

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

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Winfield-Mt. Union Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2008 election)		
Robin Therme	President	2009
Karen Jennings	Vice President	2009
Kim Fenton	Board Member	2008
Rick Probasco	Board Member	2010
Rodney Reynolds	Board Member	2010

**Board of Education
(After September 2008 election)**

Robin Therme	President	2009
Karen Jennings	Vice President	2009
Rick Probasco	Board Member	2011 *
Rodney Reynolds	Board Member	2011 *
Dennis Breon	Board Member	2011

School Officials

Lynn Ubben	Superintendent	2009
Carmen Benson	District Secretary/ Treasurer/ Business Manager	2009
Drew Bracken	Attorney	2009

*Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Winfield-Mt. Union Community School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Winfield-Mt. Union Community School District, Winfield, Iowa as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Winfield-Mt. Union Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

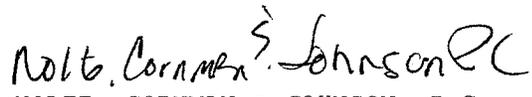
In accordance with Government Auditing Standards, we have also issued our report dated January 11, 2009 on our consideration of the Winfield-Mt. Union Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 32 through 33 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winfield-Mt. Union Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

January 11, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Winfield-Mt. Union 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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,800,022 in fiscal 2008 to \$3,880,751 in fiscal 2009, while General Fund expenditures increased from \$3,482,179 in fiscal 2008 to \$3,587,295 in fiscal 2009. This resulted in an increase in the District's General Fund balance from \$708,502 in fiscal 2008 to a balance of \$1,001,958 in fiscal 2009, a 41.42% increase over the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and state source revenues during fiscal 2009. The increase in expenditures can be attributed to increases in support services and other expenditures expenses during the year.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Winfield-Mt. Union 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 Winfield-Mt. Union 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 Winfield-Mt. Union Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

