

WOODBINE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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**Woodbine Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Beth Fouts	President	2015
Amy Sherer	Vice President	2015
Shawn Cogdill	Board Member	2015
Darin Smith	Board Member	2017
Michael Jensen	Board Member	2017
<b>School Officials</b>		
Chuck Scott	Superintendent (resigned November 2014)	2015
Justin Wagner	Superintendent (appointed November 2014)	2015
Kelli Gray	District Secretary/ Treasurer	2015
Rick Franck	Attorney	2015

**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  
Woodbine Community School District:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District, Woodbine, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Woodbine Community School District as of June 30, 2015, 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.

## **Emphasis of Matter**

As discussed in Note 13 to the financial statements, Woodbine Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodbine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 13, 2016 on our consideration of Woodbine Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



NOLTE, CORNMAN & JOHNSON, P.C.

April 13, 2016  
Newton, Iowa

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Woodbine Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2015 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$5,003,379 in fiscal year 2014 to \$4,924,536 in fiscal year 2015, while General Fund expenditures increased from \$4,976,163 in fiscal year 2014 to \$5,021,464 in fiscal year 2015. This resulted in a decrease in the District's General Fund balance from \$674,012 at June 30, 2014 to \$577,084 at June 30, 2015, which represents a 14.38% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in local tax revenues in fiscal year 2015 as compared to the prior year. The increase in expenditures was due primarily to increases in expenditures incurred in the instruction functional area as compared to the prior year.

### **USING THIS ANNUAL REPORT**

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

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

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

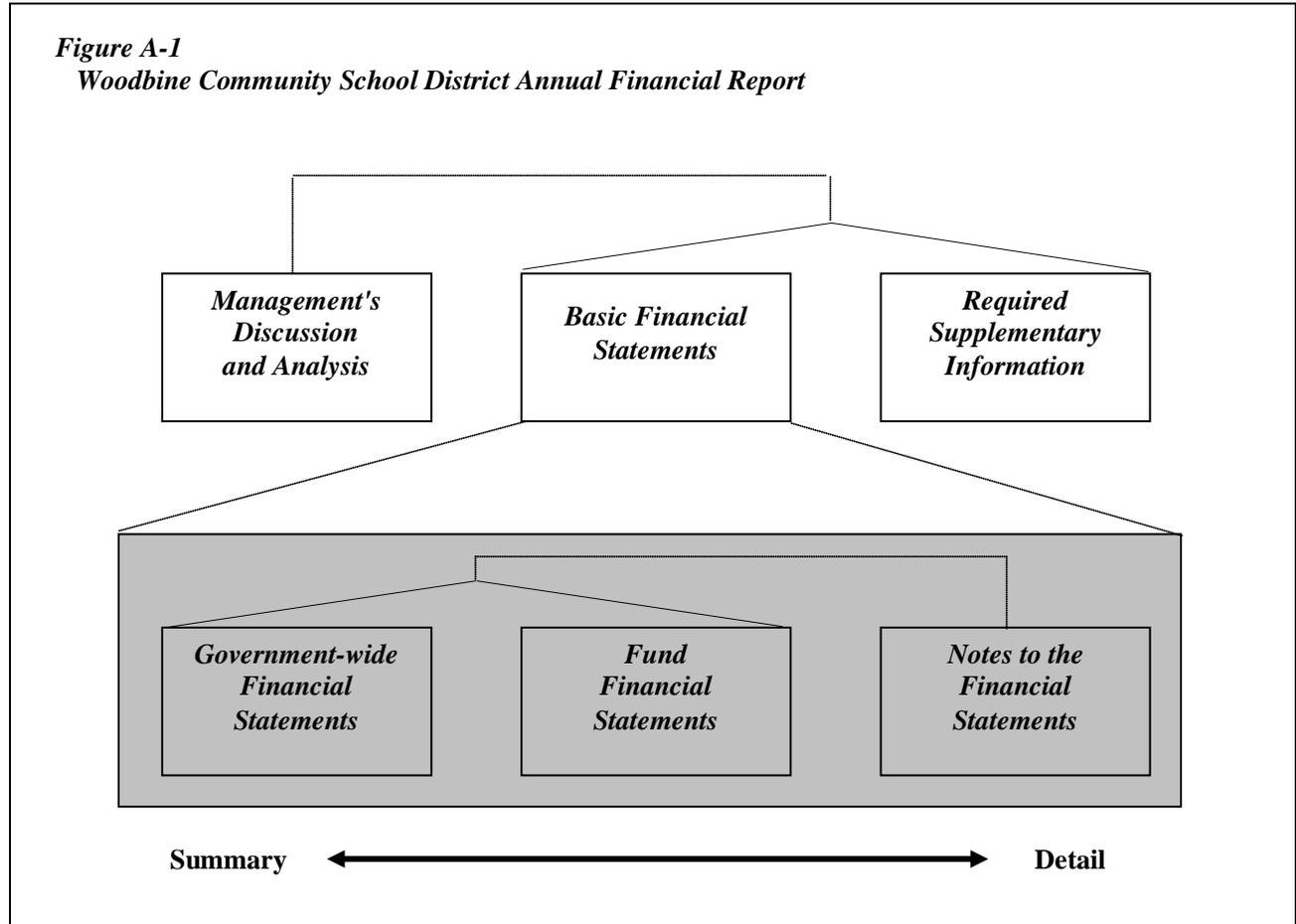
The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Woodbine Community School District's operations in more detail than the government-wide statements by providing information about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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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



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

<b>Figure A-2</b> <b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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 deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

*Figure A-3* below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	June 30, 2014		June 30, 2014		June 30, 2015	June 30, 2014	2014-15
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	2014-15
Current and other assets	\$ 5,337,956	4,832,355	37,552	48,413	5,375,508	4,880,768	10.14%
Capital assets	6,772,696	6,164,522	42,481	48,079	6,815,177	6,212,601	9.70%
Total assets	12,110,652	10,996,877	80,033	96,492	12,190,685	11,093,369	9.89%
Deferred outflows of resources	442,337	-	22,410	-	464,747	-	100.00%
Long-term liabilities	4,209,819	2,481,332	95,459	11,729	4,305,278	2,493,061	72.69%
Other liabilities	1,103,580	530,084	1,824	2,200	1,105,404	532,284	107.67%
Total liabilities	5,313,399	3,011,416	97,283	13,929	5,410,682	3,025,345	78.85%
Deferred inflows of resources	2,975,880	2,244,879	30,922	-	3,006,802	2,244,879	33.94%
Net position:							
Net investment in capital assets	5,252,696	4,404,522	42,481	48,079	5,295,177	4,452,601	18.92%
Restricted	1,196,681	1,208,409	-	-	1,196,681	1,208,409	-0.97%
Unrestricted	(2,185,667)	127,651	(68,243)	34,484	(2,253,910)	162,135	-1490.14%
Total net position	\$ 4,263,710	5,740,582	(25,762)	82,563	4,237,948	5,823,145	-27.22%

