

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Woodbury Central Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Marc Boothby	President	2015
Gary Frafjord	Vice President	2015
Scott Lamp	Board Member	2015
Eric Nelson	Board Member	2015
Steve Steffen	Board Member	2017
Brad Koele	Board Member	2017
Taylor Lambert	Board Member	2017
School Officials		
Doug Glackin	Superintendent	2015
Christen Howrey	District Secretary/ Business Manager	2015
Ahlers & Cooney, P.C.	Attorney	2015
Thompson, Phipps & Thompson	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 of the Woodbury Central Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbury Central Community School District, Moville, Iowa, as of and for the year ended June 30, 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 Woodbury Central 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.

Members American Institute & Iowa Society of Certified Public Accountants

Emphasis of Matter

As discussed in Note 14 to the financial statements, Woodbury Central 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 the District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 46 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodbury Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2009 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 6 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2016 on our consideration of Woodbury Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Woodbury Central Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Woodbury Central Community School District provides this Management's Discussion and Analysis of the Woodbury Central Community School District. This narrative overview analysis of the financial activities of the Woodbury Central Community School District is for the fiscal year ended June 30, 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 \$6,402,141 in fiscal year 2014 to \$6,223,960 in fiscal year 2015, while General Fund expenditures decreased from \$6,157,647 in fiscal year 2014 to \$6,123,279 in fiscal year 2015.
- ❖ The District's General Fund balance increased to a balance of \$1,337,348 at June 30, 2015, compared to \$1,236,667 at June 30, 2014. This increase in fund balance is largely due to the District's conscious effort to decrease expenditures.
- ❖ The decrease in General Fund revenue is primarily due to a decrease in local and state source revenues, and the decrease in expenditures is primarily due to a decrease in instructional support service expenses incurred compared to the prior year.
- ❖ The District offered an early retirement package of which one employee took advantage. The District also bought more items from other funds as allowed by law, thus decreasing the expenses in the General Fund.

Using This Annual Report

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year, 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 related to one another.

Figure A-1

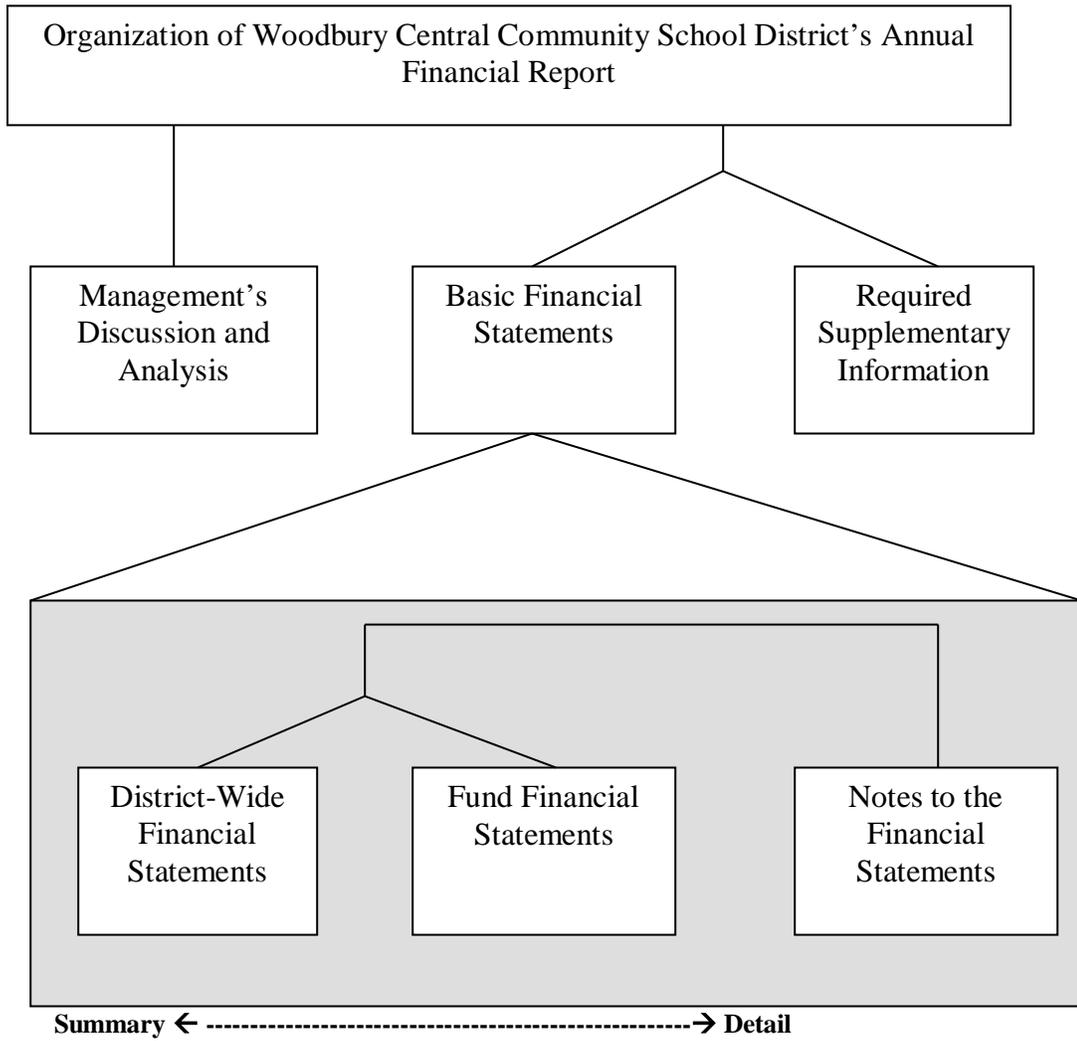


Figure A-2 below summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents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

Figure A-2				
Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance 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 statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

