

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Woodward-Granger Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Rebecca Carroll	President	2017
Kelly Squires	Vice President	2015
Jennifer Benbow	Board Member	2015
Dan Jamison	Board Member	2017
Eric Polich	Board Member	2015
School Officials		
Brad Anderson	Superintendent	2015
Bob Torrence	District Secretary/ Treasurer and Business Manager	2015
Ahlers Law Firm	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Woodward-Granger 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 Woodward-Granger Community School District, Woodward, 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 Woodward-Granger Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Woodward-Granger Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodward-Granger Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2016 on our consideration of Woodward-Granger Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.


NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$12,922,437 in fiscal year 2014 to \$10,475,079 in fiscal year 2015, while General Fund expenditures decreased from \$13,493,603 in fiscal year 2014 to \$10,900,141 in fiscal year 2015. This resulted in a decrease in the District's General Fund balance from \$1,721,618 at June 30, 2014 to \$1,296,556 at June 30, 2015, a 24.69% decrease from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in tuition revenue in fiscal year 2015. The decrease in expenditures was due primarily to a decrease in instruction expenses.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

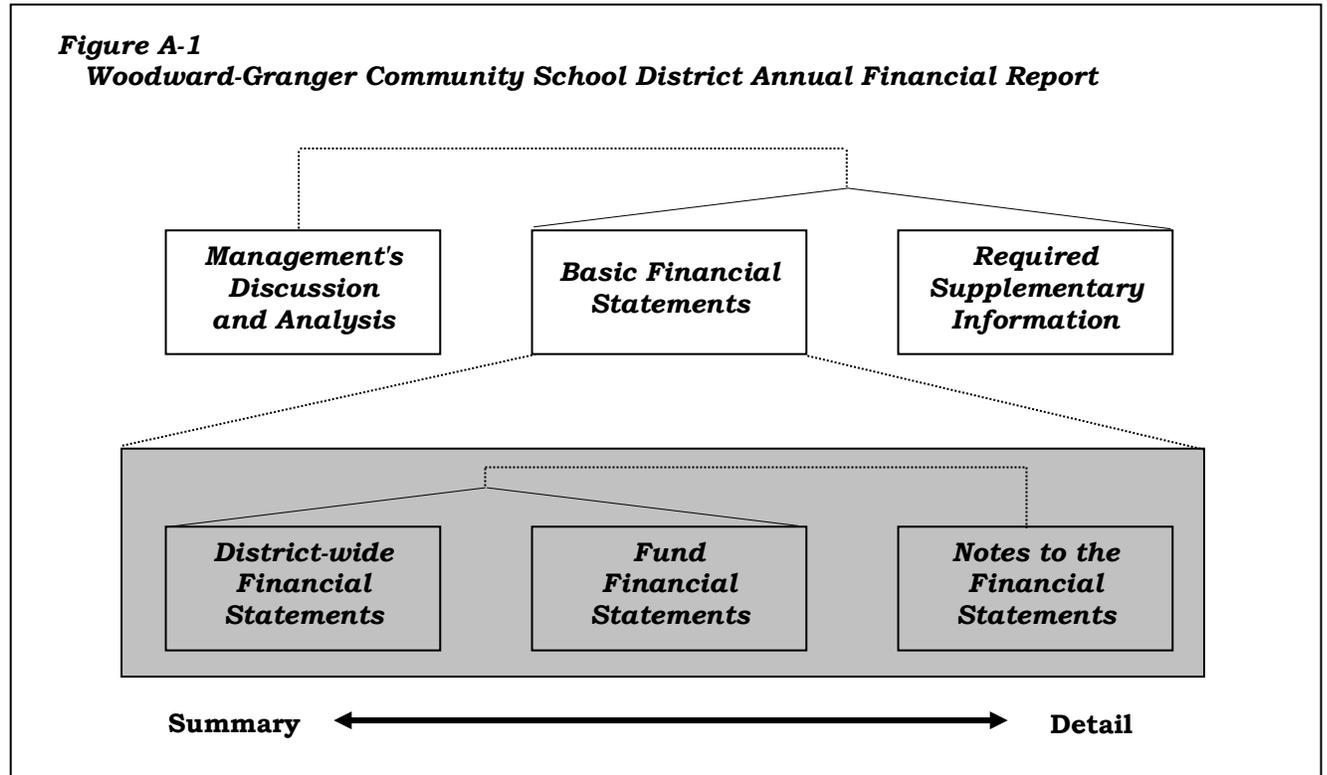


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2				
Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service, before and after school	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 financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private Purpose Trust and the Agency Funds.

- Agency Fund - These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.
- 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 District-wide financial statements because it cannot use these assets to finance its operations.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 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	\$ 14,467,513	21,201,890	42,980	(113,383)	14,510,493	21,088,507	-31.19%
Capital assets	22,934,780	14,911,292	76,564	95,156	23,011,344	15,006,448	53.34%
Total assets	37,402,293	36,113,182	119,544	(18,227)	37,521,837	36,094,955	3.95%
Deferred outflows of resources	1,085,518	-	-	-	1,085,518	-	100.00%
Long-term liabilities	26,587,872	20,826,116	-	-	26,587,872	20,826,116	27.67%
Other liabilities	2,215,266	2,940,425	144,935	7,512	2,360,201	2,947,937	-19.94%
Total liabilities	28,803,138	23,766,541	144,935	7,512	28,948,073	23,774,053	21.76%
Deferred inflows of resources	6,147,732	4,528,566	-	-	6,147,732	4,528,566	35.75%
Net position:							
Net investment in capital assets	4,320,038	5,673,840	76,564	95,156	4,396,602	5,768,996	-23.79%
Restricted	3,123,879	1,693,056	-	-	3,123,879	1,693,056	84.51%
Unrestricted	(3,906,976)	451,179	(101,955)	(120,895)	(4,008,931)	330,284	-1313.78%
Total net position	\$ 3,536,941	7,818,075	(25,391)	(25,739)	3,511,550	7,792,336	-54.94%

The District's combined net position decreased by 54.94%, or \$4,280,786, over the prior year. The largest portion of the District's net position is invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$1,430,823, or 84.51% over the prior year. The increase was primarily a result of the increase in the amount restricted for school infrastructure.

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 \$4,339,215, or 1313.78%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities was restated by \$4,334,656, 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 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15	
Revenues:								
Program revenues:								
Charges for service	\$ 1,213,370	4,254,136	213,158	227,361	1,426,528	4,481,497	-68.17%	
Operating grants, contributions and restricted interest	1,311,598	1,357,823	136,226	139,201	1,447,824	1,497,024	-3.29%	
Capital grants, contributions and restricted interest	8,000	20,000	-	-	8,000	20,000	-60.00%	
General revenues:								
Property tax	4,525,413	4,456,661	-	-	4,525,413	4,456,661	1.54%	
Income surtax	417,297	413,943	-	-	417,297	413,943	0.81%	
Statewide sales, services and use tax	863,709	703,790	-	-	863,709	703,790	22.72%	
Unrestricted state grants	4,897,474	4,093,832	-	-	4,897,474	4,093,832	19.63%	
Nonspecific program federal grants	6,332	5,288	-	-	6,332	5,288	19.74%	
Unrestricted investment earnings	8,869	17,061	-	-	8,869	17,061	-48.02%	
Other	66,438	183,606	3,654	-	70,092	183,606	-61.82%	
Total revenues	<u>13,318,500</u>	<u>15,506,140</u>	<u>353,038</u>	<u>366,562</u>	<u>13,671,538</u>	<u>15,872,702</u>	<u>-13.87%</u>	
Program expenses:								
Instruction	8,138,575	10,478,322	-	-	8,138,575	10,478,322	-22.33%	
Support services	3,746,113	4,102,058	2,189	1,974	3,748,302	4,104,032	-8.67%	
Non-instructional programs	-	-	350,501	359,995	350,501	359,995	-2.64%	
Other expenses	1,380,290	1,291,759	-	-	1,380,290	1,291,759	6.85%	
Total expenses	<u>13,264,978</u>	<u>15,872,139</u>	<u>352,690</u>	<u>361,969</u>	<u>13,617,668</u>	<u>16,234,108</u>	<u>-16.12%</u>	
Change in net position	53,522	(365,999)	348	4,593	53,870	(361,406)	2.25%	
Net position beginning of year, as restated	<u>3,483,419</u>	<u>8,184,074</u>	<u>(25,739)</u>	<u>(30,332)</u>	<u>3,457,680</u>	<u>8,153,742</u>	<u>-57.59%</u>	
Net position end of year	<u>\$ 3,536,941</u>	<u>7,818,075</u>	<u>(25,391)</u>	<u>(25,739)</u>	<u>3,511,550</u>	<u>7,792,336</u>	<u>-54.94%</u>	

In fiscal year 2015, property tax and unrestricted state grants accounted for 70.75% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 98.96% of the revenue from business type activities.