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

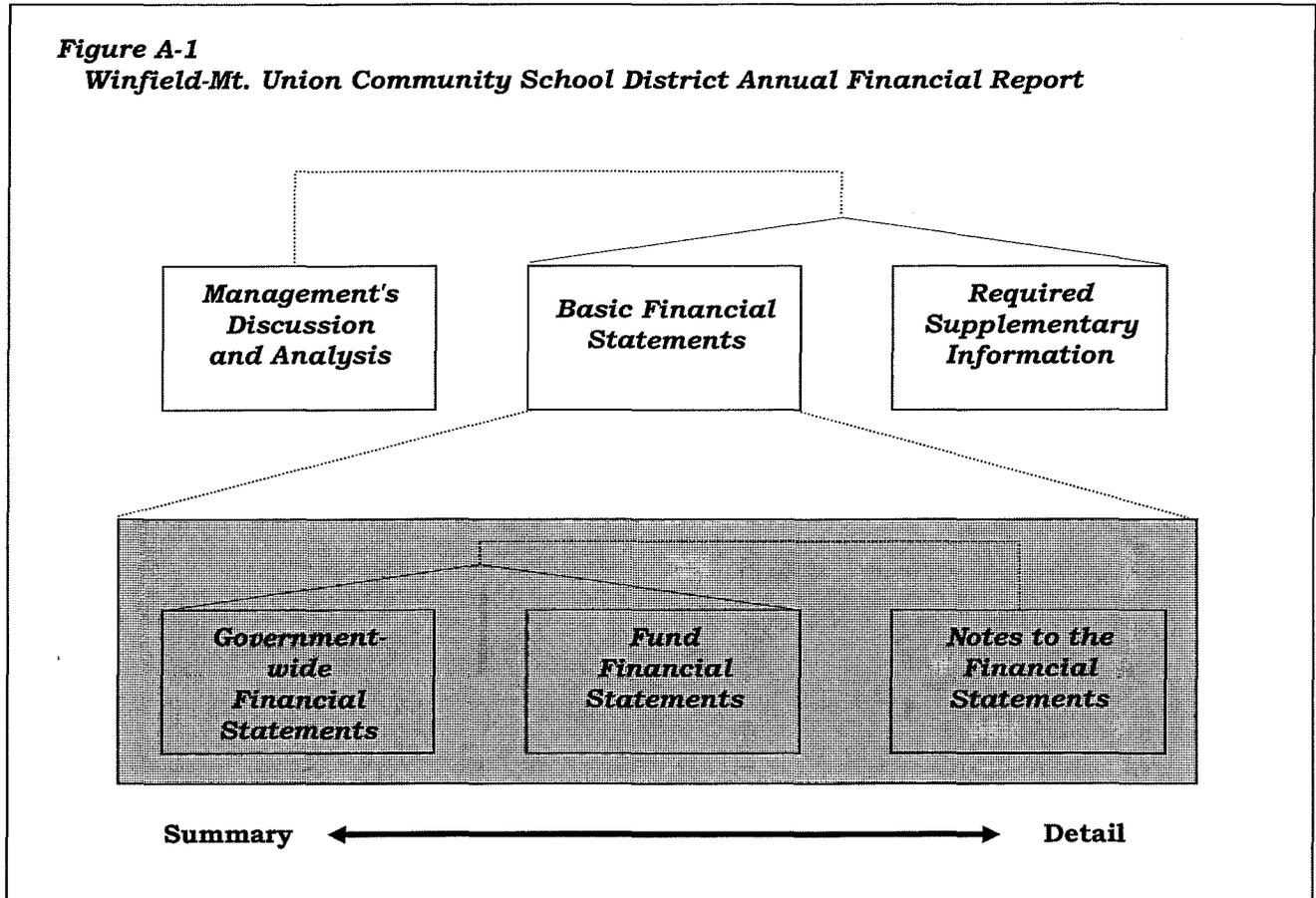


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • 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 Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
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
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
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

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 Assets includes all of the District's assets and liabilities. 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 assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets 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 two 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, Capital Projects and Debt Service 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 one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current and other assets	\$ 3,295,673	2,938,897	20,188	13,678	3,315,861	2,952,575	12.30%
Capital assets	1,552,699	1,435,491	20,234	21,124	1,572,933	1,456,615	7.99%
Total assets	4,848,372	4,374,388	40,422	34,802	4,888,794	4,409,190	10.88%
Long-term obligations	285,000	420,001	0	0	285,000	420,001	-32.14%
Other liabilities	1,790,411	1,765,888	2,136	2,104	1,792,547	1,767,992	1.39%
Total liabilities	2,075,411	2,185,889	2,136	2,104	2,077,547	2,187,993	-5.05%
Net assets:							
Invested in capital assets, net of related debt	1,267,699	1,015,491	20,234	21,124	1,287,933	1,036,615	24.24%
Restricted	473,734	402,208	0	0	473,734	402,208	17.78%
Unrestricted	1,031,528	770,800	18,052	11,574	1,049,580	782,374	34.15%
Total net assets	\$ 2,772,961	2,188,499	38,286	32,698	2,811,247	2,221,197	26.56%

The District's combined net assets increased by \$590,050, or 26.56% compared to the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$71,526, or 17.78% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$267,206, or 34.15%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2009	2008	2009	2008	2009	2008	2008-09
Revenues:							
Program revenues:							
Charges for services	\$ 587,115	570,551	85,236	86,333	672,351	656,884	2.35%
Operating grants and contributions and restricted interest	587,486	520,309	102,071	89,277	689,557	609,586	13.12%
Capital grants and contributions and restricted interest	0	41,872	0	0	0	41,872	-100.00%
General revenues:							
Property tax	1,571,403	1,555,486	0	0	1,571,403	1,555,486	1.02%
Statewide sales and service tax	214,387	202,824	0	0	214,387	202,824	5.70%
Unrestricted state grants	1,477,073	1,502,572	0	0	1,477,073	1,502,572	-1.70%
Other	128,717	110,309	148	364	128,865	110,673	16.44%
Total revenues	4,566,181	4,503,923	187,455	175,974	4,753,636	4,679,897	1.58%
Program expenses:							
Governmental activities:							
Instructional	2,511,348	2,353,451	0	0	2,511,348	2,353,451	6.71%
Support services	1,184,924	1,116,831	0	0	1,184,924	1,116,831	6.10%
Non-instructional programs	0	0	181,867	184,630	181,867	184,630	-1.50%
Other expenses	285,447	357,963	0	0	285,447	357,963	-20.26%
Total expenses	3,981,719	3,828,245	181,867	184,630	4,163,586	4,012,875	3.76%
Changes in net assets	584,462	675,678	5,588	(8,656)	590,050	667,022	-11.54%
Net assets beginning of year	2,188,499	1,512,821	32,698	41,354	2,221,197	1,554,175	42.92%
Net assets end of year	\$ 2,772,961	2,188,499	38,286	32,698	2,811,247	2,221,197	26.56%