Figure A-3 below provides a summary of the District’s net position at June 30, 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,		June 30,		June 30,		June 30,
	2014		2014		2014		2014-15
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	
Current and other assets	\$ 5,594,923	5,405,739	17,664	17,973	5,612,587	5,423,712	3.48%
Capital assets	6,138,571	6,284,914	32,052	11,111	6,170,623	6,296,025	-1.99%
Total assets	11,733,494	11,690,653	49,716	29,084	11,783,210	11,719,737	0.54%
Deferred outflows of resources	510,818	-	13,289	-	524,107	-	100.00%
Long-term liabilities	2,656,073	533,339	61,618	1,517	2,717,691	534,856	408.12%
Other liabilities	819,748	816,713	42,391	32,268	862,139	848,981	1.55%
Total liabilities	3,475,821	1,350,052	104,009	33,785	3,579,830	1,383,837	158.69%
Deferred inflows of resources	2,918,616	1,973,916	22,850	-	2,941,466	1,973,916	49.02%
Net position:							
Net investment in capital assets	5,929,984	5,876,327	32,052	11,111	5,962,036	5,887,438	1.27%
Restricted	1,499,287	1,491,987	-	-	1,499,287	1,491,987	0.49%
Unrestricted	(1,579,396)	998,371	(95,906)	(15,812)	(1,675,302)	982,559	-270.50%
Total net position	\$ 5,849,875	8,366,685	(63,854)	(4,701)	5,786,021	8,361,984	-30.81%

The District’s combined net position decreased by \$2,575,963 or 30.81% under the prior year. The largest portion of the District’s net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position increased \$7,300 or 0.49% over the prior year. This increase is due primarily to the increase in fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased \$2,657,861 or 270.50%. The 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 \$2,834,783 and \$73,728, 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.

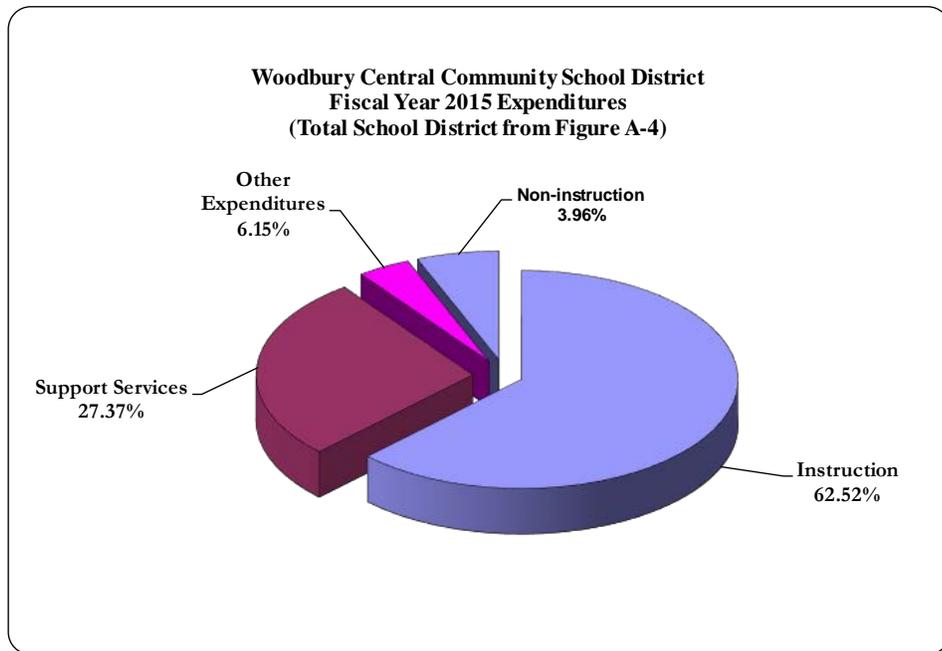
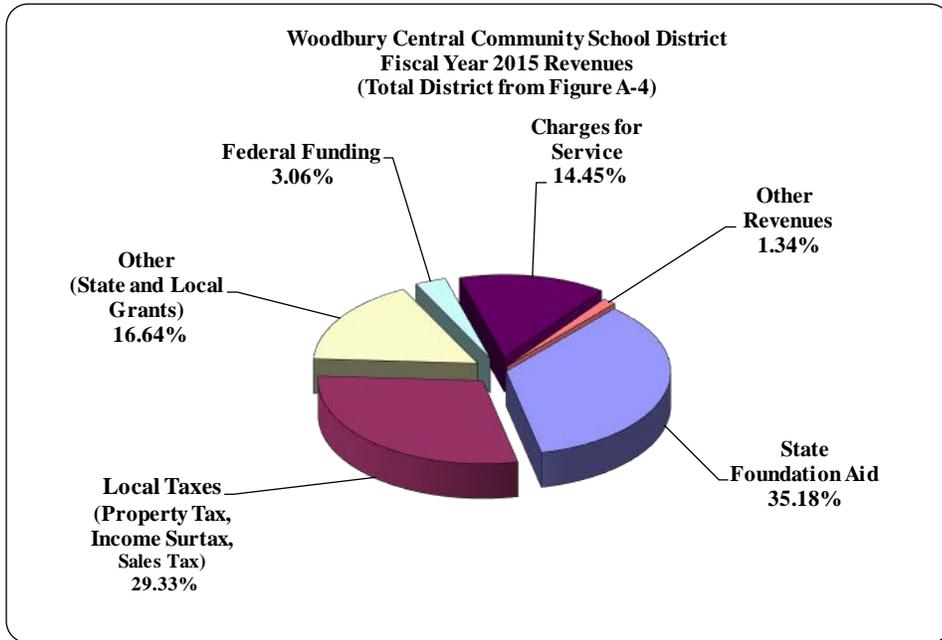
Figure A-4							
Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
	(Not restated)		(Not restated)		(Not restated)		
Revenues:							
Program revenues:							
Charges for service	\$ 903,246	816,778	182,621	171,750	1,085,867	988,528	9.85%
Operating grants, contributions and restricted interest	449,694	522,147	91,743	88,050	541,437	610,197	-11.27%
General revenues:							
Property tax	2,027,179	2,041,941	-	-	2,027,179	2,041,941	-0.72%
Income surtax	175,353	148,784	-	-	175,353	148,784	17.86%
Statewide sales, services and use tax	538,744	513,112	-	-	538,744	513,112	5.00%
Unrestricted state grants	3,041,210	3,146,694	-	-	3,041,210	3,146,694	-3.35%
Unrestricted investment earnings	7,736	10,448	3	1	7,739	10,449	-25.94%
Other	92,538	77,258	124	501	92,662	77,759	19.17%
Total revenues	7,235,700	7,277,162	274,491	260,302	7,510,191	7,537,464	-0.36%
Program expenses:							
Instruction	4,487,904	4,503,068	-	-	4,487,904	4,503,068	-0.34%
Support services	1,964,276	1,967,144	-	-	1,964,276	1,967,144	-0.15%
Non-instructional programs	-	-	284,230	270,581	284,230	270,581	5.04%
Other expenses	441,233	452,424	-	-	441,233	452,424	-2.47%
Total expenses	6,893,413	6,922,636	284,230	270,581	7,177,643	7,193,217	-0.22%
Change in net position before transfer	342,287	354,526	(9,739)	(10,279)	332,548	344,247	3.40%
Transfer	(24,314)	-	24,314	-	-	-	0.00%
Change in net position after transfer	317,973	354,526	14,575	(10,279)	332,548	344,247	3.40%
Net position beginning of year, as restated	5,531,902	8,012,159	(78,429)	5,578	5,453,473	8,017,737	31.98%
Net position end of year	\$ 5,849,875	8,366,685	(63,854)	(4,701)	5,786,021	8,361,984	-30.81%

In fiscal year 2015, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants accounted for 79.92% (80.40% in fiscal 2014) of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.95% (99.81% in fiscal 2014) of business type activities revenue.