The District's total revenues were approximately \$13.7 million of which approximately \$13.3 million was for governmental activities and approximately \$0.4 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 13.87% in revenues and a 16.12% decrease in expenses. The decrease in revenues was primarily related to the decrease in charges for service. The decrease in expenses was related to the decrease in instruction costs during the year.

Governmental Activities

Revenues for governmental activities were \$13,318,500 and expenses were \$13,264,978.

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

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 8,138,575	10,478,322	-22.33%	6,002,995	5,206,149	15.31%
Support services	3,746,113	4,102,058	-8.68%	3,725,522	4,076,211	-8.60%
Other expenses	1,380,290	1,291,759	6.85%	1,003,493	957,820	4.77%
Totals	<u>\$ 13,264,978</u>	<u>15,872,139</u>	<u>-16.43%</u>	<u>10,732,010</u>	<u>10,240,180</u>	<u>4.80%</u>

- The cost financed by users of the District's programs was \$1,213,370.
- Federal and state governments, along with local sources, subsidized certain programs with grants and contributions totaling \$1,319,598.
- The net cost of governmental activities was financed with \$4,525,413 in property tax, \$417,297 in income surtax, \$863,709 in statewide sales, services and use tax, \$4,897,474 in unrestricted state grants, \$6,332 in nonspecific program federal grants, \$8,869 in interest income, and \$66,438 in other general revenue.

Business Type Activities

Revenues of the District's business type activities were \$353,038 and expenses were \$352,690. The District's business type activities include the School Nutrition Fund and the Before and After School Program. Revenues of these activities were largely comprised of charges for service and federal and state reimbursements.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$7,198,162, compared to last year's ending fund balances of \$13,440,997. The primary reason for the decrease in combined fund balances in fiscal year 2015 is the decrease in the Capital Projects Fund balance due to construction costs during the year.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Tuition revenues declined compared to the prior year resulting in a decrease in total revenues. The decrease in revenues and decrease in General Fund expenditures, resulted in a fund balance decrease from \$1,721,618, to \$1,296,556.

- The Capital Projects Fund balance decreased from \$11,352,931 to \$5,513,196. The decrease was the result of construction costs during the year.
- The Debt Service Fund balance decreased from \$36,881 to \$31,663. The decrease was the result payment on the District's long term indebtedness.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a deficit \$25,739 at June 30, 2014 to a deficit \$25,391 at June 30, 2015, representing an increase of 1.35%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$2,976,315 less than budgeted revenues, a variance of 17.92%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

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

Over the course of the year, Woodward-Granger Community School District amended its annual budget one time to reflect additional expenditures in all functional areas.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested approximately \$23.01 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$480,394.

The original cost of the District's capital assets was approximately \$28.72 million. Governmental funds accounted for approximately \$28.45 million with the remainder of approximately \$0.27 million in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$9,911,982 at June 30, 2015, compared to \$2,108,146 reported at June 30, 2014. This increase resulted from the capitalization of ongoing construction expenses associated with a new elementary school building.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 264,204	264,204	-	-	264,204	264,204	0.00%
Construction in progress	9,911,982	2,108,146	-	-	9,911,982	2,108,146	370.18%
Buildings	12,356,882	12,177,473	-	-	12,356,882	12,177,473	1.47%
Machinery and equipment	401,712	361,469	76,564	95,156	478,276	456,625	4.74%
Total	\$ 22,934,780	14,911,292	76,564	95,156	23,011,344	15,006,448	53.34%

Long-Term Debt

At June 30, 2015, the District had \$26,587,872 in general obligation and other long-term debt outstanding. This represents an increase of 27.67% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding general obligation bonds payable of \$14,260,000 at June 30, 2015.

The District had total outstanding revenue bonds payable of \$6,575,000 at June 30, 2015.

The District had total outstanding capital loan notes payable of \$640,000 at June 30, 2015.

The District had total outstanding computer lease payable of \$275,450 at June 30, 2015.

The District had total outstanding termination benefits payable from the Special Revenue - Management Fund of \$7,808 at June 30, 2015.

The District had total outstanding compensated absences payable from the General Fund of \$19,384 at June 30, 2015.

The District had total outstanding net pension liability of \$3,747,577 at June 30, 2015.

The District had total outstanding Net OPEB liability payable of \$1,062,653 at June 30, 2015.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	
	District	Change	
	June 30,	June 30,	
	2015	2014	2014-15
		(Not restated)	
General obligation bonds	\$ 14,260,000	11,855,000	20.29%
Revenue bonds	6,575,000	6,775,000	-2.95%
Capital loan notes	640,000	840,000	-23.81%
Computer lease	275,450	380,745	-27.65%
Termination benefits	7,808	69,102	-88.70%
Compensated absences	19,384	21,314	-9.06%
Net pension liability	3,747,577	-	100.00%
Net OPEB liability	1,062,653	884,955	20.08%
Totals	<u>\$ 26,587,872</u>	<u>20,826,116</u>	<u>27.67%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low Supplemental State aid over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued support for education at the state level will affect future projections. The District has been forced to shift funding to property taxes.

-
- Due to increasing enrollment, the District is currently undergoing construction to accommodate additional students. This will also require the hiring of additional staff for the new buildings resulting in increased spending for the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bob Torrence, District Secretary/Treasurer, Woodward-Granger Community School District, 306 West 3rd Street, Woodward, Iowa, 50276.

BASIC FINANCIAL STATEMENTS

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 7,772,524	31,582	7,804,106
Receivables:			
Property tax:			
Delinquent	44,146	-	44,146
Succeeding year	4,718,514	-	4,718,514
Income surtax	380,485	-	380,485
Accounts	7,607	4,704	12,311
Due from other funds	128,132	-	128,132
Due from other governments	1,416,105	-	1,416,105
Inventories	-	6,694	6,694
Capital assets, net of accumulated depreciation	22,934,780	76,564	23,011,344
Total Assets	37,402,293	119,544	37,521,837
Deferred Outflows of Resources			
Pension related deferred outflows	1,085,518	-	1,085,518
Liabilities			
Due to other funds	-	128,132	128,132
Accounts payable	991,552	10,447	1,001,999
Salaries and benefits payable	1,145,721	-	1,145,721
Advances from student fees	33,079	350	33,429
Accrued interest payable	44,914	-	44,914
Unearned revenue	-	6,006	6,006
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	525,000	-	525,000
Revenue bonds payable	250,000	-	250,000
Capital loan notes payable	205,000	-	205,000
Computer lease payable	108,050	-	108,050
Termination benefits payable	7,808	-	7,808
Compensated absences	19,384	-	19,384
Portion due after one year:			
General obligation bonds payable	13,735,000	-	13,735,000
Revenue bonds payable	6,325,000	-	6,325,000
Capital loan notes payable	435,000	-	435,000
Computer lease payable	167,400	-	167,400
Net pension liability	3,747,577	-	3,747,577
Net OPEB liability	1,062,653	-	1,062,653
Total Liabilities	28,803,138	144,935	28,948,073
Deferred Inflows of Resources			
Pension related deferred inflows	1,429,218	-	1,429,218
Succeeding year property tax	4,718,514	-	4,718,514
Total Deferred Inflows of Resources	6,147,732	-	6,147,732
Net Position			
Net investment in capital assets	4,320,038	76,564	4,396,602
Restricted for:			
Categorical funding	121,187	-	121,187
School infrastructure	2,518,508	-	2,518,508
Physical plant and equipment	134,430	-	134,430
Management levy purposes	290,953	-	290,953
Student activities	58,801	-	58,801
Unrestricted	(3,906,976)	(101,955)	(4,008,931)
Total Net Position	\$ 3,536,941	(25,391)	3,511,550