Property tax and unrestricted state grants account for 66.76% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.92% of the revenue from business type activities.

The District's total revenues were approximately \$4.75 million of which \$4.56 million was for governmental activities and less than \$0.19 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.58% increase in revenues and a 3.76% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$4,566,181 and expenses were \$3,981,719.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-09	2009	2008	Change 2008-09
Instruction	\$ 2,511,348	2,353,451	6.71%	1,467,396	1,385,682	5.90%
Support services	1,184,924	1,116,831	6.10%	1,184,924	1,116,831	6.10%
Other expenses	285,447	357,963	-20.26%	154,798	193,000	-19.79%
Totals	\$ 3,981,719	3,828,245	4.01%	2,807,118	2,695,513	4.14%

- The cost financed by users of the District's programs was \$587,115.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$587,486.
- The net cost of governmental activities was financed with \$1,571,403 in property tax, \$214,387 in statewide sales and service tax, \$1,477,073 in unrestricted state grants, \$14,283 in interest income, and \$114,434 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$187,455 and expenses were \$181,867. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,425,047, over last year's ending fund balances of \$1,101,170.

Governmental Fund Highlights

- The General Fund balance increased from \$708,502 to \$1,001,958 due to revenues exceeding expenditures.
- The Physical Plant and Equipment Levy (PPEL) fund balance decreased from \$41,599 to \$39,871 due to a decrease in revenues.
- The Capital Projects fund balance decreased from \$140,707 to \$121,878 during the current year due to an increase in expenditures.
- The Debt Service fund balance increased from \$34,882 to \$35,147 due to revenues exceeding expenditures.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$32,698 at June 30, 2008 to \$38,286 at June 30, 2009, representing an increase of approximately 17.09%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$383,916 less than budgeted revenues, a variance of 7.48%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District had invested \$1,572,933, 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) This amount represents a net increase of 7.99% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$282,731.

The original cost of the District's capital assets was \$4,112,106. Governmental funds account for \$3,976,147 million with the remainder of \$135,959 in the Proprietary, School Nutrition Fund.

The largest dollar change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$828,814 at June 30, 2008, compared to \$912,932 reported at June 30, 2009. This increase resulted from purchases made during the year.

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,
	2009	2008	2009	2008	2009	2008	2008-09
Land	\$ 57,263	57,263	0	0	57,263	57,263	0.00%
Buildings	912,932	828,814	0	0	912,932	828,814	10.15%
Improvements other than buildings	218,307	217,948	0	0	218,307	217,948	0.16%
Machinery and equipment	364,197	331,465	20,234	21,124	384,431	352,589	9.03%
Total	\$ 1,552,699	1,435,490	20,234	21,124	1,572,933	1,456,614	7.99%

Long-Term Debt

At June 30, 2009, the District had long-term debt outstanding of \$285,000 in general obligation bonds. This represents a decrease of approximately 32.14% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

At June 30, 2009, the District had entered into an operating lease for 4 buses, see Note 6 of the Independent Auditors Report.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total
			Change
	June 30, 2009	2008	June 30, 2008-09
General obligation bonds	\$ 285,000	420,000	-32.14%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The FY 2010 state budget cut of 10% results in a significant decrease in General Fund revenue, shifting funding on property taxes and other revenue sources. As a result of these lost revenues, the District will explore all opportunities to reduce expenditures and/or increase revenues.

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 Carmen Benson, District Board Secretary, Winfield-Mt. Union Community School District, 208 S Olive, Winfield, Iowa, 52659.