The District's total revenues were approximately \$7.51 million, of which approximately \$7.24 million was for governmental activities and approximately \$0.27 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.04% decrease in revenues and a 0.22% decrease in expenses. The District's expenses primarily relate to instruction and support services, which account for 89.89% of the total expenses (89.95% in 2014).

Figure A-5



Governmental Activities - Revenues for governmental activities were \$7,235,700, while expenses were \$6,893,413 for the year ended June 30, 2015.

Figure A-6 presents the total and net cost of the District’s major governmental activities, instruction, support services and other expenses for the years ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-6 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 4,487,904	4,503,068	-0.34%	3,375,366	3,404,547	-0.86%
Support services	1,964,276	1,967,144	-0.15%	1,962,982	1,966,141	-0.16%
Other expenses	441,233	452,424	-2.47%	202,125	213,023	-5.12%
Totals	<u>\$ 6,893,413</u>	<u>6,922,636</u>	<u>-0.42%</u>	<u>5,540,473</u>	<u>5,583,711</u>	<u>-0.77%</u>

- The cost financed by users of the District’s programs was \$903,246 (\$816,778 in 2014).
- The federal and state governments subsidized certain programs with grants and contributions totaling \$449,694 (\$522,147 in 2014).
- The net cost of governmental activities was financed with \$2,741,276 in property and other taxes (\$2,703,837 in 2014) and \$3,041,210 in unrestricted state grants (\$3,146,694 in 2014).

Business type Activities - Revenues of the District’s business type activities were \$274,491 (\$260,302 in 2014) and expenses were \$284,230 (\$270,581 in 2014). The District’s business type activities consist of the School Nutrition Fund. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

Governmental Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,581,085, higher than last year’s ending fund balances of \$2,463,363. This increase in is primarily due to the increase in fund balance of the general fund during fiscal year 2015.

Governmental Fund Highlights

The District’s General Fund balance increased to a balance of \$1,337,347. Compared to \$1,236,667 in fiscal year 2014.

The Capital Projects Fund balance decreased from \$860,983 at June 30, 2014 to \$851,629 at June 30, 2015. The decrease in fund balance is primarily due to an increase in capital outlay expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from a restated deficit of \$78,429 at June 30, 2014 to a deficit net position of \$63,854 at June 30, 2015.

Budgetary Highlights

The District’s total revenues were \$70,814 more than total budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

The District’s total expenditures were \$619,644 less than budgeted amounts in the instructional, support services, non-instructional and other expenditures functions combined.

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

Capital Assets and Debt Administration

Capital Assets - **Figure A-7** shows at June 30, 2015, the District had invested \$6,170,623, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$309,098.

The original cost of the District's capital assets was \$11,879,747. Governmental funds account for \$11,731,169 with the remainder of \$148,578 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$319,223 at June 30, 2015, compared to \$349,083 reported at June 30, 2013. This decrease resulted from depreciation recorded during the year.

Figure A-7							
Capital Assets, net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2015	2014	2015	2014	2015	2014-15
	(Not restated)	(Not restated)	(Not restated)	(Not restated)	(Not restated)	(Not restated)	
Land	\$ 208,204	208,204	-	-	208,204	208,204	0.00%
Buildings	5,098,666	5,223,762	-	-	5,098,666	5,223,762	-2.39%
Land improvements	319,223	349,083	-	-	319,223	349,083	-8.55%
Furniture and equipment	512,478	503,865	32,052	11,111	544,530	514,976	5.74%
Total	\$ 6,138,571	6,284,914	32,052	11,111	6,170,623	6,296,025	-1.99%

Long-Term Debt - **Figure A-8** shows at June 30, 2015, the District had \$2,717,691 in total long-term debt outstanding. This represents a 33.80% decrease from the prior year. Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

During the year ended June 30, 2012, The District issued \$1,000,000 of revenue bonds payable to finance a portion of the District's HVAC project. The District repaid \$200,000 of the issue during fiscal 2015, leaving an unpaid balance of \$208,587 at June 30, 2015.

The District had termination benefits payable of \$47,062.14 at June 30, 2015. This liability is payable from the Special Revenue, Management Levy Fund.

The District had a Net OPEB liability of \$98,441 at June 30, 2015. Governmental Activities account for \$96,738 of this total while business type activities account for the remaining \$1,703.

The District had a Net pension liability of \$2,363,601 at June 30, 2015. Governmental Activities account for \$2,303,686 of this total while business type activities account for the remaining \$59,915.

Figure A-8							
Outstanding Long-Term Obligations							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2015	2014	2015	2014	2015	2014-15
	(Not restated)	(Not restated)	(Not restated)	(Not restated)	(Not restated)	(Not restated)	
Revenue bonds	\$ 208,587	408,587	-	-	208,587	408,587	-48.95%
Termination benefits	47,062	38,591	-	-	47,062	38,591	21.95%
Net pension liability	2,303,686	-	59,915	-	2,363,601	-	100.00%
Net OPEB liability	96,738	86,161	1,703	1,517	98,441	87,678	12.28%
Total	\$ 2,656,073	533,339	61,618	1,517	2,717,691	534,856	408.12%