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 5,063,053	555,666	57,931	-	(4,449,456)	-	(4,449,456)
Special	1,508,312	358,669	137,185	-	(1,012,458)	-	(1,012,458)
Other	1,567,210	299,035	727,094	-	(541,081)	-	(541,081)
	<u>8,138,575</u>	<u>1,213,370</u>	<u>922,210</u>	<u>-</u>	<u>(6,002,995)</u>	<u>-</u>	<u>(6,002,995)</u>
Support services:							
Student	415,518	-	-	-	(415,518)	-	(415,518)
Instructional staff	333,323	-	-	-	(333,323)	-	(333,323)
Administration	1,317,280	-	-	-	(1,317,280)	-	(1,317,280)
Operation and maintenance of plant	1,231,257	-	-	8,000	(1,223,257)	-	(1,223,257)
Transportation services	448,735	-	12,591	-	(436,144)	-	(436,144)
	<u>3,746,113</u>	<u>-</u>	<u>12,591</u>	<u>8,000</u>	<u>(3,725,522)</u>	<u>-</u>	<u>(3,725,522)</u>
Long-term debt interest	663,300	-	-	-	(663,300)	-	(663,300)
Other expenditures:							
AEA flowthrough	376,797	-	376,797	-	-	-	-
Depreciation(unallocated)*	340,193	-	-	-	(340,193)	-	(340,193)
	<u>716,990</u>	<u>-</u>	<u>376,797</u>	<u>-</u>	<u>(340,193)</u>	<u>-</u>	<u>(340,193)</u>
Total governmental activities	<u>13,264,978</u>	<u>1,213,370</u>	<u>1,311,598</u>	<u>8,000</u>	<u>(10,732,010)</u>	<u>-</u>	<u>(10,732,010)</u>
Business type activities:							
Support services:							
Administration	2,189	-	-	-	-	(2,189)	(2,189)
Non-instructional programs:							
Food service operations	350,501	213,158	136,226	-	-	(1,117)	(1,117)
Total business type activities	<u>352,690</u>	<u>213,158</u>	<u>136,226</u>	<u>-</u>	<u>-</u>	<u>(3,306)</u>	<u>(3,306)</u>
Total	\$ <u>13,617,668</u>	<u>1,426,528</u>	<u>1,447,824</u>	<u>8,000</u>	<u>(10,732,010)</u>	<u>(3,306)</u>	<u>(10,735,316)</u>
General Revenues:							
Property tax for:							
General purposes				\$ 3,188,790	-		3,188,790
Capital outlay				398,792	-		398,792
Debt service				937,831	-		937,831
Income surtax				417,297	-		417,297
Statewide sales, services and use tax				863,709	-		863,709
Unrestricted state grants				4,897,474	-		4,897,474
Nonspecific program federal grants				6,332	-		6,332
Unrestricted investment earnings				8,869	-		8,869
Other				66,438	3,654		70,092
Total general revenues				<u>10,785,532</u>	<u>3,654</u>		<u>10,789,186</u>
Changes in net position				53,522	348		53,870
Net position beginning of year, as restated				3,483,419	(25,739)		3,457,680
Net position end of year				<u>\$ 3,536,941</u>	<u>(25,391)</u>		<u>3,511,550</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects	Debt Service	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 1,353,683	5,732,997	331,637	354,207	7,772,524
Receivables:					
Property tax:					
Delinquent	30,097	3,426	8,057	2,566	44,146
Succeeding year	3,006,010	415,312	997,193	299,999	4,718,514
Income surtax	380,485	-	-	-	380,485
Accounts	3,631	-	-	3,976	7,607
Due from other funds	128,132	-	-	-	128,132
Due from other governments	1,281,906	134,199	-	-	1,416,105
TOTAL ASSETS	\$ 6,183,944	6,285,934	1,336,887	660,748	14,467,513
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 322,093	357,426	308,031	4,002	991,552
Salaries and benefits payable	1,145,721	-	-	-	1,145,721
Advances from student fees	33,079	-	-	-	33,079
Total liabilities	1,500,893	357,426	308,031	4,002	2,170,352
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,006,010	415,312	997,193	299,999	4,718,514
Income surtax	380,485	-	-	-	380,485
Total deferred inflows of resources	3,386,495	415,312	997,193	299,999	5,098,999
Fund balances:					
Restricted for:					
Categorical funding	121,187	-	-	-	121,187
School infrastructure	-	5,378,766	-	-	5,378,766
Physical plant and equipment	-	134,430	-	-	134,430
Management levy purposes	-	-	-	298,761	298,761
Student activities	-	-	-	58,801	58,801
Debt service	-	-	31,663	-	31,663
Unassigned:					
General fund	1,175,369	-	-	-	1,175,369
Student activities	-	-	-	(815)	(815)
Total fund balances	1,296,556	5,513,196	31,663	356,747	7,198,162
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,183,944	6,285,934	1,336,887	660,748	14,467,513

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER 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)	\$	7,198,162
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		22,934,780
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		380,485
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as liability in the governmental funds.		(44,914)
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	\$ 1,085,518	
Deferred inflows of resources	<u>(1,429,218)</u>	(343,700)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, net OPEB liability, net pension liability, capital loan notes payable, computer lease payable, termination benefits payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds		<u>(26,587,872)</u>
Net position of governmental activities (page 18)	\$	<u>3,536,941</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,273,906	398,792	937,831	296,382	4,906,911
Tuition	856,104	-	-	-	856,104
Other	159,124	27,272	2	273,520	459,918
State sources	5,595,534	865,849	5,032	5,252	6,471,667
Federal sources	588,101	-	-	-	588,101
Total revenues	<u>10,472,769</u>	<u>1,291,913</u>	<u>942,865</u>	<u>575,154</u>	<u>13,282,701</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,752,425	-	-	-	4,752,425
Special	1,644,315	-	-	-	1,644,315
Other	1,208,901	-	-	259,008	1,467,909
	<u>7,605,641</u>	<u>-</u>	<u>-</u>	<u>259,008</u>	<u>7,864,649</u>
Support services:					
Student	370,756	-	-	-	370,756
Instructional staff	301,312	-	-	-	301,312
Administration	1,121,760	126,371	-	30,044	1,278,175
Operation and maintenance of plant	751,546	154,650	-	258,922	1,165,118
Transportation	372,329	95,121	-	-	467,450
	<u>2,917,703</u>	<u>376,142</u>	<u>-</u>	<u>288,966</u>	<u>3,582,811</u>
Capital outlay	-	8,896,816	-	-	8,896,816
Long-term debt:					
Principal	-	-	1,050,295	-	1,050,295
Interest and fiscal charges	-	-	671,170	-	671,170
	<u>-</u>	<u>-</u>	<u>1,721,465</u>	<u>-</u>	<u>1,721,465</u>
Other expenditures:					
AEA flowthrough	376,797	-	-	-	376,797
Total expenditures	<u>10,900,141</u>	<u>9,272,958</u>	<u>1,721,465</u>	<u>547,974</u>	<u>22,442,538</u>
Excess(Deficiency) of revenues over(under) expenditures	(427,372)	(7,981,045)	(778,600)	27,180	(9,159,837)
Other financing sources(uses):					
Proceeds from the disposal of assets	2,310	-	-	-	2,310
General obligation bond issuance	-	2,950,000	-	-	2,950,000
Premium on bond issue	-	17,215	-	-	17,215
Discount on bond issue	-	(52,523)	-	-	(52,523)
Transfer in	-	-	773,382	-	773,382
Transfer out	-	(773,382)	-	-	(773,382)
Total other financing sources(uses)	<u>2,310</u>	<u>2,141,310</u>	<u>773,382</u>	<u>-</u>	<u>2,917,002</u>
Change in fund balances	(425,062)	(5,839,735)	(5,218)	27,180	(6,242,835)
Fund balances beginning of year	<u>1,721,618</u>	<u>11,352,931</u>	<u>36,881</u>	<u>329,567</u>	<u>13,440,997</u>
Fund balances end of year	<u>\$ 1,296,556</u>	<u>5,513,196</u>	<u>31,663</u>	<u>356,747</u>	<u>7,198,162</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ (6,242,835)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not 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 of capital outlay and depreciation expense in the year are as follows:

Capital outlay	\$ 8,485,290	
Depreciation expense	<u>(461,802)</u>	8,023,488

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 35,799

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 issuances and repayments are as follows:

Issued	(2,950,000)	
Repaid	<u>1,050,295</u>	(1,899,705)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 7,870

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. 591,209

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

Termination Benefits	61,294	
Compensated Absences	1,930	
Pension expense	(347,830)	
Net OPEB liability	<u>(177,698)</u>	<u>(462,304)</u>

Change in net position of governmental activities (page 19) \$ 53,522

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	School Nutrition	Before and After School	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 31,232	350	31,582
Accounts receivable	4,704	-	4,704
Inventories	6,694	-	6,694
Total current assets	42,630	350	42,980
Noncurrent assets:			
Capital assets, net of accumulated depreciation	76,564	-	76,564
Total Assets	119,194	350	119,544
Liabilities			
Due to other funds	128,132	-	128,132
Accounts payable	10,447	-	10,447
Advances from student fees	-	350	350
Unearned revenue	6,006	-	6,006
Total Liabilities	144,585	350	144,935
Net Position			
Net investment in capital assets	76,564	-	76,564
Unrestricted	(101,955)	-	(101,955)
Total Net Position	\$ (25,391)	-	(25,391)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 213,158
Miscellaneous	3,654
TOTAL OPERATING REVENUES	216,812
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	2,110
Supplies	79
	2,189
Non-instructional programs:	
Food service operations:	
Services	151,534
Supplies	180,375
Depreciation	18,592
	350,501
TOTAL OPERATING EXPENSES	352,690
OPERATING LOSS	(135,878)
NON-OPERATING REVENUES:	
State sources	2,626
Federal sources	133,600
TOTAL NON-OPERATING REVENUES	136,226
Increase in net position	348
Net position beginning of year	(25,739)
Net position end of year	\$ (25,391)

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	School Nutrition	Before and After School	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 224,482	-	224,482
Cash received from miscellaneous operating activities	3,654	350	4,004
Cash payments to suppliers for goods or services	(305,527)	-	(305,527)
Net cash provided by(used in) operating activities	(77,391)	350	(77,041)
Cash flows from non-capital financing activities:			
Repayments to the General Fund	(14,308)	-	(14,308)
State grants received	2,626	-	2,626
Federal grants received	114,682	-	114,682
Net cash provided by non-capital financing activities	103,000	-	103,000
Net increase in cash and pooled investments	25,609	350	25,959
Cash and pooled investments at beginning of year	5,623	-	5,623
Cash and pooled investments at end of year	\$ 31,232	350	31,582
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (135,878)	-	(135,878)
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:			
Commodities consumed	19,521	-	19,521
Depreciation	18,592	-	18,592
Decrease in inventories	294	-	294
Decrease in accounts receivable	11,139	-	11,139
Increase in accounts payable	8,756	-	8,756
Increase in unearned revenue	185	-	185
Increase in deposits payable	-	350	350
Net cash provided by(used in) operating activities	\$ (77,391)	350	(77,041)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$19,521 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose</u>	
	<u>Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Cash and pooled investments	<u>\$ 47,516</u>	<u>5,826</u>
Liabilities		
Due to other groups	<u>-</u>	<u>5,826</u>
Net Position		
Held in trust for scholarships	<u>\$ 47,516</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 162
Contributions	1,150
Total additions	<u>1,312</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,250</u>
Change in net position	62
Net position beginning of year	<u>47,454</u>
Net position end of year	<u>\$ 47,516</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Woodward-Granger 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 Woodward-Granger Community School District has no component unit 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 Dallas, Polk, and Boone Counties Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Debt Service Fund is utilized to account for the accumulation of resources for, and the payment of long-term debt principal and interest.

The District's nonmajor proprietary funds are the Enterprise, School Nutrition Fund and the Before and After School Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Before and After School fund is used to account for the before and after school program provided by 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.

The Agency Fund is used to account for assets help by the District as an agent for individuals, private organizations. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

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 is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - restricted 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, Pooled Investments and Cash Equivalents - 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, equipment and intangibles are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Intangibles	75,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Intangibles	2 or more years
Furniture and equipment	5-12 years

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

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.

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.

Advances From Student Fees - Registration fees that have been received by the District but will be recognized as revenue in the succeeding year.

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 consist of property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

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

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

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 classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits 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 and the Treasurer of the State of Iowa; 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 \$4,909,935 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) Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Physical Plant and Equipment Levy	\$ 230,255
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	543,127
Total		<u>\$ 773,382</u>

The Capital Projects: Physical Plant and Equipment Levy Fund transfer to Debt Service was needed for principal and interest payments on the District's capital loan note indebtedness.

The Capital Projects: Statewide Sales, Services and Use Tax Fund transfer to Debt Service was needed for principal and interest payments on the District's computer lease and revenue bonds.

(4) Due from and Due to Other Funds

At June 30, 2015 the interfund receivables and payables consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Enterprise, School Nutrition	<u>\$ 128,132</u>

The Enterprise, School Nutrition Fund is repaying the General Fund for money borrowed for cash flow purposes.

(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
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 264,204	-	-	264,204
Construction in progress	2,108,146	7,803,836	-	9,911,982
Total capital assets not being depreciated	<u>2,372,350</u>	<u>7,803,836</u>	-	<u>10,176,186</u>
Capital assets being depreciated:				
Buildings	16,349,072	519,602	-	16,868,674
Machinery and equipment	1,243,290	161,852	-	1,405,142
Total capital assets being depreciated	<u>17,592,362</u>	<u>681,454</u>	-	<u>18,273,816</u>
Less accumulated depreciation for:				
Buildings	4,171,599	340,193	-	4,511,792
Machinery and equipment	881,821	121,609	-	1,003,430
Total accumulated depreciation	<u>5,053,420</u>	<u>461,802</u>	-	<u>5,515,222</u>
Total capital assets being depreciated, net	<u>12,538,942</u>	<u>219,652</u>	-	<u>12,758,594</u>
Governmental activities capital assets, net	<u>\$ 14,911,292</u>	<u>8,023,488</u>	-	<u>22,934,780</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 272,603	-	-	272,603
Less accumulated depreciation	177,447	18,592	-	196,039
Business type activities capital as:	\$ 95,156	(18,592)	-	76,564

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular	\$	20,808
Special		666
Support services:		
Instructional staff		10,479
Administration		9,168
Operation and maintenance of plant		2,394
Transportation		78,094
		<u>121,609</u>
Unallocated depreciation		<u>340,193</u>
Total governmental activities depreciation expense	\$	<u>461,802</u>
Business type activities:		
Food service operations	\$	<u>18,592</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year Restated	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 11,855,000	2,950,000	545,000	14,260,000	525,000
Revenue bonds	6,775,000	-	200,000	6,575,000	250,000
Capital loan notes	840,000	-	200,000	640,000	205,000
Computer lease	380,745	-	105,295	275,450	108,050
Termination benefits*	69,102	7,808	69,102	7,808	7,808
Compensated absences	21,314	19,384	21,314	19,384	19,384
Net pension liability	4,886,828	-	1,139,251	3,747,577	-
Net OPEB liability	884,955	177,698	-	1,062,653	-
Total	\$ 25,712,944	3,154,890	2,279,962	26,587,872	1,115,242

* A portion of the liability for termination benefits is now accounted for as an explicit subsidy in the Net OPEB liability.