The District's total net position decreased 27.22%, or \$1,585,197 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased 0.97% or \$11,728 compared to the prior year. This decrease in restricted net position can be partially attributed to the decrease in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately 1,490.14% or \$2,416,045. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$2,077,933 and \$96,774, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

**Figure A-4** shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Figure A-4						
	Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 368,929	375,978	224,681	195,812	593,610	571,790	3.82%
Operating grants, contributions and restricted interest	496,200	471,839	119,594	125,294	615,794	597,133	3.13%
Capital grants, contributions and restricted interest	205,000	7,000	-	-	205,000	7,000	2828.57%
General revenues:							
Property tax	2,258,633	2,354,600	-	-	2,258,633	2,354,600	-4.08%
Income surtax	350,966	336,575	-	-	350,966	336,575	4.28%
Statewide sales, services and use tax	414,174	379,772	-	-	414,174	379,772	9.06%
Unrestricted state grants	2,290,911	2,217,555	-	-	2,290,911	2,217,555	3.31%
Unrestricted investment earnings	5,146	5,813	10	11	5,156	5,824	-11.47%
Other	38,310	33,840	5,040	4,725	43,350	38,565	12.41%
Total revenues	6,428,269	6,182,972	349,325	325,842	6,777,594	6,508,814	4.13%
Program expenses:							
Instruction	3,901,535	3,989,175	-	-	3,901,535	3,989,175	-2.20%
Support services	1,536,174	1,623,598	-	-	1,536,174	1,623,598	-5.38%
Non-instructional programs	-	-	364,626	357,034	364,626	357,034	2.13%
Other expenses	385,749	374,920	-	-	385,749	374,920	2.89%
Total expenses	5,823,458	5,987,693	364,626	357,034	6,188,084	6,344,727	-2.47%
Excess(Deficiency) of revenues over(under) expenses	604,811	195,279	(15,301)	(31,192)	589,510	164,087	259.27%
Transfers	(3,750)	-	3,750	-	-	-	0.00%
Change in net position	601,061	195,279	(11,551)	(31,192)	589,510	164,087	259.27%
Net position beginning of year, as restated	3,662,649	5,545,303	(14,211)	113,755	3,648,438	5,659,058	-35.53%
Net position end of year	\$ 4,263,710	5,740,582	(25,762)	82,563	4,237,948	5,823,145	-27.22%

In fiscal year 2015, property tax, income surtax, statewide sales and services tax and unrestricted state grants account for 82.68% of the revenue from governmental activities while charges for service and operating grants and contributions account for 98.55% of the revenue from business type activities.

The District's total revenues were approximately \$6.78 million of which approximately \$6.43 million was for governmental activities and approximately \$0.35 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 4.13% in revenues and a 2.47% decrease in expenses. The increase in revenues was primarily related to an increase in capital grants, contributions and restricted interest received by the District during the year while the decrease in expenses was primarily due to decreased spending in the instruction and support services functional areas.

### Governmental Activities

Revenues for governmental activities were \$6,428,269 and expenses totaled \$5,823,458 for the year ended June 30, 2015.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 3,901,535	3,989,175	-2.20%	3,243,942	3,351,995	-3.22%
Support services	1,536,174	1,623,598	-5.38%	1,300,825	1,572,141	-17.26%
Other expenses	385,749	374,920	2.89%	208,562	208,740	-0.09%
Totals	\$ 5,823,458	5,987,693	-2.74%	4,753,329	5,132,876	-7.39%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$368,929.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$701,200.
- The net cost of governmental activities was financed with \$2,258,633 in property tax, \$350,966 in income surtax, \$414,174 in statewide sales, services and use tax, \$2,290,911 in unrestricted state grants, \$5,146 in interest income and \$38,310 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2015 were \$349,325 and expenses totaled \$364,626. The District's business type activities include the School Nutrition Fund and Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income, and other general revenues.

### INDIVIDUAL FUND ANALYSIS

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

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The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,620,432, below last year's ending fund balances of \$1,764,506. The primary reason for the decrease in combined fund balance was the decrease in the fund balance in the Capital Projects Fund.

### **Governmental Fund Highlights**

- The District's General Fund balance decreased from a balance of \$674,012 at June 30, 2014 to a balance of \$577,084 at June 30, 2015. The decrease in the District's General Fund financial position is the product of many factors. Total revenues decreased primarily due to a decrease in local tax revenues received as compared to the prior year, and total expenditures increased primarily due to increased instruction expenditures incurred. Total expenditures exceeded total revenues ensuring a decrease in ending fund balance.
- The Capital Projects Fund balance decreased from \$986,901 at June 30, 2014 to \$881,016 at June 30, 2015. This represents a decrease in fund balance of 10.73 percent. Revenues and expenditures both increased compared to the prior year.

### **Proprietary Fund Highlights**

The School Nutrition Fund net position decreased from a restated \$30,179 at July 1, 2014 to \$15,449 at June 30, 2015, representing a decrease of 48.81%. The primary reason for this decrease in net position is due to increased salaries expenditures incurred for the School Nutrition program as compared to prior years.

The Day Care Fund net position increased from a restated deficit \$44,390 at July 1, 2014 to a deficit \$41,211 at June 30, 2015, representing an increase of 7.16%. The primary reason for the increase in ending net position is due to an increase in charges for service revenue received as compared to the prior year.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Woodbine Community School District amended its budget one time to reflect additional expenditures associated with the track project.

The District's revenues were \$19,475 less than budgeted revenues, a variance of less than one percent. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

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

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2015, the District had invested \$6,815,177, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$214,888.