Economic Factors Bearing on the District's Future

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

- The District plans to decrease spending levels.
- The District plans to enact the early retirement policy to reduce salary costs.
- The District continues to update technology annually.
- The District is still looking at increased costs due to the Affordable Healthcare Act requirements that were delayed to 2016.
- The District is looking into outsourcing the school's lunch program as its nutrition fund balance is continually in the negative balance.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 3,027,901	223	3,028,124
Receivables:			
Property tax:			
Delinquent	29,977	-	29,977
Succeeding year	2,040,057	-	2,040,057
Income surtax	154,033	-	154,033
Interfund	36,233	-	36,233
Accounts	2,003	40	2,043
Due from other governments	304,719	-	304,719
Inventories	-	17,401	17,401
Capital assets, net of accumulated depreciation	6,138,571	32,052	6,170,623
Total Assets	11,733,494	49,716	11,783,210
Deferred Outflows of Resources			
Pension related deferred outflows	510,818	13,289	524,107
Liabilities			
Interfund payable	-	36,233	36,233
Accounts payable	87,942	43	87,985
Salaries and benefits payable	724,402	-	724,402
Due to other governments	7,404	-	7,404
Unearned revenue	-	6,115	6,115
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	208,587	-	208,587
Termination benefits payable	15,584	-	15,584
Portion due after one year:			
Termination benefits payable	31,478	-	31,478
Net pension liability	2,303,686	59,915	2,363,601
Net OPEB liability	96,738	1,703	98,441
Total Liabilities	3,475,821	104,009	3,579,830
Deferred Inflows of Resources			
Unavailable property tax revenue	2,040,057	-	2,040,057
Pension related deferred inflows	878,559	22,850	901,409
Total deferred inflows of resources	2,918,616	22,850	2,941,466
Net Position			
Net investment in capital assets	5,929,984	32,052	5,962,036
Restricted for:			
Categorical funding	302,612	-	302,612
Management levy purposes	77,291	-	77,291
Student activities	267,755	-	267,755
School infrastructure	676,916	-	676,916
Physical plant & equipment levy	174,713	-	174,713
Unrestricted	(1,579,396)	(95,906)	(1,675,302)
Total Net Position	\$ 5,849,875	(63,854)	5,786,021

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL 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	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,719,446	369,592	25,680	(2,324,174)	-	(2,324,174)
Special	771,097	230,073	70,383	(470,641)	-	(470,641)
Other	997,361	303,581	113,229	(580,551)	-	(580,551)
	<u>4,487,904</u>	<u>903,246</u>	<u>209,292</u>	<u>(3,375,366)</u>	<u>-</u>	<u>(3,375,366)</u>
Support services:						
Student	149,383	-	-	(149,383)	-	(149,383)
Instructional staff	37,444	-	-	(37,444)	-	(37,444)
Administration	688,009	-	374	(687,635)	-	(687,635)
Operation and maintenance of plant	710,765	-	-	(710,765)	-	(710,765)
Transportation	378,675	-	920	(377,755)	-	(377,755)
	<u>1,964,276</u>	<u>-</u>	<u>1,294</u>	<u>(1,962,982)</u>	<u>-</u>	<u>(1,962,982)</u>
Other expenditures:						
Long-term debt interest	11,548	-	-	(11,548)	-	(11,548)
AEA flowthrough	239,108	-	239,108	-	-	-
Depreciation(unallocated)*	190,577	-	-	(190,577)	-	(190,577)
	<u>441,233</u>	<u>-</u>	<u>239,108</u>	<u>(202,125)</u>	<u>-</u>	<u>(202,125)</u>
Total governmental activities	6,893,413	903,246	449,694	(5,540,473)	-	(5,540,473)
Business type activities:						
Non-instructional programs:						
Food service operations	284,230	182,621	91,743	-	(9,866)	(9,866)
Total	\$ 7,177,643	1,085,867	541,437	(5,540,473)	(9,866)	(5,550,339)
General Revenues (Expenses):						
Property tax levied for:						
General purposes				\$ 1,974,273	-	1,974,273
Capital outlay				52,906	-	52,906
Income surtax				175,353	-	175,353
Statewide sales, services and use tax				538,744	-	538,744
Unrestricted state grants				3,041,210	-	3,041,210
Unrestricted investment earnings				7,736	3	7,739
Other				92,538	124	92,662
Transfers				(24,314)	24,314	-
Total general revenues				<u>5,858,446</u>	<u>24,441</u>	<u>5,882,887</u>
Changes in net position				317,973	14,575	332,548
Net position beginning of year, as restated				<u>5,531,902</u>	<u>(78,429)</u>	<u>5,453,473</u>
Net position end of year				<u>\$ 5,849,875</u>	<u>(63,854)</u>	<u>5,786,021</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and pooled investments	\$ 1,844,335	783,540	400,026	3,027,901
Receivables:				
Property tax:				
Delinquent	27,858	782	1,337	29,977
Succeeding year	1,801,463	53,594	185,000	2,040,057
Income surtax	154,033	-	-	154,033
Interfund	36,233	-	-	36,233
Accounts	1,684	-	319	2,003
Due from other governments	221,538	83,181	-	304,719
Total Assets	\$ 4,087,144	921,097	586,682	5,594,923
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	62,494	15,874	9,574	87,942
Salaries and benefits payable	724,402	-	-	724,402
Due to other governments	7,404	-	-	7,404
Total liabilities	794,300	15,874	9,574	819,748
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,801,463	53,594	185,000	2,040,057
Income surtax	154,033	-	-	154,033
Total deferred inflows of resources	1,955,496	53,594	185,000	2,194,090
Fund balances:				
Restricted for:				
Categorical funding	302,612	-	-	302,612
Management levy purposes	-	-	124,353	124,353
Student activities	-	-	267,755	267,755
School infrastructure	-	676,916	-	676,916
Physical plant and equipment	-	174,713	-	174,713
Unassigned:				
General fund	1,034,736	-	-	1,034,736
Total fund balances	1,337,348	851,629	392,108	2,581,085
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 4,087,144	921,097	586,682	5,594,923