General Obligation Bonds Payable

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

Year Ending June 30,	Bond Issue of June 3, 2008			Bond Issue of October 1, 2012			Bond Issue of August 15, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2016	4.10 %	\$ 200,000	177,420	0.65 %	\$ 185,000	24,060	2.00 %	\$ 100,000	187,487
2017	4.10	205,000	169,220	0.85	190,000	22,858	2.00	100,000	185,488
2018	4.10	215,000	160,815	1.05	190,000	21,242	2.00	105,000	183,487
2019	4.00	225,000	152,000	1.20	190,000	19,247	2.00	105,000	181,388
2020	4.00	235,000	143,000	1.35	195,000	16,968	3.00	105,000	179,287
2021-2025	4.00	1,600,000	563,800	1.55-2.05	790,000	37,647	3.00-3.25	500,000	849,362
2026-2028	4.00	1,740,000	141,200	-	-	-	3.25-3.75	1,725,000	748,576
2031-2035	-	-	-	-	-	-	4.00	2,410,000	195,400
Total		<u>\$ 4,420,000</u>	<u>1,507,455</u>		<u>\$ 1,740,000</u>	<u>142,022</u>		<u>\$ 5,150,000</u>	<u>2,710,475</u>

Year Ending June 30,	Bond Issue of June 3, 2015			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	3.00 %	\$ 40,000	88,008	525,000	476,975	1,001,975
2107	3.00	45,000	87,300	540,000	464,866	1,004,866
2018	3.00	45,000	85,950	555,000	451,494	1,006,494
2019	3.00	50,000	84,600	570,000	437,235	1,007,235
2020	3.00	45,000	83,100	580,000	422,355	1,002,355
2021-2025	3.00	280,000	392,250	3,170,000	1,843,059	5,013,059
2026-2030	3.00	310,000	348,750	3,775,000	1,238,526	5,013,526
2031-2035	3.00	2,135,000	272,400	4,545,000	467,800	5,012,800
Total		<u>\$ 2,950,000</u>	<u>1,442,358</u>	<u>14,260,000</u>	<u>5,802,310</u>	<u>20,062,310</u>

Revenue Bonds Payable

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of September 30, 2013			Bond Issue of May 8, 2014			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2016	3.25 %	\$ 15,000	130,325	3.10 %	\$ 235,000	79,515	250,000	209,840	459,840
2017	3.25	15,000	129,837	3.10	220,000	72,230	235,000	202,067	437,067
2018	3.25	20,000	129,350	3.10	195,000	65,410	215,000	194,760	409,760
2019	3.25	280,000	128,700	3.10	140,000	59,365	420,000	188,065	608,065
2020	3.25	285,000	119,600	3.10	150,000	55,025	435,000	174,625	609,625
2021-2025	3.25	1,940,000	435,826	3.10	460,000	218,240	2,400,000	654,066	3,054,066
2026-2030	3.25	1,455,000	95,550	3.10	1,165,000	139,345	2,620,000	234,895	2,854,895
Total		<u>\$ 4,010,000</u>	<u>1,169,188</u>		<u>\$ 2,565,000</u>	<u>689,130</u>	<u>6,575,000</u>	<u>1,858,318</u>	<u>8,433,318</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$6,790,000 of bonds issued in fiscal year 2014. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 53% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$8,433,318. For the current year, \$428,613 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$863,709.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Capital Loan Notes Payable

During the year ended June 30, 2008 the District issued \$1,900,000 in capital loan notes which are payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2015 capital loan notes indebtedness are as follows:

Year Ending June 30,	Note Issue of June 3, 2008				
	Interest Rates		Principal	Interest	Total
2016	3.50	% \$	205,000	23,055	228,055
2017	3.60		215,000	15,880	230,880
2018	3.70		220,000	8,140	228,140
Total			<u>\$ 640,000</u>	<u>47,075</u>	<u>687,075</u>

Computer Lease

Details of the District's June 30, 2015 computer lease indebtedness that will be paid from the Capital Projects: Statewide Sales, Services and Use Tax Fund:

Year Ending June 30,	Computer lease of July 15, 2011				
	Interest Rates		Principal	Interest	Total
2016	1.70	% \$	108,050	6,464	114,514
2017	1.70		110,878	3,636	114,514
2018	1.70		56,522	735	57,257
Total			<u>\$ 275,450</u>	<u>10,835</u>	<u>286,285</u>

Termination Benefits

During fiscal year 2015, the District approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least ten years of full-time service to the District and must have reached the age of fifty-five on or before June 30, 2015. The application for early retirement was subject to approval by the Board of Education.

Early retirement benefits equal 10% of the employee's regular contractual salary in effect during the employee's last year of employment. The policy requires early retirement benefits be paid in one payment prior to the end of the calendar year.

At June 30, 2015, the District has obligations to two participants with a total liability of \$7,808. A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current termination benefits.

Early retirement benefits also include District contributions toward health insurance premiums up to \$8,000 annually. This liability is included as an explicit subsidy in the District's net OPEB liability. Retirees receive the benefit until the earliest of the following events occur: the retiree turns age 65, retiree death, or the retiree fails to remit to the District any additional premiums in excess of the provided benefit.

(7) 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 151 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug dental benefit as active employees, which results in an implicit OPEB liability. The District also provides insurance premiums as part of an early retirement incentive which results in an explicit 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 is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding 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 the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	246,678
Interest on net OPEB obligation		22,124
Adjustment to annual required contribution		(60,887)
Annual OPEB cost		<u>207,915</u>
Contributions made		<u>(30,217)</u>
Increase in net OPEB obligation		177,698
Net OPEB obligation beginning of year		<u>884,955</u>
Net OPEB obligation end of year	\$	<u>1,062,653</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 298,807	20.35%	\$ 738,798
2014	179,137	18.41	884,955
2015	207,915	14.53	1,062,653

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1.286 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.286 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6.16 million and the ratio of the UAAL to covered payroll was 20.88%. 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 health care cost trend.

Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Pension and Retirement Benefits

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, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

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

The District's contributions to IPERS for the year ended June 30, 2015 were \$591,209.

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 \$3,747,577 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 0.092599 percent, which was an increase of 0.006290 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$347,830. 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	\$ 40,729	\$ -
Changes of assumptions	165,389	-
Net difference between projected and actual earnings on pension plan investments	-	1,429,218
Changes in proportion and differences between District contributions and proportionate share of contributions	288,191	-
District contributions subsequent to the measurement date	591,209	-
Total	<u>\$ 1,085,518</u>	<u>\$ 1,429,218</u>

\$591,209 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	\$ (241,812)
2017	(241,812)
2018	(241,812)
2019	(241,812)
2020	32,339
	<u>\$ (934,909)</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	\$ 7,080,942	\$ 3,747,577	\$ 933,872

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 \$86,072 for legally required employer contributions and \$57,349 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Risk Management

Woodward-Granger 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 \$376,797 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) Deficit Fund Balance/Net Position

The Enterprise, School Nutrition Fund had deficit unrestricted net position of \$101,955 and deficit total net position of \$25,391 at June 30, 2015. The District had a deficit unrestricted net position of \$3,906,976 in the governmental activities. The Student Activity Fund had one account with a deficit unassigned fund balance of \$815.