The original cost of the District's capital assets was \$10,311,612. Governmental funds account for \$10,180,378, with the remainder of \$131,234 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The amount reported for the District's construction in progress at June 30, 2015 was \$682,501 compared to \$0 at June 30, 2014. The increase was due to work on the District's track project that was ongoing at year end.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 48,655	48,655	-	-	48,655	48,655	0.00%
Construction in progress	682,501	-	-	-	682,501	-	100.00%
Buildings	5,685,215	5,826,626	-	-	5,685,215	5,826,626	-2.43%
Land improvements	248,470	163,687	-	-	248,470	163,687	51.80%
Machinery and equipment	107,855	125,554	42,481	48,079	150,336	173,633	-13.42%
<b>Total</b>	<b>\$ 6,772,696</b>	<b>6,164,522</b>	<b>42,481</b>	<b>48,079</b>	<b>6,815,177</b>	<b>6,212,601</b>	<b>9.70%</b>

### Long-Term Debt

At June 30, 2015, the District had \$4,305,278 in general obligation and other long-term debt outstanding. This represents an increase of 72.69% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

At June 30, 2015, the District had total outstanding general obligation bond indebtedness of \$1,520,000, payable from the Debt Service Fund.

At June 30, 2015, the District had a compensated absences liability of \$64,650, payable from the General Fund.

At June 30, 2015, the District had net pension liability of \$1,822,085. \$1,741,003 of this total is attributable to the District's governmental activities while the remaining \$14,377 is attributed to the District's business type activities.

At June 30, 2015, the District had net OPEB liability of \$898,543. \$884,166 of this total is attributable to the District's governmental activities while the remaining \$14,377 is attributed to the District's business type activities.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
General obligation bonds	\$ 1,520,000	1,760,000	-	-	1,520,000	1,760,000	-13.64%
Compensated absences	64,650	-	-	-	64,650	-	100.00%
Net pension liability	1,741,003	-	81,082	-	1,822,085	-	100.00%
Net OPEB liability	884,166	721,332	14,377	11,729	898,543	733,061	22.57%
<b>Totals</b>	<b>\$ 4,209,819</b>	<b>2,481,332</b>	<b>95,459</b>	<b>11,729</b>	<b>4,305,278</b>	<b>2,493,061</b>	<b>72.69%</b>

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## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The State of Iowa has set the supplemental state aid for fiscal year 2016 at 1.25%, but has not set the supplemental state aid for fiscal year 2017 and beyond. The District's inability to predict future revenues will continue to have a significant impact on future budget decisions.
- Students open enrolling out compared to open enrolling in has impacted on the District's financial condition. The District currently has more students open enrolled out than are open enrolling in.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

BASIC FINANCIAL STATEMENTS

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
<b>ASSET</b>			
Cash and pooled investments	\$ 2,357,912	27,384	2,385,296
Receivables:			
Property tax:			
Delinquent	26,000	-	26,000
Succeeding year	2,311,911	-	2,311,911
Income surtax	307,912	-	307,912
Accounts	2,681	-	2,681
Due from other governments	331,540	-	331,540
Inventories	-	10,168	10,168
Capital assets, net of accumulated depreciation	6,772,696	42,481	6,815,177
<b>TOTAL ASSETS</b>	<b>12,110,652</b>	<b>80,033</b>	<b>12,190,685</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	442,337	22,410	464,747
<b>LIABILITIES</b>			
Accounts payable	634,980	109	635,089
Salaries and benefits payable	462,721	-	462,721
Accrued interest payable	5,879	-	5,879
Unearned revenue	-	1,715	1,715
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	245,000	-	245,000
Compensated absences payable	64,650	-	64,650
Portion due after one year:			
General obligation bonds payable	1,275,000	-	1,275,000
Net pension liability	1,741,003	81,082	1,822,085
Net OPEB liability	884,166	14,377	898,543
<b>TOTAL LIABILITIES</b>	<b>5,313,399</b>	<b>97,283</b>	<b>5,410,682</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	2,311,911	-	2,311,911
Pension related deferred inflows	663,969	30,922	694,891
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,975,880</b>	<b>30,922</b>	<b>3,006,802</b>
<b>NET POSITION</b>			
Net investment in capital assets	5,252,696	42,481	5,295,177
Restricted for:			
Categorical funding	157,002	-	157,002
Debt service	14,988	-	14,988
Management levy purposes	131,961	-	131,961
Student activities	11,714	-	11,714
School infrastructure	411,332	-	411,332
Physical plant and equipment	469,684	-	469,684
Unrestricted	(2,185,667)	(68,243)	(2,253,910)
<b>TOTAL NET POSITION</b>	<b>\$ 4,263,710</b>	<b>(25,762)</b>	<b>4,237,948</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular	\$ 2,504,751	87,323	48,529	-	(2,368,899)	-	(2,368,899)
Special	769,756	129,992	100,627	-	(539,137)	-	(539,137)
Other	627,028	121,265	169,857	-	(335,906)	-	(335,906)
	<u>3,901,535</u>	<u>338,580</u>	<u>319,013</u>	<u>-</u>	<u>(3,243,942)</u>	<u>-</u>	<u>(3,243,942)</u>
Support services:							
Student	181,333	30,349	-	-	(150,984)	-	(150,984)
Instructional staff	114,904	-	-	-	(114,904)	-	(114,904)
Administration	459,206	-	-	-	(459,206)	-	(459,206)
Operation and maintenance of plant	513,231	-	-	205,000	(308,231)	-	(308,231)
Transportation	267,500	-	-	-	(267,500)	-	(267,500)
	<u>1,536,174</u>	<u>30,349</u>	<u>-</u>	<u>205,000</u>	<u>(1,300,825)</u>	<u>-</u>	<u>(1,300,825)</u>
Long-term debt interest	38,575	-	-	-	(38,575)	-	(38,575)
Other expenses:							
AEA flowthrough	177,187	-	177,187	-	-	-	-
Depreciation(unallocated)*	169,987	-	-	-	(169,987)	-	(169,987)
	<u>347,174</u>	<u>-</u>	<u>177,187</u>	<u>-</u>	<u>(169,987)</u>	<u>-</u>	<u>(169,987)</u>
Total governmental activities	<u>5,823,458</u>	<u>368,929</u>	<u>496,200</u>	<u>205,000</u>	<u>(4,753,329)</u>	<u>-</u>	<u>(4,753,329)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	265,814	122,690	119,594	-	-	(23,530)	(23,530)
Other enterprise operations	98,812	101,991	-	-	-	3,179	3,179
Total business type activities	<u>364,626</u>	<u>224,681</u>	<u>119,594</u>	<u>-</u>	<u>-</u>	<u>(20,351)</u>	<u>(20,351)</u>
Total	<u>\$ 6,188,084</u>	<u>593,610</u>	<u>615,794</u>	<u>205,000</u>	<u>(4,753,329)</u>	<u>(20,351)</u>	<u>(4,773,680)</u>
<b>General Revenues and Transfers:</b>							
Property tax levied for:							
General purposes					\$ 1,825,080	-	1,825,080
Capital outlay					152,500	-	152,500
Debt service					281,053	-	281,053
Income surtax					350,966	-	350,966
Statewide sales, services and use tax					414,174	-	414,174
Unrestricted state grants					2,290,911	-	2,290,911
Unrestricted investment earnings					5,146	10	5,156
Other general revenues					38,310	5,040	43,350
Transfers					(3,750)	3,750	-
Total general revenues and transfers					<u>5,354,390</u>	<u>8,800</u>	<u>5,363,190</u>
Change in net position					601,061	(11,551)	589,510
Net position beginning of year, as restated					<u>3,662,649</u>	<u>(14,211)</u>	<u>3,648,438</u>
Net position end of year					<u>\$ 4,263,710</u>	<u>(25,762)</u>	<u>4,237,948</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 841,556	1,359,582	156,774	2,357,912
Receivables:				
Property tax:				
Delinquent	18,747	1,848	5,405	26,000
Succeeding year	1,707,149	142,986	461,776	2,311,911
Income surtax	205,275	102,637	-	307,912
Accounts	2,426	102	153	2,681
Due from other governments	266,260	65,280	-	331,540
<b>TOTAL ASSETS</b>	<b>\$ 3,041,413</b>	<b>1,672,435</b>	<b>624,108</b>	<b>5,337,956</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 89,184	545,796	-	634,980
Salaries and benefits payable	462,721	-	-	462,721
Total liabilities	551,905	545,796	-	1,097,701
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,707,149	142,986	461,776	2,311,911
Income surtax	205,275	102,637	-	307,912
Total deferred inflows of resources	1,912,424	245,623	461,776	2,619,823
Fund balances:				
Restricted for:				
Categorical funding	157,002	-	-	157,002
Debt service	-	-	20,867	20,867
Management levy purposes	-	-	131,961	131,961
Student activities	-	-	11,714	11,714
School infrastructure	-	411,332	-	411,332
Physical plant and equipment	-	469,684	-	469,684
Unassigned:				
General	420,082	-	-	420,082
Student activities	-	-	(2,210)	(2,210)
Total fund balances	577,084	881,016	162,332	1,620,432
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,041,413</b>	<b>1,672,435</b>	<b>624,108</b>	<b>5,337,956</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2015