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 20)	\$	2,581,085
 <i>Amounts reported for governmental activities in the Statement of Net Position is different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		6,138,571
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		154,033
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	\$ 510,818	
Deferred inflows of resources	<u>(878,559)</u>	(367,741)
Long-term liabilities, including bonds payable, termination benefits payable and other post-employment benefits payable and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(2,656,073)</u>
Net position of governmental activities(page 18)	\$	<u><u>5,849,875</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,056,849	52,906	90,491	2,200,246
Tuition	525,709	-	-	525,709
Other	150,248	2,795	324,768	477,811
State sources	3,350,669	538,744	-	3,889,413
Federal sources	140,235	-	-	140,235
Total revenues	<u>6,223,710</u>	<u>594,445</u>	<u>415,259</u>	<u>7,233,414</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,736,901	-	9,313	2,746,214
Special	769,021	-	-	769,021
Other	713,845	-	266,268	980,113
	<u>4,219,767</u>	<u>-</u>	<u>275,581</u>	<u>4,495,348</u>
Support services:				
Student	158,781	-	-	158,781
Instructional staff	36,927	-	-	36,927
Administration	665,713	27,994	1,021	694,728
Operation and maintenance of plant	515,050	106,784	99,973	721,807
Transportation	287,933	98,175	12,289	398,397
	<u>1,664,404</u>	<u>232,953</u>	<u>113,283</u>	<u>2,010,640</u>
Capital outlay	-	159,298	-	159,298
Long-term debt:				
Principal	-	-	200,000	200,000
Interest and fiscal charges	-	-	11,548	11,548
	<u>-</u>	<u>-</u>	<u>211,548</u>	<u>211,548</u>
Other expenditures:				
AEA flowthrough	239,108	-	-	239,108
Total expenditures	<u>6,123,279</u>	<u>392,251</u>	<u>600,412</u>	<u>7,115,942</u>
Excess(Deficiency) of revenues over(under) expenditures	<u>100,431</u>	<u>202,194</u>	<u>(185,153)</u>	<u>117,472</u>
Other financing sources(uses):				
Transfer in	-	-	211,548	211,548
Transfer out	-	(211,548)	-	(211,548)
Proceeds from the sale of equipment	250	-	-	250
Total other financing sources(uses)	<u>250</u>	<u>(211,548)</u>	<u>211,548</u>	<u>250</u>
Change in fund balances	100,681	(9,354)	26,395	117,722
Fund balances beginning of year	<u>1,236,667</u>	<u>860,983</u>	<u>365,713</u>	<u>2,463,363</u>
Fund balances end of year	<u>\$ 1,337,348</u>	<u>851,629</u>	<u>392,108</u>	<u>2,581,085</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Net change in fund balances - total governmental funds(page 22) \$ 117,722

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

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

Capital outlay	\$ 159,382	
Depreciation expense	(305,725)	(146,343)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

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

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 2,286

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. 344,935

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

Termination benefits	(8,471)	
Pension expense	(181,579)	
Other postemployment benefits	(10,577)	(200,627)

Changes in net position of governmental activities(page 19) \$ 317,973

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 223
Inventories	17,401
Accounts	40
Total current assets	17,664
Noncurrent assets:	
Capital assets, net of accumulated depreciation	32,052
Total Assets	49,716
Deferred Outflows of Resources	
Pension related deferred outflows	13,289
Liabilities	
Current liabilities:	
Interfund payable	36,233
Other payable	43
Unearned revenue	6,115
Total current liabilities	42,391
Noncurrent liabilities	
Net pension liability	59,915
Net OPEB liability	1,703
Total long-term liabilities	61,618
Total Liabilities	104,009
Deferred Inflows of Resources	
Pension related deferred inflows	22,850
Net Position	
Net investment in capital assets	32,052
Unrestricted	(95,906)
Total Net Position	\$ (63,854)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 182,621
Miscellaneous	124
Total operating revenues	182,745
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	104,772
Benefits	18,283
Supplies	157,802
Depreciation	3,373
Total operating expenses	284,230
Operating loss	(101,485)
Non-operating revenues:	
State sources	2,295
Federal sources	89,448
Interest income	3
Total non-operating revenues	91,746
Change in net position before other financing sources	(9,739)
Other financing sources:	
Capital contributions	24,314
Change in net position	14,575
Net position beginning of year, as restated	(78,429)
Net position end of year	\$ (63,854)

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from charges for services	\$ 182,418
Cash received from miscellaneous operating activities	124
Cash payments to employees for services	(127,121)
Cash payments to suppliers for goods or services	(143,277)
Net cash used in operating activities	(87,856)
Cash flows from non-capital financing activities:	
Borrowings from the General Fund	10,243
State grants received	2,295
Federal grants received	74,469
Net cash provided by non-capital financing activities	87,007
Cash flows from investing activities:	
Interest on investment	3
Net cash provided by investing activities	3
Net decrease in cash and cash equivalents	(846)
Cash and cash equivalents at beginning of year	1,069
Cash and cash equivalents at end of year	\$ 223
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (101,485)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	14,979
Depreciation	3,373
Increase in inventories	(497)
Increase in accounts receivable	(40)
Decrease in accounts payable	43
Decrease in unearned revenues	(163)
Decrease in net pension liability	(22,641)
Increase in deferred outflows of resources	(4,461)
Increase in deferred inflows of resources	22,850
Increase in other postemployment benefits	186
Net cash used in operating activities	\$ (87,856)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$14,979 of federal commodities.

During the year ended June 30, 2015, the District received \$23,414 in contributed capital from the capital projects: statewide sales, services and use tax.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	\$ 100,250
Liabilities	<u>-</u>
Net Position	
Held in trust for scholarships	<u>\$ 100,250</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Interest income	<u>\$ 1,671</u>
Deductions:	
Scholarships awarded	<u>2,171</u>
Change in net position	(500)
Net position beginning of year	<u>100,750</u>
Net position end of year	<u><u>\$ 100,250</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position that do not meet the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The District reports the following proprietary fund:

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

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay

liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

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

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

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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consists of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied 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, Cash Equivalents and Pooled Investments**

The District's deposits 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.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$10,399 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nutrition	General	<u>\$ 36,233</u>

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

(4) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 211,548</u>

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

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 124,264	24,314	-	148,578
Less accumulated depreciation	113,153	3,373	-	116,526
Business Type activities capital assets, net	<u>\$ 11,111</u>	<u>20,941</u>	<u>-</u>	<u>32,052</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 208,204	-	-	208,204
Capital assets being depreciated:				
Buildings	8,550,044	35,621	-	8,585,665
Land improvements	1,025,169	-	-	1,025,169
Furniture and equipment	1,788,370	123,761	-	1,912,131
Total capital assets being depreciated	<u>11,363,583</u>	<u>159,382</u>	<u>-</u>	<u>11,522,965</u>
Less accumulated depreciation for:				
Buildings	3,326,282	160,717	-	3,486,999
Land improvements	676,086	29,860	-	705,946
Furniture and equipment	1,284,505	115,148	-	1,399,653
Total accumulated depreciation	<u>5,286,873</u>	<u>305,725</u>	<u>-</u>	<u>5,592,598</u>
Total capital assets being depreciated, net	<u>6,076,710</u>	<u>(146,343)</u>	<u>-</u>	<u>5,930,367</u>
Governmental activities capital assets, net	<u>\$ 6,284,914</u>	<u>(146,343)</u>	<u>-</u>	<u>6,138,571</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 11,379
Other	9,993
Support services:	
Student	1,084
Instructional staff	13,280
Administration	5,234
Operation and maintenance of plant	17,040
Transportation	57,138
	<u>115,148</u>
Unallocated depreciation	<u>190,577</u>
Total governmental activities depreciation expense	<u>\$ 305,725</u>
Business type activities:	
Food service operations	<u>\$ 3,373</u>