BASIC FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 1,600,805	17,135	1,617,940
Receivables:			
Property tax:			
Delinquent	32,299	0	32,299
Succeeding year	1,485,048	0	1,485,048
Income surtax	81,718	0	81,718
Accounts	8,513	0	8,513
Due from other governments	87,290	0	87,290
Inventories	0	3,053	3,053
Capital assets, net of accumulated depreciation	1,552,699	20,234	1,572,933
TOTAL ASSETS	4,848,372	40,422	4,888,794
LIABILITIES			
Accounts payable	803	399	1,202
Interest payable	1,503	0	1,503
Salaries and benefits payable	291,009	0	291,009
Deferred revenue:			
Succeeding year property tax	1,485,048	0	1,485,048
Other	12,048	0	12,048
Unearned revenue	0	1,737	1,737
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	140,000	0	140,000
Portion due after one year:			
General obligation bonds	145,000	0	145,000
TOTAL LIABILITIES	2,075,411	2,136	2,077,547
NET ASSETS			
Invested in capital assets, net of related debt	1,267,699	20,234	1,287,933
Restricted for:			
Categorical funding	50,645	0	50,645
Management levy	102,628	0	102,628
Physical plant & equipment levy	39,871	0	39,871
Capital projects	121,878	0	121,878
Debt service	35,147	0	35,147
Other special revenue purposes	123,565	0	123,565
Unrestricted	1,031,528	18,052	1,049,580
TOTAL NET ASSETS	\$ 2,772,961	38,286	2,811,247

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants, Charges Contributions for and Restricted Services Interest		Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,735,268	397,574	456,837	(880,857)	0	(880,857)
Special	291,209	38,363	0	(252,846)	0	(252,846)
Other	484,871	151,178	0	(333,693)	0	(333,693)
	<u>2,511,348</u>	<u>587,115</u>	<u>456,837</u>	<u>(1,467,396)</u>	<u>0</u>	<u>(1,467,396)</u>
Support services:						
Student services	82,291	0	0	(82,291)	0	(82,291)
Instructional staff	123,778	0	0	(123,778)	0	(123,778)
Administration	519,929	0	0	(519,929)	0	(519,929)
Operation and maintenance of plant	293,087	0	0	(293,087)	0	(293,087)
Transportation	165,839	0	0	(165,839)	0	(165,839)
	<u>1,184,924</u>	<u>0</u>	<u>0</u>	<u>(1,184,924)</u>	<u>0</u>	<u>(1,184,924)</u>
Other expenditures:						
Facilities acquisitions	84,304	0	0	(84,304)	0	(84,304)
Long-term debt interest	12,390	0	0	(12,390)	0	(12,390)
AEA flowthrough	130,649	0	130,649	0	0	0
Depreciation(unallocated)*	58,104	0	0	(58,104)	0	(58,104)
	<u>285,447</u>	<u>0</u>	<u>130,649</u>	<u>(154,798)</u>	<u>0</u>	<u>(154,798)</u>
Total governmental activities	3,981,719	587,115	587,486	(2,807,118)	0	(2,807,118)
Business Type activities:						
Non-instructional programs:						
Nutrition services	181,867	85,236	102,071	0	5,440	5,440
Total business type activities	<u>181,867</u>	<u>85,236</u>	<u>102,071</u>	<u>0</u>	<u>5,440</u>	<u>5,440</u>
Total	\$ <u>4,163,586</u>	<u>672,351</u>	<u>689,557</u>	<u>(2,807,118)</u>	<u>5,440</u>	<u>(2,801,678)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,392,036	0	1,392,036
Debt services				148,585	0	148,585
Capital outlay				30,782	0	30,782
Statewide sales and service tax				214,387	0	214,387
Unrestricted state grants				1,477,073	0	1,477,073
Unrestricted investment earnings				14,283	148	14,431
Other				114,434	0	114,434
Total general revenues				<u>3,391,580</u>	<u>148</u>	<u>3,391,728</u>
Changes in net assets				584,462	5,588	590,050
Net assets beginning of year				<u>2,188,499</u>	<u>32,698</u>	<u>2,221,197</u>
Net assets end of year				<u>\$ 2,772,961</u>	<u>38,286</u>	<u>2,811,247</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2009