<b>Total fund balances of governmental funds (page 20)</b>	\$	1,620,432
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,772,696
Accounts receivable income surtax, are not yet available to finance expenditures of the current year and, therefore, are recognized as deferred inflows of resources in the governmental funds.		307,912
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(5,879)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:.		
Deferred outflows of resources	\$ 442,337	
Deferred inflows of resources	<u>(663,969)</u>	(221,632)
Long-term liabilities, including bonds payable, compensated absences payable, net pension liability and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(4,209,819)</u>
<b>Net position of governmental activities (page 18)</b>	<b>\$</b>	<b><u><u>4,263,710</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,876,431	267,487	457,094	2,601,012
Tuition	210,265	-	-	210,265
Other	70,328	217,382	139,009	426,719
State sources	2,548,229	414,174	-	2,962,403
Federal sources	219,283	-	-	219,283
Total revenues	<u>4,924,536</u>	<u>899,043</u>	<u>596,103</u>	<u>6,419,682</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,220,011	90,711	91,265	2,401,987
Special	750,232	-	-	750,232
Other	492,273	-	134,846	627,119
	<u>3,462,516</u>	<u>90,711</u>	<u>226,111</u>	<u>3,779,338</u>
Support services:				
Student	182,228	-	-	182,228
Instructional staff	111,069	-	-	111,069
Administration	457,891	4,804	-	462,695
Operation and maintenance of plant	420,412	38,520	26,022	484,954
Transportation	210,161	52,213	6,096	268,470
	<u>1,381,761</u>	<u>95,537</u>	<u>32,118</u>	<u>1,509,416</u>
Capital outlay	-	818,680	-	818,680
Long-term debt:				
Principal	-	-	240,000	240,000
Interest and fiscal charges	-	-	39,135	39,135
	<u>-</u>	<u>-</u>	<u>279,135</u>	<u>279,135</u>
Other expenditures:				
AEA flowthrough	177,187	-	-	177,187
Total expenditures	<u>5,021,464</u>	<u>1,004,928</u>	<u>537,364</u>	<u>6,563,756</u>
Change in fund balances	(96,928)	(105,885)	58,739	(144,074)
Fund balances beginning of year	<u>674,012</u>	<u>986,901</u>	<u>103,593</u>	<u>1,764,506</u>
Fund balances end of year	<u>\$ 577,084</u>	<u>881,016</u>	<u>162,332</u>	<u>1,620,432</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2015

**Change in fund balances - total governmental funds (page 22)** \$ (144,074)

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

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

Capital outlay	\$ 813,714	
Depreciation expense	<u>(205,540)</u>	608,174

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 560

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 240,000

Income surtax accounts receivable is not available to finance expenditures of the current year and is recognized as deferred inflows of resources in the governmental funds. 8,587

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 264,731

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

Other postemployment benefits	(162,834)	
Pension expense	(149,433)	
Compensated absences	<u>(64,650)</u>	<u>(376,917)</u>

**Change in net position of governmental activities (page 19)** \$ 601,061

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business Type Activities: Enterprise Funds		
	School Nutrition	Day Care	Total
<b>ASSETS</b>			
Current assets:			
Cash and pooled investments	\$ 18,394	8,990	27,384
Inventories	10,168	-	10,168
Total current assets	28,562	8,990	37,552
Noncurrent assets:			
Capital assets, net of accumulated depreciation	42,481	-	42,481
<b>TOTAL ASSETS</b>	71,043	8,990	80,033
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	10,615	11,795	22,410
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	30	79	109
Unearned revenue	1,715	-	1,715
Total current liabilities	1,745	79	1,824
Noncurrent liabilities:			
Net pension liability	36,259	44,823	81,082
Net OPEB liability	14,377	-	14,377
Total noncurrent liabilities	50,636	44,823	95,459
<b>TOTAL LIABILITIES</b>	52,381	44,902	97,283
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows	13,828	17,094	30,922
<b>NET POSITION</b>			
Net investment in capital assets	42,481	-	42,481
Unrestricted	(27,032)	(41,211)	(68,243)
<b>TOTAL NET POSITION</b>	\$ 15,449	(41,211)	(25,762)