(6) 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	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 408,587	-	200,000	208,587	208,587
Termination benefits	38,591	17,784	9,313	47,062	15,584
Net pension liability	3,174,210	-	870,524	2,303,686	-
Net OPEB liability	86,161	10,577	-	96,738	-
Total	\$ 3,707,549	28,361	1,079,837	2,656,073	224,171
Business type activities:					
Net pension liability	\$ 82,556	-	22,641	59,915	-
Net OPEB liability	1,517	186	-	1,703	-
Total	\$ 84,073	186	22,641	61,618	-

Revenue Bonds Payable

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,000,000 of bonds issued during the year ended June 30, 2012. The bonds are through the First Trust & Savings Bank and require a 4.00% annual interest rate on the outstanding principal. The bonds require a minimum annual principal payment of \$100,000 with the entire unpaid balance due at maturity on July 1, 2017. There are no reserve fund or sinking fund requirements. During the year ended June 30, 2015, the District paid \$200,000 of principal and \$11,548 of interest on the issue.

Termination Benefits

The District offered a voluntary termination benefit (previously referred to as early retirement) plan to its certified employees in fiscal 2010 and 2015. Eligible employees must have been at least age fifty-nine and have ten years or more of continuous service as a licensed full-time employee of the District. Eligible employees were required to submit an application to the Superintendent by March 31st of the year the employee wished to retire. The applications were then submitted to the Board of Directors of the District for approval. The cost of termination benefit payments expected to be liquidated currently are recorded as a liability of the government-wide financial statements representing the District's commitment to fund non-current termination benefits of \$47,062. The District accrued \$17,784 in termination benefits payable and paid out \$9,313 in termination benefits during the year ended June 30, 2015.

(7) 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.

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, any time 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 \$353,910.

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 \$2,363,601 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 0.005840 percent, which was an increase of 0.000008 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$186,302. 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	\$ 25,688	\$ -
Changes of assumptions	104,311	-
Net difference between projected and actual earnings on pension plan investments	-	901,409
Changes in proportion and differences between District contributions and proportionate share of contributions	40,198	-
District contributions subsequent to the measurement date	353,910	-
Total	<u>\$ 524,107</u>	<u>\$ 901,409</u>

\$353,910 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	\$ (185,587)
2017	(185,587)
2018	(185,587)
2019	(185,587)
2020	11,134
	<u>\$ (731,214)</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	\$ 4,465,957	\$ 2,363,601	\$ 588,994

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.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$45,528.21 for legally required employer contributions and \$30,335.14 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

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

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

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

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

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

Annual required contribution	\$ 36,000
Interest on net OPEB obligation	3,946
Adjustment to annual required contribution	(3,184)
Annual OPEB cost	<u>36,762</u>
Contributions made	(26,000)
Increase in net OPEB obligation	<u>10,762</u>
Net OPEB obligation - beginning of year	<u>87,678</u>
Net OPEB obligation - end of year	<u>\$ 98,440</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015 the District contributed \$26,000 to the medical plan. Plan members eligible for benefits contributed \$33,000 or 55% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	37,116	70.05%	66,884
2014	36,678	73.61%	78,000
2015	36,762	70.73%	87,678

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$606,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$606,000. The covered payroll (annual payroll of active employees covered by the plan) was \$3,143,870, and the ratio of the UAAL to the covered payroll was 19.3%. 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 events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan presented as Required Supplementary Information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

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

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

(9) Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$274,421.

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

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$239,108 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.

(11) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Limited English Proficient	\$ 3,377
Home School Assistance Program	572
Gifted and Talented Programs	57,057
Returning Dropouts and Dropout Prevention Programs	36,359
Teacher Salary Supplement	27,477
Statewide Voluntary Preschool	82,285
Professional Development for Model Core Curriculum	55,441
Professional Development	13,872
Market Factor Incentives	1,599
Successful Progression for Early Readers	17,558
Teacher Leadership Grants	7,015
Total	<u>\$ 302,612</u>

(12) Deficit Net Position

At June 30, 2015, the District Nutrition Fund had a deficit unrestricted net position of \$95,906 and a total deficit net position of \$63,854. The District had a deficit unrestricted net position of \$1,579,396 in the governmental activities.

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

	<u>Invested in Capital Assets</u>	<u>Management Levy</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	124,353	1,034,736
Invested in capital assets, net of accumulated depreciation	6,138,571	-	-
Revenue bond capitalized indebtedness	(208,587)	-	-
Income Surtax	-	-	154,033
Termination benefits	-	(47,062)	-
Net pension liability	-	-	(2,303,686)
Pension related deferred inflow	-	-	(878,559)
Pension related deferred outflow	-	-	510,818
Net OPEB liability	-	-	(96,738)
Net position (Exhibit A)	<u>\$ 5,929,984</u>	<u>77,291</u>	<u>(1,579,396)</u>