(12) 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>
Gifted and talented programs	\$ 4,638
Weighted at-risk programs	15,031
Four-year-old preschool state aid	9,766
Teacher salary supplement	39,501
Professional development	27,303
Professional development for model core curriculum	2,137
Textbook aid for nonpublic students	137
Successful progression for early readers	22,164
Teacher leadership grants	509
Iowa early intervention block grant	1
Total restricted for categorical funding	<u>\$ 121,187</u>

(13) Reconciliation of Governmental Fund Balances to Net Position

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

	<u>Net Investment in Capital Assets</u>	<u>School Infrastructure</u>	<u>Management Levy</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted Balances</u>
Fund balance (Exhibit C)	\$ -	5,378,766	298,761	31,663	1,175,369
Capital assets, net of accumulated depreciation	22,934,780	-	-	-	-
General obligation bond capitalized indebtedness	(11,399,742)	-	-	-	-
Unspent general obligation bond proceeds	-	(2,860,258)	-	-	-
Revenue bond capitalized indebtedness	(6,575,000)	-	-	-	-
Capital loan note capitalized indebtedness	(640,000)	-	-	-	-
Termination benefits	-	-	(7,808)	-	-
Accrued interest payable	-	-	-	(31,663)	(13,251)
Computer lease payable	-	-	-	-	(275,450)
Accrued compensated absences	-	-	-	-	(19,384)
Income surtax	-	-	-	-	380,485
Net OPEB liability	-	-	-	-	(1,062,653)
Net pension liability	-	-	-	-	(3,747,577)
Pension related deferred outflows of resources	-	-	-	-	1,085,518
Pension related deferred inflows of resources	-	-	-	-	(1,429,218)
Unassigned student activity fund balance	-	-	-	-	(815)
Net position (Exhibit A)	<u>\$ 4,320,038</u>	<u>2,518,508</u>	<u>290,953</u>	<u>-</u>	<u>(3,906,976)</u>

(14) Construction Commitment

The District has entered into contracts for a variety of school infrastructure projects including a new elementary building, parking lot expansion and new roof on the middle school. As of June 30, 2015, costs of \$9,911,982 had been incurred against the contracts. The balance remaining on these contracts at June 30, 2015 will be paid as work on the project progresses and will be capitalized upon completion.

(15) Reconciliation of Governmental Fund Balances to Net Position

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</u>
	<u>Activities</u>
Net position June 30, 2014, as previously reported	\$ 7,818,075
Net pension liability at June 30, 2014	(4,886,828)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	552,172
Net position July 1, 2014, as restated	<u>\$ 3,483,419</u>

REQUIRED SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER 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	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 6,222,933	216,812	6,439,745	10,397,617	10,397,617	(3,957,872)
State sources	6,471,667	2,626	6,474,293	5,573,437	5,573,437	900,856
Federal sources	588,101	133,600	721,701	641,000	641,000	80,701
Total revenues	<u>13,282,701</u>	<u>353,038</u>	<u>13,635,739</u>	<u>16,612,054</u>	<u>16,612,054</u>	<u>(2,976,315)</u>
Expenditures/expenses:						
Instruction	7,864,649	-	7,864,649	10,951,000	12,000,000	4,135,351
Support services	3,582,811	2,189	3,585,000	4,330,561	5,000,561	1,415,561
Non-instructional programs	-	350,501	350,501	324,139	479,470	128,969
Other expenditures	10,995,078	-	10,995,078	10,792,228	11,800,000	804,922
Total expenditures/expenses	<u>22,442,538</u>	<u>352,690</u>	<u>22,795,228</u>	<u>26,397,928</u>	<u>29,280,031</u>	<u>6,484,803</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(9,159,837)	348	(9,159,489)	(9,785,874)	(12,667,977)	3,508,488
Other financing sources(uses), net	<u>2,917,002</u>	-	<u>2,917,002</u>	<u>2,720,000</u>	<u>2,720,000</u>	<u>197,002</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses and other financing uses	(6,242,835)	348	(6,242,487)	(7,065,874)	(9,947,977)	3,705,490
Balances beginning of year	<u>13,440,997</u>	<u>(25,739)</u>	<u>13,415,258</u>	<u>11,068,828</u>	<u>11,068,828</u>	<u>2,346,430</u>
Balances end of year	<u>\$ 7,198,162</u>	<u>(25,391)</u>	<u>7,172,771</u>	<u>4,002,954</u>	<u>1,120,851</u>	<u>6,051,920</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budget expenditures by \$2,882,103.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 1,244,652	\$ 1,244,652	0.00%	\$ 4,367,794	28.50%
2011	July 1, 2009	-	1,244,652	1,244,652	0.00%	4,377,964	28.43%
2012	July 1, 2011	-	1,295,536	1,295,536	0.00%	5,317,637	24.36%
2013	July 1, 2011	-	1,172,246	1,172,246	0.00%	4,960,293	23.63%
2014	July 1, 2011	-	1,004,468	1,004,468	0.00%	5,810,692	17.29%
2015	July 1, 2014	-	1,286,008	1,286,008	0.00%	6,158,839	20.88%

See Note 7 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.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.092599%
District's proportionate share of the net pension liability	\$ 3,747,577
District's covered-employee payroll	\$ 6,620,479
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	56.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.
WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 591,209	551,263	484,049	430,685	336,515	323,015	312,243	284,205	246,590	237,756
Contributions in relation to the statutorily required contribution	<u>(591,209)</u>	<u>(551,263)</u>	<u>(484,049)</u>	<u>(430,685)</u>	<u>(336,515)</u>	<u>(323,015)</u>	<u>(312,243)</u>	<u>(284,205)</u>	<u>(246,590)</u>	<u>(237,756)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 6,620,479	6,173,158	5,583,033	5,336,865	4,841,942	4,647,698	4,917,213	4,697,603	4,288,522	4,134,887
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.

WOODWARD-GRANGER 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.

WOODWARD-GRANGER 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.

SUPPLEMENTARY INFORMATION

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 295,370	58,837	354,207
Receivables:			
Property tax:			
Delinquent	2,566	-	2,566
Succeeding year	299,999	-	299,999
Accounts	3,976	-	3,976
TOTAL ASSETS	\$ 601,911	58,837	660,748
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,151	851	4,002
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	299,999	-	299,999
Fund balances:			
Restricted for:			
Management levy purposes	298,761	-	298,761
Student activities	-	58,801	58,801
Unassigned	-	(815)	(815)
Total fund balances	298,761	57,986	356,747
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 601,911	58,837	660,748