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business Type Activities: Enterprise Funds		
	School Nutrition	Day Care	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 122,690	101,991	224,681
Miscellaneous	5,040	-	5,040
Total operating revenues	<u>127,730</u>	<u>101,991</u>	<u>229,721</u>
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	77,611	-	77,611
Benefits	20,939	-	20,939
Services	1,450	-	1,450
Supplies	156,177	-	156,177
Depreciation	9,348	-	9,348
Other	289	-	289
	<u>265,814</u>	<u>-</u>	<u>265,814</u>
Other enterprise operations:			
Salaries	-	81,889	81,889
Benefits	-	11,888	11,888
Services	-	189	189
Supplies	-	4,846	4,846
	<u>-</u>	<u>98,812</u>	<u>98,812</u>
Total operating expenses	<u>265,814</u>	<u>98,812</u>	<u>364,626</u>
Operating income(loss)	<u>(138,084)</u>	<u>3,179</u>	<u>(134,905)</u>
Non-operating revenues:			
Interest income	10	-	10
State sources	2,283	-	2,283
Federal sources	117,311	-	117,311
Total non-operating revenues	<u>119,604</u>	<u>-</u>	<u>119,604</u>
Change in net position before other financing sources	(18,480)	3,179	(15,301)
Other financing sources:			
Contributed capital	3,750	-	3,750
Change in net position	(14,730)	3,179	(11,551)
Net position beginning of year, as restated	<u>30,179</u>	<u>(44,390)</u>	<u>(14,211)</u>
Net position end of year	<u>\$ 15,449</u>	<u>(41,211)</u>	<u>(25,762)</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Day Care	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 122,253	-	122,253
Cash received from day care charges	-	102,591	102,591
Cash received from miscellaneous sources	5,040	-	5,040
Cash payments to employees for services	(99,706)	(97,153)	(196,859)
Cash payments to suppliers for goods or services	(146,200)	(5,004)	(151,204)
Net cash provided by(used in) operating activities	<u>(118,613)</u>	<u>434</u>	<u>(118,179)</u>
Cash flows from non-capital financing activities:			
State source revenues received	2,283	-	2,283
Federal source revenues received	104,160	-	104,160
Net cash provided by non-capital financing activities	<u>106,443</u>	<u>-</u>	<u>106,443</u>
Cash flow from investing activities:			
Interest on investments	10	-	10
Net increase(decrease) in cash and pooled investments	(12,160)	434	(11,726)
Cash and pooled investments beginning of year	30,554	8,556	39,110
Cash and pooled investments end of year	<u>\$ 18,394</u>	<u>8,990</u>	<u>27,384</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities			
Operating income(loss)	\$ (138,084)	3,179	(134,905)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:			
Commodities consumed	13,151	-	13,151
Depreciation	9,348	-	9,348
Decrease in accounts receivable	-	600	600
Increase in inventories	(1,465)	-	(1,465)
Increase in accounts payable	30	31	61
Decrease in unearned revenue	(437)	-	(437)
Decrease in net pension liability	(12,360)	(15,279)	(27,639)
Increase in deferred outflows of resources	(5,272)	(5,191)	(10,463)
Increase in deferred inflows of resources	13,828	17,094	30,922
Increase in other postemployment benefits	2,648	-	2,648
Net cash provided by(used in) operating activities	<u>\$ (118,613)</u>	<u>434</u>	<u>(118,179)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received Federal commodities valued at \$13,151.

During the year ended June 30, 2015, the Nutrition Fund received capital contributions of \$3,750 from the Capital Projects: Physical Plant and Equipment Levy Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
<b>ASSETS</b>	
Cash and pooled investments	\$ 23,000
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Held in trust for scholarships	<u>\$ 23,000</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Local sources:	
Contributions	\$ <u>100</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>600</u>
Change in net position	(500)
Net position beginning of year	<u>23,500</u>
Net position end of year	<u>\$ 23,000</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBINE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

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

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

**A. Reporting Entity**

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

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

**B. Basis of Presentation**

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

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories:

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

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

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

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor proprietary funds:

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

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

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

### **C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

#### **D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity**

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

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

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

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

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

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5 to 12 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

Unassigned - All amounts not included in the preceding classification.

### **E. Budgets and Budgetary Accounting**

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

#### **(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. For the year ended June 30, 2015, the District had no investments.

**(3) Capital Assets**

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 48,655	-	-	48,655
Construction in progress	-	682,501	-	682,501
Total capital assets not being depreciated	48,655	682,501	-	731,156
Capital assets being depreciated:				
Buildings	8,199,117	14,290	-	8,213,407
Land improvements	271,750	99,069	-	370,819
Machinery and equipment	847,142	17,854	-	864,996
Total capital assets being depreciated	9,318,009	131,213	-	9,449,222
Less accumulated depreciation for:				
Buildings	2,372,491	155,701	-	2,528,192
Land improvements	108,063	14,286	-	122,349
Machinery and equipment	721,588	35,553	-	757,141
Total accumulated depreciation	3,202,142	205,540	-	3,407,682
Total capital assets being depreciated, net	6,115,867	(74,327)	-	6,041,540
Governmental activities capital assets, net	\$ 6,164,522	608,174	-	6,772,696
Business type activities:				
Machinery and equipment	\$ 127,484	3,750	-	131,234
Less accumulated depreciation	79,405	9,348	-	88,753
Business type activities capital assets, net	\$ 48,079	(5,598)	-	42,481

Depreciation expense was charged by the District as follows:

**Governmental activities:**

Instruction:

Regular	\$ 5,102
Other	2,520

Support services:

Operation and maintenance of plant	12,249
Transportation	15,682
	<u>35,553</u>

Unallocated depreciation 169,987

Total governmental activities depreciation expense \$ 205,540

**Business type activities:**

Food service operations \$ 9,348

**(4) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,760,000	-	240,000	1,520,000	245,000
Compensated absences	-	64,650	-	64,650	64,650
Net pension liability	2,334,454	-	593,451	1,741,003	-
Net OPEB liability	721,332	162,834	-	884,166	-
Total	\$ 4,815,786	227,484	833,451	4,209,819	309,650
<b>Business type activities:</b>					
Net pension liability	\$ 108,721	-	27,639	81,082	-
Net OPEB liability	11,729	2,648	-	14,377	-
Total	\$ 120,450	2,648	27,639	95,459	-