(14) 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:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net position June 30, 2014, as previously reported	\$ 8,366,685	\$ (4,701)
Net pension liability at June 30, 2014	(3,174,210)	(82,556)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	339,427	8,828
Net position July 1, 2014, as restated	<u>\$ 5,531,902</u>	<u>\$ (78,429)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,203,766	182,748	3,386,514	3,654,108	3,654,108	(267,594)
State sources	3,889,413	2,295	3,891,708	3,479,030	3,479,030	412,678
Federal sources	140,235	89,448	229,683	303,953	303,953	(74,270)
Total revenues	7,233,414	274,491	7,507,905	7,437,091	7,437,091	70,814
Expenditures/Expenses:						
Instruction	4,495,348	-	4,495,348	4,775,000	4,775,000	279,652
Support services	2,010,640	-	2,010,640	2,227,500	2,227,500	216,860
Non-instructional programs	-	284,230	284,230	300,000	300,000	15,770
Other expenditures	609,954	-	609,954	717,316	717,316	107,362
Total expenditures/expenses	7,115,942	284,230	7,400,172	8,019,816	8,019,816	619,644
Excess (Deficiency) of revenues over (under) expenditures/expenses	117,472	(9,739)	107,733	(582,725)	(582,725)	690,458
Other financing sources, net	250	24,314	24,564	-	-	-
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	117,722	14,575	132,297	(582,725)	(582,725)	690,458
Balances beginning of year	2,463,363	(78,429)	2,384,934	2,050,079	2,050,079	334,855
Balances end of year	\$ 2,581,085	(63,854)	2,517,231	1,467,354	1,467,354	1,025,313

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF 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	0.058403%
District's proportionate share of the net pension liability	\$ 2,363,601
District's covered-employee payroll	\$ 3,963,160
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.64%
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: Only the current fiscal year is being presented using a June 30, 2014 measurement date because 10-year data is not yet available.

(THIS TABLE WILL INCREASE TO INCLUDE TEN YEARS OVER TIME)

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS
 (IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 354	348	323	298	232	242	233	215	186	172
Contributions in relation to the statutorily required contribution	<u>(354)</u>	<u>(348)</u>	<u>(323)</u>	<u>(298)</u>	<u>(232)</u>	<u>(242)</u>	<u>(233)</u>	<u>(215)</u>	<u>(186)</u>	<u>(172)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>								
District's covered-employee payroll	\$ 3,964	3,897	3,725	3,693	3,338	3,482	3,669	3,554	3,235	2,991
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.

WOODBURY CENTRAL 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.

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

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.

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Acturial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 649	649	0.0%	\$ 3,058	21.2%
2011	July 1, 2009	-	649	649	0.0%	2,640	24.6%
2012	July 1, 2009	-	649	649	0.0%	2,964	21.9%
2013	July 1, 2012	-	606	606	0.0%	3,040	19.9%
2014	July 1, 2012	-	606	606	0.0%	3,124	19.4%
2014	July 1, 2012	-	606	606	0.0%	3,144	19.3%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

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

	Special Revenue		
	Manage- ment Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 123,016	277,010	400,026
Receivables:			
Property tax:			
Delinquent	1,337	-	1,337
Succeeding year	185,000	-	185,000
Accounts	-	319	319
Total Assets	\$ 309,353	277,329	586,682
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	9,574	9,574
Total liabilities	-	9,574	9,574
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	185,000	-	185,000
Fund Balances:			
Restricted for:			
Management levy purposes	124,353	-	124,353
Student activities	-	267,755	267,755
Total fund balances	124,353	267,755	392,108
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 309,353	277,329	586,682

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue				
	Manage- ment Levy	Student Activity	Total	Debt Service	Total
Revenues:					
Local sources:					
Local tax	\$ 90,491	-	90,491	-	90,491
Other	6,744	318,024	324,768	-	324,768
Total revenues	97,235	318,024	415,259	-	415,259
Expenditures:					
Current:					
Instruction:					
Regular	9,313	-	9,313	-	9,313
Other	-	266,268	266,268	-	266,268
Support services:					
Administration	1,021	-	1,021	-	1,021
Operation and maintenance of plant	99,973	-	99,973	-	99,973
Transportation	12,289	-	12,289	-	12,289
Principal	-	-	-	200,000	200,000
Interest and fiscal charges	-	-	-	11,548	11,548
Total expenditures	122,596	266,268	388,864	211,548	600,412
Excess(Deficiency) of revenues over(under) expenditures	(25,361)	51,756	26,395	(211,548)	(185,153)
Other financing sources:					
Transfer in	-	-	-	211,548	211,548
Change in fund balances	(25,361)	51,756	26,395	-	26,395
Fund balances beginning of year	149,714	215,999	365,713	-	365,713
Fund balances end of year	\$ 124,353	267,755	392,108	-	392,108

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Yearbook	\$ 16,731	9,762	6,496	38	20,035
Fine arts	485	12,652	11,835	84	1,386
Cat shop	2,335	9,125	7,406	-	4,054
Show Choir	3,612	1,015	4,937	764	454
High School choir	4,327	12,479	8,925	(930)	6,951
Band	-	7,814	6,107	(1,100)	607
Color guard	12	-	-	(12)	-
Boys and girls track	-	7,461	12,721	5,298	38
Golf	(40)	2,354	2,423	319	210
Athletics	23,049	25,854	12,465	8,360	44,798
Boys basketball	20,278	26,870	20,713	(107)	26,328
Football	32,223	50,296	41,167	(835)	40,517
Baseball	7,372	15,559	13,612	(253)	9,066
Wrestling	20,283	30,000	21,657	(904)	27,722
Volleyball	4,180	4,900	4,007	(3)	5,070
Softball	11,313	24,936	22,411	(496)	13,342
Drill team	6,195	9,773	11,415	(111)	4,442
Cheerleaders	1,423	5,912	7,005	76	406
PEP Club	342	3,353	2,111	9	1,593
Weight room	4,037	8,450	6,799	938	6,626
Class of 2012	67	-	-	(67)	-
Class of 2013	3,025	-	-	(3,025)	-
Class of 2014	2,242	-	-	(2,242)	-
Class of 2015	3,762	-	548	(3,214)	-
Class of 2016	-	19,907	14,870	1,108	6,145
Class of 2018	-	820	3,406	3,025	439
Miscellaneous resale	-	1,097	1,097	-	-
National honor society	2,360	2,468	1,886	(543)	2,399
Student council	1,200	2,204	1,133	438	2,709
Renaissance	2,850	-	1,207	777	2,420
Reserve account	8,890	-	-	-	8,890
Interest	-	953	-	(953)	-
Middle school activity	5,076	8,850	8,393	2,040	7,573
Industrial Arts Resale	661	80	-	-	741
Concessions	21,270	13,080	9,481	(9,993)	14,876
Suspense	(76)	-	-	76	-
Fundraisers	6,515	-	35	1,438	7,918
Total	\$ 215,999	318,024	266,268	-	267,755

