345,898	(368,483)	(368,483)	713,576
Balances beginning of year	<u>2,107,186</u>	<u>5,578</u>	<u>2,112,764</u>	<u>2,123,693</u>	<u>2,123,693</u>	<u>(10,929)</u>
Balances end of year	<u>\$ 2,463,363</u>	<u>(4,701)</u>	<u>2,458,662</u>	<u>1,755,210</u>	<u>1,755,210</u>	<u>702,647</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Acturial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 649	649	0.0%	\$ 3,058	21.2%
2011	July 1, 2009	-	649	649	0.0%	2,640	24.6%
2012	July 1, 2009	-	649	649	0.0%	2,964	21.9%
2013	July 1, 2012	-	606	606	0.0%	3,040	19.9%
2014	July 1, 2012	-	606	606	0.0%	3,124	19.4%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

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

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 149,714	235,424	385,138
Receivables:			
Property tax:			
Succeeding year	90,000	-	90,000
Total Assets	\$ 239,714	235,424	475,138
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Interfund payable	\$ -	93	93
Accounts payable	-	19,332	19,332
Total liabilities	-	19,425	19,425
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	90,000	-	90,000
Fund Balances:			
Restricted for:			
Management levy purposes	149,714	-	149,714
Student activities	-	216,115	216,115
Unassigned	-	(116)	(116)
Total fund balances	149,714	215,999	365,713
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 239,714	235,424	475,138

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total
Revenues:					
Local sources:					
Other	\$ 4,666	310,867	315,533	-	315,533
Expenditures:					
Current:					
Instruction:					
Regular	264	-	264	-	264
Other	-	264,953	264,953	-	264,953
Support services:					
Administration	972	-	972	-	972
Operation and maintenance of plant	91,034	-	91,034	-	91,034
Transportation	11,040	-	11,040	-	11,040
Long-term debt:					
Principal	-	-	-	191,413	191,413
Interest and fiscal charges	-	-	-	18,936	18,936
Total expenditures	103,310	264,953	368,263	210,349	578,612
Excess(Deficiency) of revenues over(under) expenditures	(98,644)	45,914	(52,730)	(210,349)	(263,079)
Other financing sources:					
Transfer in	-	-	-	210,349	210,349
Change in fund balances	(98,644)	45,914	(52,730)	-	(52,730)
Fund balances beginning of year	248,358	170,085	418,443	-	418,443
Fund balances end of year	\$ 149,714	215,999	365,713	-	365,713

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 604,163	176,197	780,360
Receivables:			
Property tax:			
Delinquent	-	630	630
Succeeding year	-	52,625	52,625
Due from other governments	81,056	-	81,056
Total Assets	\$ 685,219	229,452	914,671
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	1,063	1,063
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	52,625	52,625
Fund Balances:			
Restricted for:			
School infrastructure	685,219	-	685,219
Physical plant and equipment	-	175,764	175,764
Total fund balances	685,219	175,764	860,983
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 685,219	229,452	914,671

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	50,171	50,171
Other	1,466	823	2,289
State sources	513,112	-	513,112
Total revenues	<u>514,578</u>	<u>50,994</u>	<u>565,572</u>
Expenditures:			
Support services:			
Administration	32,439	-	32,439
Operation and maintenance of plant	8,839	7,917	16,756
Transportation	104,683	-	104,683
Other expenditures:			
Facilities acquisition	2,375	34,557	36,932
Total expenditures	<u>148,336</u>	<u>42,474</u>	<u>190,810</u>
Excess of revenues over expenditures	<u>366,242</u>	<u>8,520</u>	<u>374,762</u>
Other financing uses:			
Operating transfers out	<u>(210,349)</u>	-	<u>(210,349)</u>
Change in fund balances	155,893	8,520	164,413
Fund balances beginning of year	<u>529,326</u>	<u>167,244</u>	<u>696,570</u>
Fund balances end of year	<u>\$ 685,219</u>	<u>175,764</u>	<u>860,983</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Yearbook	\$ 13,095	9,676	6,169	129	16,731
Fine arts	201	6,658	4,937	(1,437)	485
Cat shop	2,503	5,952	6,249	129	2,335
Show Choir	-	665	3,203	6,150	3,612
High School choir	1,633	20,437	9,900	(7,843)	4,327
Band	2,310	23,845	30,889	4,734	-
Color guard	32	-	-	(20)	12
Boys and girls track	-	4,173	7,423	3,250	-
Golf	-	1,358	1,934	536	(40)
Athletics	26,191	8,598	10,127	(1,613)	23,049
Boys basketball	17,041	31,126	27,919	30	20,278
Football	23,322	30,161	21,057	(203)	32,223
Baseball	3,233	20,126	15,778	(209)	7,372
Wrestling	10,954	36,995	27,522	(144)	20,283
Girls basketball	32	-	50	18	-
Volleyball	2,207	4,377	2,498	94	4,180
Softball	6,188	19,476	14,408	57	11,313
Drill team	1,949	11,536	7,261	(29)	6,195
Cheerleaders	1,339	8,574	8,773	283	1,423
PEP Club	-	524	312	130	342
Weight room	6,012	8,000	10,104	129	4,037
Class of 2012	585	622	555	(585)	67
Class of 2013	3,025	-	-	-	3,025
Class of 2014	3,000	-	758	-	2,242
Class of 2015	78	15,102	11,547	129	3,762
Miscellaneous resale	-	1,130	1,130	-	-
National honor society	1,832	1,877	1,349	-	2,360
Student council	502	1,367	798	129	1,200
Renaissance	3,280	-	430	-	2,850
Reserve account	7,201	-	-	1,689	8,890
Interest	-	3,237	-	(3,237)	-
Middle school activity	7,621	5,956	8,630	129	5,076
Industrial Arts Resale	-	925	393	129	661
Concessions	20,265	28,394	22,649	(4,740)	21,270
Suspense	-	-	76	-	(76)
Fundraisers	4,454	-	125	2,186	6,515
Total	\$ 170,085	310,867	264,953	-	215,999