**General Obligation Bonds**

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Dated August 26, 2010				
	Interest Rates	Principal	Interest	Total	
2016	1.70	% \$ 245,000	35,275	280,275	
2017	2.00	245,000	31,110	276,110	
2018	2.20	250,000	26,210	276,210	
2019	2.45	250,000	20,710	270,710	
2020	2.65	260,000	14,585	274,585	
2021	2.85	270,000	7,695	277,695	
Total		\$ 1,520,000	135,585	1,655,585	

**(5) Other Postemployment Benefits (OPEB)**

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

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

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an

ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Districts OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	252,859
Interest on net OPEB obligation		18,327
Adjustment to annual required contribution		(56,110)
Annual OPEB cost		<u>215,076</u>
Contributions made		(49,594)
Increase in net OPEB obligation		<u>165,482</u>
Net OPEB obligation beginning of year		<u>733,061</u>
Net OPEB obligation end of year	\$	<u><u>898,543</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$49,594 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 221,724	27.31%	\$ 583,490
2014	198,630	24.70%	733,061
2015	215,076	23.06%	898,543

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$1,114,541 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,114,541. The covered payroll (annual payroll of active employees covered by the plan) was \$2,602,102, and the ratio of the UAAL to covered payroll was 42.83%. As of June 30, 2015 there were no trust fund assets.

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

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

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

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

## **(6) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate

Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District’s contributions to IPERS for the year ended June 30, 2015 were \$278,870.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$1,822,085 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District’s collective proportion was 0.045022 percent, which was an increase of 0.001872 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$156,392. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,803	\$ -
Changes of assumptions	80,413	-
Net difference between projected and actual earnings on pension plan investments	-	694,891
Changes in proportion and differences between District contributions and proportionate share of contributions	85,661	-
District contributions subsequent to the measurement date	278,870	-
Total	<u>\$ 464,747</u>	<u>\$ 694,891</u>

\$278,870 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2016	\$ (130,294)
2017	(130,294)
2018	(130,294)
2019	(130,294)
2020	12,162
	<u>\$ (509,014)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's

fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 3,442,779	\$ 1,822,085	\$ 454,052

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$30,539 for legally required employer contributions and \$20,348 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**(7) Risk Management**

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

**(8) 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 \$177,187 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(9) Categorical Funding**

The District's ending restricted balances for categorical funding as of June 30, 2015 comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 14,023
Teacher salary supplement	16,282
Successful progression for early readers	18,560
Professional development for model core curriculum	46,999
Professional development	55,303
Teacher leadership grants	5,835
Total	<u>\$ 157,002</u>

**(10) Operating Lease**

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

**(11) Reconciliation of Certain Governmental Fund Balances to Net Position**

Reconciliation of certain governmental fund balances to net position is as follows:

	Net Investment in in Capital Assets	Debt Service	Unassigned/ Unrestricted
<b>Fund balance (Exhibit C)</b>	\$ -	20,867	420,082
Capital assets, net of accumulated depreciation	6,772,696	-	-
General obligation bond capitalized indebtedness	(1,520,000)	-	-
Accrued interest payable	-	(5,879)	-
Unassigned student activity	-	-	(2,210)
Income surtax receivable	-	-	307,912
Compenstated absences	-	-	(64,650)
Pension related deferred outflows	-	-	442,337
Net pension liability	-	-	(1,741,003)
Pension related deferred inflows	-	-	(663,969)
Net OPEB liability	-	-	(884,166)
<b>Net position (Exhibit A)</b>	<u>\$ 5,252,696</u>	<u>14,988</u>	<u>(2,185,667)</u>

**(12) Deficit Fund Balance/Net Position**

At June 30, 2015 the District had two accounts in the Student Activity Fund with a combined deficit balance of \$2,210. The School Nutrition Fund had a deficit unrestricted net position of \$27,032. The Day Care Fund had a deficit unrestricted/total net position of \$41,211. When combined these leave the District's business type activities with a deficit unrestricted net position of \$68,243 and a deficit total net position of \$25,762 at June 30, 2015. The governmental activities had a deficit unrestricted net position of \$2,185,667.

**(13) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities		
		School Nutrition	Day Care	Total
Net position June 30, 2014, as previously reported	\$ 5,740,582	\$ 73,455	9,108	82,563
Net pension liability at June 30, 2014	(2,334,454)	(48,619)	(60,102)	(108,721)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	256,521	5,343	6,604	11,947
Net position July 1, 2014, as restated	<u>\$ 3,662,649</u>	<u>\$ 30,179</u>	<u>(44,390)</u>	<u>(14,211)</u>

**(14) Construction Commitment**

The District has entered into contracts for various projects on the District's athletic fields. As of June 30, 2015 costs of \$682,501 have been incurred against the contracts.

REQUIRED SUPPLEMENTAL INFORMATION

**WOODBINE COMMUNITY SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND**  
**CHANGES IN BALANCES -**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS**  
**AND PROPRIETARY FUNDS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2015**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
<b>Revenues:</b>						
Local sources	\$ 3,237,996	229,731	3,467,727	3,767,680	3,767,680	(299,953)
State sources	2,962,403	2,283	2,964,686	2,695,802	2,695,802	268,884
Federal sources	219,283	117,311	336,594	325,000	325,000	11,594
Total revenues	6,419,682	349,325	6,769,007	6,788,482	6,788,482	(19,475)
<b>Expenditures/Expenses:</b>						
Instruction	3,779,338	-	3,779,338	4,445,000	4,445,000	665,662
Support services	1,509,416	-	1,509,416	1,960,000	1,960,000	450,584
Non-instructional programs	-	364,626	364,626	425,000	425,000	60,374
Other expenditures	1,275,002	-	1,275,002	873,948	1,350,000	74,998
Total expenditures/expenses	6,563,756	364,626	6,928,382	7,703,948	8,180,000	1,251,618
Excess(Deficiency) of revenues over(under) expenditures/expenses	(144,074)	(15,301)	(159,375)	(915,466)	(1,391,518)	1,232,143
Other financing sources, net	-	3,750	3,750	(10,000)	(10,000)	13,750
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(144,074)	(11,551)	(155,625)	(925,466)	(1,401,518)	1,245,893
Balances beginning of year, as restated	1,764,506	(14,211)	1,750,295	2,377,085	2,377,085	(626,790)
Balances end of year	\$ 1,620,432	(25,762)	1,594,670	1,451,619	975,567	619,103