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODBURY CENTRAL 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
Assets			
Cash and pooled investments	\$ 606,239	177,301	783,540
Receivables:			
Property tax:			
Delinquent	-	782	782
Succeeding year	-	53,594	53,594
Due from other governments	83,181	-	83,181
Total Assets	\$ 689,420	231,677	921,097
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 12,504	3,370	15,874
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	53,594	53,594
Fund Balances:			
Restricted for:			
School infrastructure	676,916	-	676,916
Physical plant and equipment	-	174,713	174,713
Total fund balances	676,916	174,713	851,629
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 689,420	231,677	921,097

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	52,906	52,906
Other	1,933	862	2,795
State sources	538,744	-	538,744
Total revenues	<u>540,677</u>	<u>53,768</u>	<u>594,445</u>
Expenditures:			
Support services:			
Administration	27,994	-	27,994
Operation and maintenance of plant	77,980	28,804	106,784
Transportation	98,175	-	98,175
Other expenditures:			
Facilities acquisition	133,283	26,015	159,298
Total expenditures	<u>337,432</u>	<u>54,819</u>	<u>392,251</u>
Excess (deficiency) of revenues over (under) expenditures	<u>203,245</u>	<u>(1,051)</u>	<u>202,194</u>
Other financing uses:			
Operating transfers out	<u>(211,548)</u>	-	<u>(211,548)</u>
Change in fund balances	(8,303)	(1,051)	(9,354)
Fund balances beginning of year	<u>685,219</u>	<u>175,764</u>	<u>860,983</u>
Fund balances end of year	<u>\$ 676,916</u>	<u>174,713</u>	<u>851,629</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,200,246	2,196,004	2,681,209	2,595,866	2,559,226	2,433,726	2,368,304	2,300,132	2,187,089	1,984,174
Tuition	525,709	465,521	274,764	302,898	359,875	351,156	270,513	324,527	231,250	293,308
Other	477,811	438,963	502,545	472,819	483,945	413,681	417,667	472,883	539,798	449,128
State sources	3,889,413	3,989,421	3,367,743	3,309,462	3,089,575	2,582,244	3,091,406	3,157,963	2,760,912	2,757,304
Federal sources	140,235	192,532	155,969	163,117	349,662	466,050	203,575	134,105	134,510	198,690
Total	\$ 7,233,414	7,282,441	6,982,230	6,844,162	6,842,283	6,246,857	6,351,465	6,389,610	5,853,559	5,682,604
Expenditures:										
Instruction:										
Regular	\$ 2,746,214	2,724,527	2,615,649	2,564,613	2,500,905	2,655,654	2,802,025	2,889,640	2,646,504	2,363,040
Special	769,021	799,467	699,830	769,929	536,863	550,836	626,030	610,468	485,350	583,421
Other	980,113	947,025	999,889	943,260	870,427	778,329	360,405	388,271	445,464	379,421
Support services:										
Student	158,781	206,680	196,868	153,900	133,946	98,593	182,321	175,246	151,574	145,745
Instructional staff	36,927	106,822	102,036	91,923	67,046	77,127	74,557	74,968	83,174	72,562
Administration	694,728	640,148	582,974	588,879	546,415	613,734	667,293	649,883	589,661	509,217
Operation and maintenance of plant	721,807	616,622	590,765	616,818	462,932	537,858	448,908	518,160	535,530	550,229
Transportation	398,397	399,096	291,838	398,958	288,094	316,136	246,459	261,823	209,210	259,496
Non-instructional programs	-	-	-	-	967	16,159	-	-	-	-
Capital outlay	159,298	36,932	196,282	898,709	957,438	239,313	294,000	461,136	674,468	264,775
Long-term debt:										
Principal	200,000	191,413	200,000	220,000	20,000	20,000	255,000	245,000	240,000	240,000
Interest and fiscal charges	11,548	18,936	27,244	30,970	-	-	58,006	78,053	52,659	21,040
Other expenditures:										
AEA flow-through	239,108	239,401	229,549	216,500	235,704	232,029	212,060	213,923	187,063	172,135
Total	\$ 7,115,942	6,927,069	6,732,924	7,494,459	6,620,737	6,135,768	6,227,064	6,566,571	6,300,857	5,561,081

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodbury Central Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 4, 2016.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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.

Woodbury Central Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2016
Newton, Iowa

WOODBURY CENTRAL COMMUNITY SCHOOL DISTRICT

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

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

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

Response - The District is expanding a segregation of duties plan and will be implementing additional measures as soon as feasible with current and possible additional office staff.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015 did not exceed the certified budgeted amounts in any of the functional areas.

II-B-15 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

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

II-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.

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. However, we noted the minutes did not document the code section for a closed session as required by Iowa Code. We also noted instances of board minutes were not published in a timely manner as required by the Chapter 279.35 of the Code of Iowa.

Recommendation - The vote of each board member on the question of holding the closed session and the reason for holding a closed session must be referenced by the specific exemption under Chapter 21.5(1) and announced publicly at the open session as well as entered into the minutes. A governmental body shall not discuss any business during the closed session which does not directly relate to the specific reason given as justification for the closed session. The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

Response - The District will revise noted minutes to reference appropriate Iowa Code and approve amended version.

Conclusion - Response accepted.

II-G-15 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Iowa Department of Education. The number of students certified to the Iowa Department of Education was overstated by 1.0 student.

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

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

Conclusion - Response accepted.

II-H-15 Supplementary Weighting - No variances in the supplementary weighting 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 used to supplant rather than supplement other funds.

II-L-15 Financial Condition - We noted during our audit the Enterprise: School Nutrition Fund has a deficit unrestricted net position balance of \$95,906 and a total deficit net position of \$63,854 as of June 30, 2015. The District had a deficit unrestricted net position of \$1,579,396 in the governmental activities. 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 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's governmental activities went deficit due to the implementation of GASB Statement No. 68 and No. 71 in fiscal year 2015 which require the District to show its proportionate share of the IPERS funding deficit as a liability on the Statement of Net Position. The District's governmental activities net pension liability was \$2,303,686 at June 30, 2015.

Conclusion - Response accepted.

II-M-15 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$	685,219
Revenues/transfers in:			
Sales tax revenues	\$	538,744	
Other		1,933	
			<u>540,677</u>
			1,225,896
Expenditures/transfers out:			
School infrastructure construction		133,283	
Administration		27,994	
Operation and maintenance of plant		77,980	
Transportation		98,175	
Transfers to other funds:			
Debt service fund		211,548	
			<u>548,980</u>
Ending Balance		\$	<u><u>676,916</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 Code of Iowa.