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 296,382	-	296,382
Other	13,028	260,492	273,520
State sources	5,252	-	5,252
Total revenues	<u>314,662</u>	<u>260,492</u>	<u>575,154</u>
Expenditures:			
Current:			
Instruction:			
Other	-	259,008	259,008
Support services:			
Administration	30,044	-	30,044
Operation and maintenance of plant	258,922	-	258,922
Total expenditures	<u>288,966</u>	<u>259,008</u>	<u>547,974</u>
Change in fund balances	25,696	1,484	27,180
Fund balances beginning of year	<u>273,065</u>	<u>56,502</u>	<u>329,567</u>
Fund balances end of year	<u>\$ 298,761</u>	<u>57,986</u>	<u>356,747</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Construction	Physical Plant and Equipment Levy	Total Capital Projects
ASSETS				
Cash and pooled investments	\$ 2,714,600	2,886,245	132,152	5,732,997
Receivables:				
Property tax				
Delinquent	-	-	3,426	3,426
Succeeding year	-	-	415,312	415,312
Due from other governments	134,199	-	-	134,199
TOTAL ASSETS	\$ 2,848,799	2,886,245	550,890	6,285,934
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 330,291	25,987	1,148	357,426
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	415,312	415,312
Fund balances:				
Restricted for:				
School infrastructure	2,518,508	2,860,258	-	5,378,766
Physical plant and equipment	-	-	134,430	134,430
Total fund balances	2,518,508	2,860,258	134,430	5,513,196
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,848,799	2,886,245	550,890	6,285,934

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER 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	Construction	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources				
Local tax	\$ -	-	398,792	398,792
Other	17,234	3,955	6,083	27,272
State sources	863,709	-	2,140	865,849
Total revenues	880,943	3,955	407,015	1,291,913
Expenditures:				
Current:				
Support services:				
Administration	60,702	28,630	37,039	126,371
Operation and maintenance of plant	74,678	-	79,972	154,650
Transportation	95,121	-	-	95,121
Capital outlay	5,116,618	3,528,748	251,450	8,896,816
Total expenditures	5,347,119	3,557,378	368,461	9,272,958
Excess(Deficiency) of revenues over(under) expenditures	(4,466,176)	(3,553,423)	38,554	(7,981,045)
Other financing sources(uses):				
General obligation bond issuance	-	2,950,000	-	2,950,000
Premium on bond issue	-	17,215	-	17,215
Discount on bond issue	-	(52,523)	-	(52,523)
Transfer out	(543,127)	-	(230,255)	(773,382)
Total other financing sources(uses)	(543,127)	2,914,692	(230,255)	2,141,310
Change in fund balances	(5,009,303)	(638,731)	(191,701)	(5,839,735)
Fund balances beginning of year	7,527,811	3,498,989	326,131	11,352,931
Fund balances end of year	\$ 2,518,508	2,860,258	134,430	5,513,196

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
JH Athletic Accounts:				
JH Co-ed Track	\$ -	804	804	-
JH Boys Basketball	-	1,032	1,032	-
JH Football	-	675	675	-
JH Wrestling	-	181	181	-
JH Girls Basketball	-	406	406	-
JH Volleyball	-	337	337	-
	-	3,435	3,435	-
JH Athletic Fundraiser:				
JH Boys Basketball	91	-	-	91
JH Football	226	-	226	-
JH Girls Basketball	247	-	-	247
JH Volleyball	217	-	-	217
Elementary Girls Basketball	688	-	-	688
	1,469	-	226	1,243
HS Athletic Accounts:				
HS General Athletics	7,298	24,500	24,681	7,117
HS Co-ed Track	-	2,670	2,670	-
HS Golf	-	445	445	-
HS Boys Basketball	-	2,617	2,617	-
HS Football	-	8,192	8,192	-
HS Baseball	-	4,364	4,364	-
HS Wrestling	-	2,291	2,291	-
HS Girls Basketball	-	5,368	5,368	-
HS Volleyball	-	3,727	3,727	-
HS Softball	-	5,879	5,879	-
	7,298	60,053	60,234	7,117
HS Athletic Fundraiser:				
Girls and Boys Golf	29	2,187	1,579	637
HS Co-ed Track Fundraiser	946	2,245	1,100	2,091
Weightlifting	28	-	-	28
HS Boys Basketball	2,745	3,569	3,050	3,264
HS Football	3,783	18,517	17,834	4,466
Baseball	(3,200)	46,261	42,690	371
HS Wrestling	384	1,433	1,760	57
HS Girls Basketball	2,149	931	989	2,091
HS Girls Volleyball	2,003	4,445	4,898	1,550
HS Girls Softball	1,553	17,765	16,568	2,750
	10,420	97,353	90,468	17,305
Activities Accounts:				
Cash on Hand	475	2,196	2,196	475
HS Cheerleaders	7,529	8,624	13,005	3,148
MS Cheerleaders	176	578	604	150
Class of 2015	8,270	1,714	9,984	-
Class of 2016	5,214	27,646	27,908	4,952
Class of 2017	-	10,771	8,330	2,441
HS Dance Team	4	9,901	9,705	200
Drama	2,979	1,249	1,762	2,466
National Honor Society	-	122	-	122
Flag Team Fundraiser	315	-	-	315
Jazz Festival	6,723	24,235	17,611	13,347
Marketing Fundraiser	603	-	-	603
STEM Club	-	152	20	132
Spanish Club	1,276	-	-	1,276
HS Student Council	970	3,543	2,608	1,905
MS Student Council	888	2,170	2,947	111
Yearbook	400	6,750	7,965	(815)
Elementary Student Council	1,054	-	-	1,054
Tri-M Fundraiser	439	-	-	439
	37,315	99,651	104,645	32,321
Total	\$ 56,502	260,492	259,008	57,986

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2015

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>Statewide Sales, Services and Use Tax</u>				
ASSETS				
Cash and pooled investments	\$ 203	-	-	203
LIABILITIES				
Due to other groups	\$ 203	-	-	203
<u>Teacher Pop</u>				
ASSETS				
Cash and pooled investments	\$ 4,811	812	-	5,623
LIABILITIES				
Due to other groups	\$ 4,811	812	-	5,623
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 5,014	812	-	5,826
LIABILITIES				
Due to other groups	\$ 5,014	812	-	5,826

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 4,906,911	4,891,486	5,270,699	5,138,771	4,846,166	4,462,938	4,334,175	3,562,849	3,411,897	2,970,812
Tuition	856,104	3,934,773	3,819,099	3,180,926	3,139,875	3,199,273	3,042,327	2,902,427	2,416,577	2,369,680
Other	459,918	571,853	468,256	389,231	414,454	382,451	525,164	490,237	387,814	367,226
State sources	6,471,667	5,580,573	4,749,979	4,557,865	3,796,564	3,520,267	4,018,933	3,846,070	3,627,329	3,201,767
Federal sources	588,101	548,337	522,547	707,802	723,654	1,028,426	469,552	387,945	366,931	392,317
Total	\$ 13,282,701	15,527,022	14,830,580	13,974,595	12,920,713	12,593,355	12,390,151	11,189,528	10,210,548	9,301,802
Expenditures:										
Current:										
Instruction:										
Regular	\$ 4,752,425	4,687,563	4,213,839	4,050,095	3,209,307	3,192,705	3,352,348	3,477,718	3,113,317	2,672,466
Special	1,644,315	4,296,764	4,026,606	3,714,620	3,651,361	3,697,322	3,684,357	3,400,319	3,048,937	2,804,889
Other	1,467,909	1,318,646	1,277,529	1,327,989	1,302,638	1,127,644	854,627	584,943	435,368	639,858
Support services:										
Student	370,756	364,649	288,808	231,888	208,513	284,119	228,214	195,404	205,935	181,587
Instructional staff	301,312	317,136	279,318	603,979	221,919	260,217	217,634	190,316	190,944	251,380
Administration	1,278,175	1,790,179	1,249,663	1,235,954	1,147,874	953,422	966,516	980,359	1,018,479	997,818
Operation and maintenance of plant	1,165,118	1,163,646	959,605	874,470	811,331	871,673	673,494	651,067	630,563	518,574
Transportation	467,450	525,188	365,086	317,957	373,584	269,129	292,760	407,459	365,278	356,718
Non-instructional programs	-	-	-	-	-	25	-	-	-	-
Capital outlay	8,896,816	2,083,315	526,544	163,588	715,412	1,731,187	4,776,431	941,913	762,944	1,486,917
Long-term debt:										
Principal	1,050,295	2,801,574	585,199	572,999	515,000	742,935	761,309	522,319	461,462	336,864
Interest	671,170	612,686	369,977	371,290	388,105	418,625	443,513	171,897	168,299	163,341
Other expenditures:										
AEA flow-through	376,797	333,939	319,167	299,111	306,467	305,777	270,262	254,635	235,532	206,218
Total	\$ 22,442,538	20,295,285	14,461,341	13,763,940	12,545,044	13,549,003	16,251,203	11,523,714	10,401,526	10,410,412