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2015

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the general Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$476,052.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 LAST FISCAL YEAR\*  
 (IN THOUSANDS)  
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.045022%
District's proportionate share of the net pension liability	\$ 1,822
District's covered-employee payroll	\$ 3,123
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.34%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amount presented for each fiscal year were determined as of June 30.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**WOODBINE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS**  
**(IN THOUSDANDS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 279	267	242	224	187	178	178	175	152	144
Contributions in relation to the statutorily required contribution	<u>(279)</u>	<u>(267)</u>	<u>(242)</u>	<u>(224)</u>	<u>(187)</u>	<u>(178)</u>	<u>(178)</u>	<u>(175)</u>	<u>(152)</u>	<u>(144)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 3,123	2,990	2,791	2,776	2,691	2,561	2,803	2,893	2,643	2,504
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**WOODBINE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS FOR THE**  
**RETIREE HEALTH PLAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2015**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 1,512,811	\$ 1,512,811	0.00%	\$ 2,357,215	64.18%
2011	July 1, 2009	-	1,506,823	1,506,823	0.00%	2,152,157	70.01%
2012	July 1, 2009	-	1,486,414	1,486,414	0.00%	2,238,712	66.40%
2013	July 1, 2012	-	1,568,485	1,568,485	0.00%	2,425,506	64.67%
2014	July 1, 2012	-	1,224,391	1,224,391	0.00%	2,561,846	47.79%
2015	July 1, 2012	-	1,114,541	1,114,541	0.00%	2,602,102	42.83%

See Note 5 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.

WOODBINE COMMUNITY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue				
	Management Levy	Student Activity	Total	Debt Service	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 129,910	9,504	139,414	17,360	156,774
Receivables:					
Property tax:					
Delinquent	2,000	-	2,000	3,405	5,405
Succeeding year	180,000	-	180,000	281,776	461,776
Accounts	51	-	51	102	153
<b>TOTAL ASSETS</b>	<b>\$ 311,961</b>	<b>9,504</b>	<b>321,465</b>	<b>302,643</b>	<b>624,108</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities	-	-	-	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	180,000	-	180,000	281,776	461,776
Fund balances:					
Restricted for:					
Management levy purposes	131,961	-	131,961	-	131,961
Student activities	-	11,714	11,714	-	11,714
Debt service	-	-	-	20,867	20,867
Unassigned	-	(2,210)	(2,210)	-	(2,210)
Total fund balances	131,961	9,504	141,465	20,867	162,332
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 311,961</b>	<b>9,504</b>	<b>321,465</b>	<b>302,643</b>	<b>624,108</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ 176,041	-	176,041	281,053	457,094
Other	514	137,468	137,982	1,027	139,009
Total revenues	<u>176,555</u>	<u>137,468</u>	<u>314,023</u>	<u>282,080</u>	<u>596,103</u>
Expenditures:					
Current:					
Instruction:					
Regular	91,265	-	91,265	-	91,265
Other	-	134,846	134,846	-	134,846
Support services:					
Operation and maintenance of plant	26,022	-	26,022	-	26,022
Transportation	6,096	-	6,096	-	6,096
Long-term debt:					
Principal	-	-	-	240,000	240,000
Interest and fiscal charges	-	-	-	39,135	39,135
Total expenditures	<u>123,383</u>	<u>134,846</u>	<u>258,229</u>	<u>279,135</u>	<u>537,364</u>
Change in fund balances	53,172	2,622	55,794	2,945	58,739
Fund balances beginning of year	<u>78,789</u>	<u>6,882</u>	<u>85,671</u>	<u>17,922</u>	<u>103,593</u>
Fund balances end of year	<u>\$ 131,961</u>	<u>9,504</u>	<u>141,465</u>	<u>20,867</u>	<u>162,332</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS ACCOUNTS  
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 891,848	467,734	1,359,582
Receivables:			
Property tax:			
Delinquent	-	1,848	1,848
Succeeding year	-	142,986	142,986
Income surtax	-	102,637	102,637
Accounts	-	102	102
Due from other governments	65,280	-	65,280
<b>TOTAL ASSETS</b>	<b>\$ 957,128</b>	<b>715,307</b>	<b>1,672,435</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 545,796	-	545,796
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	142,986	142,986
Income surtax	-	102,637	102,637
Total deferred inflows of resources	-	245,623	245,623
Fund balances:			
Restricted for:			
School infrastructure	411,332	-	411,332
Physical plant and equipment	-	469,684	469,684
Total fund balances	411,332	469,684	881,016
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 957,128</b>	<b>715,307</b>	<b>1,672,435</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	267,487	267,487
Other	216,354	1,028	217,382
State sources	414,174	-	414,174
Total revenues	<u>630,528</u>	<u>268,515</u>	<u>899,043</u>
Expenditures:			
Current:			
Instruction:			
Regular	19,400	71,311	90,711
Support services:			
Administration	-	4,804	4,804
Operation and maintenance of plant	18,362	20,158	38,520
Transportation	1,099	51,114	52,213
Capital outlay	747,014	71,666	818,680
Total expenditures	<u>785,875</u>	<u>219,053</u>	<u>1,004,928</u>
Change in fund balances	(155,347)	49,462	(105,885)
Fund balances beginning of year	<u>566,679</u>	<u>420,222</u>	<u>986,901</u>
Fund balances end of year	<u>\$ 411,332</u>	<u>469,684</u>	<u>881,016</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBINE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Designated Fund	\$ -	7,185	6,818	367
Operetta	602	-	107	495
Activity	39	115,516	111,781	3,774
K-6	699	1,000	1,290	409
Yearbook	2,053	5,000	4,046	3,007
W-Club	-	446	379	67
Class of 2013	107	-	107	-
Class of 2014	947	-	44	903
Class of 2015	2,320	247	1,560	1,007
Class of 2016	-	7,651	6,057	1,594
Computer Club	91	-	-	91
Drama/Speech	-	15	1,155	(1,140)
Interest	24	408	1,502	(1,070)
Total	<u>\$ 6,882</u>	<u>137,468</u>	<u>134,846</u>	<u>9,504</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,601,012	2,659,540	3,085,889	2,761,283	2,372,851	2,420,954	2,358,642	2,289,183	2,188,125	2,065,249
Tuition	210,265	226,057	207,914	231,217	157,938	183,810	295,482	223,694	222,668	120,781
Other	426,719	205,517	239,882	197,276	592,730	290,514	389,605	310,471	399,215	406,127
State sources	2,962,403	2,856,095	2,454,168	2,383,136	2,351,515	2,035,137	2,234,409	2,155,957	2,308,579	2,222,875
Federal sources	219,283	204,128	179,994	179,259	362,151	476,841	215,976	177,443	233,768	298,245
<b>Total</b>	<b>\$ 6,419,682</b>	<b>6,151,337</b>	<b>6,167,847</b>	<b>5,752,171</b>	<b>5,837,185</b>	<b>5,407,256</b>	<b>5,494,114</b>	<b>5,156,748</b>	<b>5,352,355</b>	<b>5,113,277</b>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,401,987	2,548,928	2,315,793	2,129,279	2,197,307	2,253,665	2,425,586	2,198,926	2,107,162	2,020,427
Special	750,232	667,213	550,979	525,938	494,624	635,104	602,944	528,295	561,241	512,589
Other	627,119	582,020	565,289	586,315	550,014	587,166	523,719	466,003	527,568	454,405
Support services:										
Student	182,228	176,169	105,166	94,839	64,564	72,614	86,684	56,849	80,130	83,373
Instructional staff	111,069	90,717	100,015	58,405	62,316	33,580	49,168	21,175	14,107	7,404
Administration	462,695	523,161	494,958	490,546	497,626	458,053	470,929	538,021	548,768	534,350
Operation and maintenance of plant	484,954	520,463	580,517	448,817	417,200	455,844	438,572	461,536	426,666	420,393
Transportation	268,470	251,451	195,781	293,102	190,126	185,083	193,358	269,174	166,973	178,444
Non-instructional programs	-	-	30	-	-	74	-	-	-	-
Capital outlay	818,680	158,096	86,973	48,470	26,191	19,268	2,484	-	314,236	1,738,265
Long-term debt:										
Principal	240,000	685,000	375,000	2,440,000	1,015,000	290,000	275,000	260,000	195,000	135,000
Interest and fiscal charges	39,135	45,898	57,613	184,106	179,607	168,056	181,649	195,009	197,266	181,314
Other expenditures:										
AEA flow-through	177,187	166,180	160,733	158,974	179,277	177,587	164,166	156,919	155,118	151,527
<b>Total</b>	<b>\$ 6,563,756</b>	<b>6,415,296</b>	<b>5,588,847</b>	<b>7,458,791</b>	<b>5,873,852</b>	<b>5,336,094</b>	<b>5,414,259</b>	<b>5,151,907</b>	<b>5,294,235</b>	<b>6,417,491</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbine Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 13, 2016.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-15 to be a significant deficiency.