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 2,196,004	2,681,209	2,595,866	2,559,226	2,433,726	2,368,304	2,300,132	2,187,089	1,984,174	1,963,383
Tuition	465,521	274,764	302,898	359,875	351,156	270,513	324,527	231,250	293,308	271,566
Other	438,963	502,545	472,819	483,945	413,681	417,667	472,883	539,798	449,128	393,048
State sources	3,989,421	3,367,743	3,309,462	3,089,575	2,582,244	3,091,406	3,157,963	2,760,912	2,757,304	2,628,864
Federal sources	192,532	155,969	163,117	349,662	466,050	203,575	134,105	134,510	198,690	150,870
Total	\$ 7,282,441	6,982,230	6,844,162	6,842,283	6,246,857	6,351,465	6,389,610	5,853,559	5,682,604	5,407,731
Expenditures:										
Instruction:										
Regular	\$ 2,724,527	2,615,649	2,564,613	2,500,905	2,655,654	2,802,025	2,889,640	2,646,504	2,363,040	2,111,127
Special	799,467	699,830	769,929	536,863	550,836	626,030	610,468	485,550	583,421	635,044
Other	947,025	999,889	943,260	870,427	778,329	360,405	388,271	445,464	379,421	401,815
Support services:										
Student	206,680	196,868	153,900	133,946	98,593	182,321	175,246	151,574	145,745	141,388
Instructional staff	106,822	102,036	91,923	67,046	77,127	74,557	74,968	83,174	72,562	68,508
Administration	640,148	582,974	588,879	546,415	613,734	667,293	649,883	589,661	509,217	499,501
Operation and maintenance of plant	616,622	590,765	616,818	462,932	537,858	448,908	518,160	535,530	550,229	499,483
Transportation	399,096	291,838	398,958	288,094	316,136	246,459	261,823	209,210	259,496	223,872
Non-instructional programs	-	-	-	967	16,159	-	-	-	-	-
Capital outlay	36,932	196,282	898,709	957,438	239,313	294,000	461,136	674,468	264,775	343,110
Long-term debt:										
Principal	191,413	200,000	220,000	20,000	20,000	255,000	245,000	240,000	240,000	235,000
Interest and fiscal charges	18,936	27,244	30,970	-	-	58,006	78,053	52,659	21,040	25,152
Other expenditures:										
AEA flow-through	239,401	229,549	216,500	235,704	232,029	212,060	213,923	187,063	172,135	180,772
Total	\$ 6,927,069	6,732,924	7,494,459	6,620,737	6,135,768	6,227,064	6,566,571	6,300,857	5,561,081	5,364,772

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 Woodbury Central Community School District:

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

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodbury Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could 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.

Woodbury Central Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 30, 2015
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.

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

Response - The District is preparing a segregation of duties plan and will implement as soon as feasible with current and possible additional office staff.

Conclusion - Response accepted.

I-B-14 Purchase Orders - During our audit we noted the District currently uses purchase orders in the purchasing process, however, the Student Activity Fund had instances of invoices without purchase orders, purchase orders dated after the invoice, and purchases orders without a date on it.

Recommendation - The advantage of using a purchase order system is that approvals of the items being purchased are noted prior to ordering 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 make sure all invoices have purchase orders and are timely.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - District expenditures for the year ended June 30, 2014 did not exceed the certified budgeted amounts in any of the functional areas.

II-B-14 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

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

II-D-14 Business Transactions - No business transactions between the District and District officials or employees were noted.

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.

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

II-H-14 Supplementary Weighting - No variances in the supplementary weighting 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 used to supplant rather than supplement other funds.

II-L-14 Financial Condition - We noted during our audit the Enterprise: School Nutrition Fund has a deficit unrestricted net position balance of \$15,812 and a total deficit net position of \$4,701. We also noted the Special Revenue: Student Activity Fund had two negative account balances totaling \$116 as of June 30, 2014.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits. In addition, the District should create a workout plan to address these deficit account balances.

Response - The District will make changes to the lunch program to increase the fund balance. The District is limited by Federal regulations in the Healthy & Hunger free Kids Act. The District will correct all Student Activity revenue entries before the end of the fiscal year annually.

Conclusion - Response accepted.

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

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

Beginning Balance		\$	529,326
Revenues/transfers in:			
Sales tax revenues	\$	513,112	
Other		1,466	
		<u> </u>	<u>514,578</u>
			1,043,904
Expenditures/transfers out:			
School infrastructure construction		2,375	
Equipment		145,961	
Transfers to other funds:			
Debt service fund		210,349	
		<u> </u>	<u>358,685</u>
Ending Balance			<u><u>\$ 685,219</u></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 Code of Iowa.

II-N-14 Inactive Accounts - We noted during our audit the Student Activity Fund has two old graduated class accounts, 2012 and 2013, with balances still on the District's books as of June 30, 2014.

Recommendation - At year end, class officers of the graduating class should decide what happens with unused class funds. The remaining moneys in the graduating class account should be reclassified according to the class wishes. Unused funds are to remain in the Student Activity Fund and should be redistributed amongst other Student Activity Fund accounts or used for startup funds for the next incoming class. Since the District is unable to determine what the wishes were for previous classes, the remaining moneys in the Class of 2012 and Class of 2013 accounts should be reallocated amongst the other Student Activity Fund accounts based on recommendations made by the Activities Director and approved by the District's Board of Directors.

Response - The District will annually reclassify inactive accounts before the end of the fiscal year.

Conclusion - Response accepted.