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 15	\$ 16,341
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 15	115,619
SPECIAL MILK PROGRAM FOR CHILDREN	10.556	FY 15	1,640
			<u>133,600</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 15	425,338
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 15	17,282
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 15	5,505
HEARTLAND AREA EDUCATION AGENCY 11: SPECIAL EDUCATION - GRANTS TO STATES	84.027	FY 15	42,395
MADRID COMMUNITY SCHOOL DISTRICT: VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 15	7,763
NATIONAL ENDOWMENT FOR THE ARTS:			
IOWA ARTS COUNCIL:			
PROMOTION OF THE ARTS - PARTNERSHIP AGREEMENTS	45.025	FY 15	200
TOTAL			<u>\$ 632,083</u>

* - Includes \$19,521 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Woodward-Granger Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of the
Woodward-Granger Community School District:

We have audited in accordance with U.S. generally accepted auditing standard 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 Woodward-Granger 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 January 25, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodward-Granger 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 that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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.

Woodward Granger CSD Responses to Findings

Woodward-Granger Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Woodward-Granger Community School District's responses 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 Woodward-Granger Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016
Newton, Iowa

NOLTE, CORNMAN & JOHNSON P.C.
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(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
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Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Education of
Woodward-Granger Community School District

Report on Compliance for Each Major Federal Program

We have audited the compliance of Woodward-Granger Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Woodward-Granger Community School District's major federal programs for the year ended June 30, 2015. Woodward-Granger Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Woodward-Granger Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Woodward-Granger Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination on Woodward-Granger Community School District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Woodward-Granger Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect to each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Woodward-Granger Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Woodward-Granger Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Woodward-Granger Community School District's internal control over compliance.

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

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.

Woodward-Granger Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Woodward-Granger Community School District's responses and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

January 25, 2016
Newton, Iowa

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Individual Program:
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Woodward-Granger Community School District did not qualify as a low-risk auditee.

WOODWARD-GRANGER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-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 one or more of the following areas for the District:

- 1) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 2) Disbursements - purchase order processing, check preparation, mailing and recording.
- 3) Capital assets - purchasing, recording and reconciling.
- 4) Wire transfers - processing and approving.
- 5) Transfers - preparing and approving.
- 6) Financial reporting - preparing, reconciling and approving.

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

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

Conclusion - Response accepted.

II-B-15 Deficit Lunch Account Balances - During our audit we note multiple negative student lunch account balances on the District's financial statements at June 30, 2015. Some of these negative amounts appeared to be excessive.

Recommendation - The District should develop policies regarding the treatment of negative account balances aimed at discouraging accounts from becoming excessively negative. The District may also wish to investigate alternatives to bring negative accounts back to a positive balance.

Response - We hired a collection agency to pursue students with high negative balances for one year with limited success. The Board passed a policy that does not allow middle school/high school students to eat school lunch if they owe over \$40.

Conclusion - Response accepted.

II-C-15 Board Policies - We noted during our audit some of the policies in the District's board policy book appear to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take

steps to review board policies in a more timely manner.
Response - We will review the policies every five years.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

CFDA Number 84.010 - Title I Grants to Local Educational Agencies
Federal Award Year: 2015
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-15 Segregation of Duties - One important aspect of internal accounting control is the (2015-001) segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 2) Disbursements - purchase order processing, check preparation, mailing and recording.
- 3) Financial reporting - preparing, reconciling and approving.

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

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

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District disbursements for the year ended June 30, 2015 did not exceed the amount budgeted.

IV-B-15 Questionable Disbursements - We noted that the District is reimbursing students for taking AP exams. Reimbursing students for taking AP exams does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures it has in place and make necessary adjustments to ensure that all purchases meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Response - The District will require students to pay for AP exams.

Conclusion - Response accepted.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Michael Blaser, Bus Driver Owner of Blaser Electric	Services	\$2,632
Adrienne Fuson, Secretary Spouse owns Exterior Surgeons	Services	\$900

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with the District employee does not appear to represent conflicts of interest.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the relative of the District employee does not appear to represent conflicts of interest.

IV-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.

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

IV-G-15 Certified Enrollment - No variances regarding the basic enrollment data certified to the Iowa Department of Education were noted.

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

IV-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.

IV-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.

IV-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

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

Pursuant to Chapter 423F.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Reports (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit:

Beginning balance		\$7,527,811
Revenues:		
Sales tax revenues	\$ 863,709	
Other local revenues	17,234	880,943
		<u>8,408,754</u>
Expenditures/transfers out:		
School infrastructure construction	\$ 5,094,855	
Equipment	249,581	
Other	2,683	
Transfers to other funds:		
Debt service fund	543,127	5,890,246
		<u>5,890,246</u>
Ending balance		<u>\$2,518,508</u>

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

IV-M-15 Financial Condition - At June 30, 2015, the District had a deficit unrestricted net position of \$3,906,976 in the governmental activities. The District has a deficit unrestricted net position in the Enterprise, School Nutrition Fund of \$101,955 and a deficit total net position of \$25,391. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year. We also noted an account in the Student Activity Fund with a deficit balance of \$815.

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 \$3,747,577 at June 30, 2015.

Conclusion - Response accepted.

IV-N-15 Interfund Loans - We noted during our audit that the District has an interfund loan which was on the balance sheets in the prior year and still on the current year balance sheets.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2010, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should investigate available alternatives in an effort to comply with the Declaratory Order dated April 11, 2010.

Response - The District will investigate options for obtaining a loan for the Nutrition Fund.

Conclusion - Response accepted.

IV-O-15 Credit Card Purchases - We noted instances of the expenses on the District's credit card that lacked a detailed receipt. The School Board Policy 401.10 states in part "Employees and officers using a school district credit card must submit a detailed receipt in addition to a credit card receipt indicating the date, purpose and nature of the expense for each claim. Failure to provide a proper receipt will make the employee responsible for expenses incurred."

Recommendation - The District should review Board Policy 401.10 with employees and require the necessary documentation be provided to the central office.

Response - Receipts are required to be turned in for all physical purchases and order confirmations or receipts for online purchases. We will have more staff training on the proper use of credit cards.

Conclusion - Response accepted.

IV-P-15 Student Activity Fund - Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students.

Questionable Account: We noted a Cash on Hand account in the Student Activity Fund. The revenues and expenditures related to these accounts appear to be for instructional items and therefore, would be more appropriately handled in the General Fund.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The revenues and expenditures in the Cash on Hand account appear to be more instructional in nature and would be more appropriate in the General Fund.

Response - We have created a petty cash account for the high school in the General Fund. We deposited the undesignated activity fund account into the general athletic account in the Activity Fund.

Conclusion - Response accepted.

IV-Q-15 Exclusive Vendor Contract - We noted the District has an exclusive vendor contract with PepsiAmerica that includes a payment to the District for commission. The District currently receipts this revenue into the Special Revenue, Student Activity Fund. According to guidance provided by the Iowa Department of Education, Auditor of State and the Iowa Attorney General's Opinion dated February 15, 2000, Districts must record the revenue from exclusive vendor contracts in the General Fund.

Recommendation - The District should receipt the commission money received as a result of the exclusive vendor contract into the General Fund.

Response - The District will receipt the commission money into the General Fund.

Conclusion - Response accepted.