	General	Total Nonmajor Governmental Funds	Total
ASSETS			
Cash and pooled investments	\$ 1,227,075	373,730	1,600,805
Receivables:			
Property tax:			
Delinquent	26,499	5,800	32,299
Succeeding year	1,153,453	331,595	1,485,048
Income surtax	81,718	0	81,718
Accounts	8,513	0	8,513
Due from other governments	43,731	43,559	87,290
TOTAL ASSETS	\$ 2,540,989	754,684	3,295,673
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 803	0	803
Salaries and benefits payable	291,009	0	291,009
Deferred revenue:			
Succeeding year property tax	1,153,453	331,595	1,485,048
Income surtax	81,718	0	81,718
Other	12,048	0	12,048
Total liabilities	1,539,031	331,595	1,870,626
Fund balances:			
Reserved for:			
Debt service	0	35,147	35,147
Categorical funding	50,645	0	50,645
Unreserved	951,313	387,942	1,339,255
Total fund balances	1,001,958	423,089	1,425,047
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,540,989	754,684	3,295,673

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total fund balances of governmental funds (page 15)	\$ 1,425,047
 <i>Amounts reported for governmental activities in the statement of net assets 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.	1,552,699
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	81,718
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,503)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(285,000)</u>
Net assets of governmental activities (page 13)	<u><u>\$ 2,772,961</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Total Other Nonmajor Governmental Funds	Total
REVENUES:			
Local sources:			
Local tax	\$ 1,299,277	478,812	1,778,089
Tuition	435,937	0	435,937
Other	93,506	186,389	279,895
State sources	1,884,595	12,528	1,897,123
Federal sources	167,436	0	167,436
Total revenues	<u>3,880,751</u>	<u>677,729</u>	<u>4,558,480</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	1,776,517	2,314	1,778,831
Special	287,228	0	287,228
Other	348,605	137,760	486,365
	<u>2,412,350</u>	<u>140,074</u>	<u>2,552,424</u>
Support services:			
Student	82,291	0	82,291
Instructional staff	109,978	13,800	123,778
Administration	466,503	55,477	521,980
Operation and maintenance of plant	255,045	33,707	288,752
Transportation	91,249	68,530	159,779
	<u>1,005,066</u>	<u>171,514</u>	<u>1,176,580</u>
Other expenditures:			
Facilities acquisitions	0	226,885	226,885
Long-term debt:			
Principal	0	135,000	135,000
Interest and fiscal charges	0	13,065	13,065
AEA flowthrough	130,649	0	130,649
	<u>130,649</u>	<u>374,950</u>	<u>505,599</u>
Total expenditures	<u>3,548,065</u>	<u>686,538</u>	<u>4,234,603</u>
Excess (deficiency) of revenues over (under) expenditures	332,686	(8,809)	323,877
Other financing sources(uses):			
Transfers in	0	39,230	39,230
Transfers out	(39,230)	0	(39,230)
Total other financing sources(uses)	<u>(39,230)</u>	<u>39,230</u>	<u>0</u>
Net change in fund balances	293,456	30,421	323,877
Fund balance beginning of year	708,502	392,668	1,101,170
Fund balance end of year	<u>\$ 1,001,958</u>	<u>423,089</u>	<u>1,425,047</u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION 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, 2009

Net change in fund balances - total governmental funds(page 17) \$ 323,877

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

Capital outlays	\$ 396,487	
Depreciation expense	<u>(279,278)</u>	<u>117,209</u>

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 7,701

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 135,000

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. 675

Changes in net assets of governmental activities(page 14) \$ 584,462

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

	School Nutrition
ASSETS	
Cash and cash equivalents	\$ 17,135
Inventories	3,053
Capital assets, net of accumulated depreciation	20,234
TOTAL ASSETS	40,422
LIABILITIES	
Accounts payable	399
Unearned revenues	1,737
TOTAL LIABILITES	2,136
NET ASSETS	
Invested in capital assets	20,234
Unrestricted	18,052
TOTAL NET ASSETS	\$ 38,286