## **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **Woodbine Community School District's Responses to Findings**

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

## **Purpose of this Report**

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

April 13, 2016  
Newton, Iowa

WOODBINE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2015

**Part I: Findings Related to the Basic Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**INTERNAL CONTROL DEFICIENCIES:**

I-A-15 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

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

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

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

Conclusion - Response accepted.

I-B-15 Deficit Lunch Account Balances - We noted during the audit that the Nutrition Fund is carrying numerous negative student account balances on the books, some of which appear to be excessive in amount.

Recommendation - The District should review their procedures and policies in regard to negative student lunch account balances. The District should try various collection techniques to collect the balances from the families. Another option would be to give these families a free/reduced lunch application to see if they qualify.

Response - The District will review their procedures and policies in regards to negative student lunch accounts. The District will give families a free/reduced application to see if the family qualifies. The District will look into a collection technique to collect the balances from the families.

Conclusion - Response accepted.

**Part II: Other Findings Related to Required Statutory Reporting:**

II-A-15 Certified Budget - For the year ended June 30, 2015, District disbursements did not exceed the amended certified budget.

II-B-15 Questionable Disbursements - We noted during our audit instances where sales tax was paid on the District's credit card. As the District is a tax-exempt entity reimbursements for sales tax would not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review their procedures in place, and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.

Response - The District will monitor sales tax being paid on the District's credit card.

Conclusion - Response accepted.

II-C-15 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-15 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marchelle Butrick, Tiger Tots associate Owner of Chelle's Creative Photography	Services	\$81
Angela Patricks, Teacher Taught CPR to District employees	Services	\$1,145

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

II-E-15 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-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-15 Certified Enrollment - We noted the enrollment data certified to the Iowa Department of Education was overstated by 0.90 students.

Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Conclusion - Response accepted.

II-H-15 Supplementary Weighting - No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.

II-I-15 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-15 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-15 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services, and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the following information includes the amounts the District reported for the statewide, sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit:

Beginning balance		\$ 566,679
Revenue		
Sales tax revenues	\$ 414,174	
Other	<u>216,354</u>	<u>630,528</u>
		1,197,207
Expenditures:		
School infrastructure construction	744,061	
Equipment	38,861	
Other	<u>2,953</u>	<u>785,875</u>
Ending balance		<u><u>\$ 411,332</u></u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- II-M-15 Financial Condition - At June 30, 2015 the District had two accounts in the Student Activity Fund with a combined deficit balance of \$2,210. The School Nutrition Fund had a deficit unrestricted net position of \$27,032. The Day Care Fund had a deficit unrestricted/total net position of \$41,211. When combined these leave the District's business type activities with a deficit unrestricted net position of \$68,243 and a deficit total net position of \$25,762 at June 30, 2015. The governmental activities had a deficit unrestricted net position of \$2,185,667. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits. The District should review the controls in place for the Student Activity Fund. The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Response - The District will continue to monitor these funds and will look into alternatives to eliminate the deficits.

Conclusion - Response accepted.

II-N-15 Student Activity Fund - During our audit concerns arose about the propriety of certain receipts, expenditures and accounts within the Student Activity Fund. More specific examples of findings are listed below.

**Class Accounts:** The District's Student Activity Fund is maintaining Class of 2014 account with a balance of \$903 at June 30, 2015.

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

Response - The District will review the accounts associated with prior graduating classes and provide input to the Board of Directors as to where the remaining moneys should be allocated.

Conclusion - Response accepted.

**Administratively Maintained Accounts:** We noted during our audit that the District is maintaining an Interest account and a Designated Fund account within the Student Activity Fund. These do not appear to be related to the extracurricular or co-curricular activities of the District.

Recommendation - The District should review these accounts and determine the intended use of the funds. The remaining funds should be reallocated as appropriate.

Response - The District has reallocated these funds to the appropriate areas.

Conclusion - Response accepted.

**Target Donation:** We noted during the audit that the District was receipting money from Target donations into the student activity fund. When donations are received they should be deposited into the fund that can expend the donations in accordance with the donor intent. Target donations are considered to be undesignated donations and should be receipted into the general fund unless the Board of Directors designates them for a specific purpose.

Recommendation - The District should review its procedures to ensure proper accounting for donations.

Response - The District will be sure to allocate donation funds to the appropriate funds.

Conclusion - Response accepted.