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2009

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ <u>85,236</u>
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	42,219
Benefits	5,866
Services	2,970
Supplies	127,359
Depreciation	3,453
TOTAL OPERATING EXPENSES	<u>181,867</u>
OPERATING LOSS	<u>(96,631)</u>
NON-OPERATING REVENUES:	
Interest income	148
State sources	2,360
Federal sources	99,711
TOTAL NON-OPERATING REVENUES	<u>102,219</u>
Change in net assets	5,588
Net assets at beginning of year	<u>32,698</u>
Net assets end of year	<u>\$ <u>38,286</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 85,035
Cash payments to employees for services	(48,085)
Cash payments to suppliers for goods or services	(120,264)
Net cash used in operating activities	(83,314)
Cash flows from non-capital financing activities:	
State grants received	2,360
Federal grants received	89,826
Net cash provided by non-capital financing activities	92,186
Cash flows from investing activities:	
Interest on investments	148
Cash flows from capital financing activities:	
Purchase of assets	(2,563)
Net increase in cash and cash equivalents	6,457
Cash and cash equivalents at beginning of year	10,678
Cash and cash equivalents at end of year	\$ 17,135
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (96,631)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	9,885
Depreciation	3,453
Increase in inventories	(53)
Increase in accounts payable	233
Decrease in unearned revenue	(201)
Net cash used in operating activities	\$ (83,314)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	\$ 17,135
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	

During the year ended June 30, 2009, the District received Federal commodities valued at \$9,885.

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

The Winfield-Mt. Union 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 Winfield and Mt. Union, Iowa, and the predominate agricultural territory in Des Moines, Henry, Louisa, and Washington 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, Winfield-Mt. Union 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 Winfield-Mt. Union Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have 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.

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

C. Measurement Focus and Basis of Accounting

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

items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

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

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2008.

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

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

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are

recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

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

Deferred Revenue - 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 revenue 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 revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

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

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

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits in bank at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified portfolio	<u>\$ 634,116</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) **Transfers**

The detail of transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects	General Fund	<u>\$ 39,230</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

General Fund transferred to Capital Projects Fund donations for the playground.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 57,263	0	0	57,263
Total capital assets not being depreciated	57,263	0	0	57,263
Capital assets being depreciated:				
Buildings	2,187,643	123,241	0	2,310,884
Land improvements	231,414	19,340	0	250,754
Machinery and equipment	1,103,340	253,906	0	1,357,246
Total capital assets being depreciated	3,522,397	396,487	0	3,918,884
Less accumulated depreciation for:				
Buildings	1,358,829	39,123	0	1,397,952
Land improvements	13,466	18,981	0	32,447
Machinery and equipment	771,875	221,174	0	993,049
Total accumulated depreciation	2,144,170	279,278	0	2,423,448
Total capital assets being depreciated, net	1,378,227	117,209	0	1,495,436
Governmental activities capital assets, net	\$ 1,435,490	117,209	0	1,552,699

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 133,396	2,563	0	135,959
Less accumulated depreciation	(112,272)	(3,453)	0	(115,725)
Business type activities capital assets, net	\$ 21,124	(890)	0	20,234

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 184,407
Special	3,981
Other	4,826
Support services:	
Administration	2,365
Operating and Maintenance of Plant	4,335
Transportation	21,260
	221,174
Unallocated depreciation	58,104
Total governmental activities depreciation expense	\$ 279,278
Business type activities:	
Food services	\$ 3,453

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation	\$ 420,000		0 135,000	285,000	140,000

General Obligation

Details of the District's June 30, 2009 General Obligation bonds indebtedness is as follows:

Year Ending June 30,	Interest Rate	Bond issue May 27, 1997		
		Principal	Interest	Total
2010	3.13	% \$ 140,000	9,015	149,015
2011	3.20	145,000	4,640	149,640
Total		\$ 285,000	13,655	298,655

(6) Leases

Operating Lease

During the year ended June 30, 2008, the District entered into an operating lease for four buses with Blue Bird Body Company, Fort Valley, GA. The payments will be secured by the statewide sales and services tax collected by the District, during the life of the lease.

Details of the District's June 30, 2009 equipment operating lease indebtedness is as follows:

Year ending June 30,	Equipment Operating Lease	
	Lease Amount	
2010	\$ 48,232	
2011	195,568	
Total	\$ 243,800	

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35%

of annual covered payroll for the years ended 2009, 2008 and 2007. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$138,177, \$125,916, and \$123,343, respectively, equal to the required contributions for each year.

(8) Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2009 were \$187,415.

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

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$130,649 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2009 are broken out by the following projects:

Project	Amount
Talented and gifted	\$ 10,822
Dropout prevention	39,823
Total Reserved for Categorical Funding	<u>\$ 50,645</u>

(11) Other Post-employment Benefits (OPEB)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, issued June 2004, will be effective for the District beginning with its year ending June 30, 2010. This Statement establishes standards for the measurement, recognition and display of other post-employment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The District is in the process of obtaining an actuarial opinion to be in compliance with GASB No. 45.

REQUIRED SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION 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, 2009

	Governmental		Proprietary	Budgeted Amounts		Final to
	Fund Types	Fund Type	Total			Actual
	Actual	Actual	Actual	Original	Final	Variance
Revenues:						
Local sources	\$ 2,493,921	85,384	2,579,305	2,841,618	2,841,618	(262,313)
State sources	1,897,123	2,360	1,899,483	2,035,233	2,035,233	(135,750)
Federal sources	167,436	99,711	267,147	253,000	253,000	14,147
Total revenues	<u>4,558,480</u>	<u>187,455</u>	<u>4,745,935</u>	<u>5,129,851</u>	<u>5,129,851</u>	<u>(383,916)</u>
Expenditures/Expenses:						
Instruction	2,552,424	0	2,552,424	3,753,718	3,753,718	1,201,294
Support services	1,176,580	0	1,176,580	1,727,398	1,727,398	550,818
Non-instructional programs	0	181,867	181,867	201,654	201,654	19,787
Other expenditures	505,599	0	505,599	666,481	666,481	160,882
Total expenditures/expenses	<u>4,234,603</u>	<u>181,867</u>	<u>4,416,470</u>	<u>6,349,251</u>	<u>6,349,251</u>	<u>1,932,781</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	323,877	5,588	329,465	(1,219,400)	(1,219,400)	1,548,865
Other financing sources, net	0	0	0	2,232	2,232	(2,232)
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	323,877	5,588	329,465	(1,217,168)	(1,217,168)	1,546,633
Balance beginning of year	1,101,170	32,698	1,133,868	1,103,403	1,103,403	30,465
Balance end of year	<u>\$ 1,425,047</u>	<u>38,286</u>	<u>1,463,333</u>	<u>(113,765)</u>	<u>(113,765)</u>	<u>1,577,098</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as 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.

OTHER SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds						Total
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Capital Projects	Debt Service	Other Nonmajor Governmental Funds
ASSETS							
Cash and pooled investments	\$ 100,767	123,565	39,195	263,527	78,319	31,884	373,730
Receivables:							
Property tax:							
Current year delinquent	1,861	0	676	2,537	0	3,263	5,800
Succeeding year	150,000	0	32,180	182,180	0	149,415	331,595
Due from other governments	0	0	0	0	43,559	0	43,559
TOTAL ASSETS	\$ 252,628	123,565	72,051	448,244	121,878	184,562	754,684
LIABILITIES AND FUND BALANCES							
Liabilities:							
Deferred revenue:							
Succeeding year property tax	\$ 150,000	0	32,180	182,180	0	149,415	331,595
Total liabilities	150,000	0	32,180	182,180	0	149,415	331,595
Fund balances:							
Reserved for Debt Service	0	0	0	0	0	35,147	35,147
Unreserved	102,628	123,565	39,871	266,064	121,878	0	387,942
Total fund balances	102,628	123,565	39,871	266,064	121,878	35,147	423,089
TOTAL LIABILITIES AND FUND BALANCES	\$ 252,628	123,565	72,051	448,244	121,878	184,562	754,684

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						Total
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Capital Projects	Debt Service	Other Nonmajor Governmental Funds
REVENUES:							
Local sources:							
Local tax	\$ 85,058	0	30,782	115,840	214,387	148,585	478,812
Other	6,907	152,593	287	159,787	26,524	78	186,389
State sources	37	0	14	51	12,410	67	12,528
TOTAL REVENUES	92,002	152,593	31,083	275,678	253,321	148,730	677,729
EXPENDITURES:							
Instruction:							
Regular	2,314	0	0	2,314	0	0	2,314
Other	0	137,760	0	137,760	0	0	137,760
Support services:							
Instructional staff	0	0	0	0	13,800	0	13,800
Administration	24,687	0	0	24,687	30,390	400	55,477
Operation and maintenance of plant	21,123	0	0	21,123	12,584	0	33,707
Transportation	7,998	0	12,300	20,298	48,232	0	68,530
Other expenditures:							
Facilities acquisition	0	0	20,511	20,511	206,374	0	226,885
Long-term debt:							
Principal	0	0	0	0	0	135,000	135,000
Interest and fiscal charges	0	0	0	0	0	13,065	13,065
TOTAL EXPENDITURES	56,122	137,760	32,811	226,693	311,380	148,465	686,538
Excess (deficiency) of revenues over (under) expenditures	35,880	14,833	(1,728)	48,985	(58,059)	265	(8,809)
Other financing sources:							
Transfer in	0	0	0	0	39,230	0	39,230
Excess (deficiency) of revenues and other financing sources over (under) expenditures	35,880	14,833	(1,728)	48,985	(18,829)	265	30,421
Fund balance beginning of year	66,748	108,732	41,599	217,079	140,707	34,882	392,668
Fund balance end of year	\$ 102,628	123,565	39,871	266,064	121,878	35,147	423,089

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletics				
Activity passes	\$ 280	9,550	0	9,830
Donations	6,928	0	0	6,928
HS athletic misc.	0	447	447	0
Fruit fundraiser	3,117	6,724	8,076	1,765
Football gate	7,917	10,419	5,535	12,801
Football supplies	0	2,157	2,157	0
Football in/out	2,217	2,047	3,785	479
Basketball gate	12,982	14,540	11,460	16,062
Girls basketball in/out	804	1,586	1,774	616
Boys basketball in/out	1,102	2,360	1,356	2,106
Track supplies	0	91	91	0
Track entry fees	950	1,665	2,465	150
Track-boys in/out	0	360	360	0
Track-girls in/out	757	4,215	4,666	306
XC entry fees	0	384	350	34
HS wrestling supplies	0	200	200	0
Baseball gate	935	7,173	6,843	1,265
Baseball officials	0	215	0	215
Baseball in/out	156	1,463	1,097	522
Softball gate	246	952	545	653
Softball officials	0	450	0	450
Softball in/out	849	1,011	0	1,860
Volleyball gate	4,428	4,396	2,364	6,460
Volleyball in/out	680	2,987	2,505	1,162
Golf in/out	186	779	830	135
Cheerleaders-basketball	445	1,384	1,827	2
Drill team	0	441	441	0
	<u>44,979</u>	<u>77,996</u>	<u>59,174</u>	<u>63,801</u>
Clubs				
Drama	290	357	69	578
Pep club	1,016	1,390	1,336	1,070
Spanish club	0	696	110	586
	<u>1,306</u>	<u>2,443</u>	<u>1,515</u>	<u>2,234</u>
Graduating Classes				
School projects	1,161	1,889	0	3,050
Class of 2008	220	0	220	0
Class of 2009	2,851	4,729	7,580	0
Class of 2010	1,099	5,076	3,371	2,804
Class of 2011	589	125	0	714
Class of 2012	708	195	0	903
Class of 2013	521	273	0	794
Class of 2014	292	331	0	623
Class of 2015	300	0	0	300
Class of 2016	0	1,753	998	755
	<u>7,741</u>	<u>14,371</u>	<u>12,169</u>	<u>9,943</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2009

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Academic				
Home economics catering	5,773	0	5,773	0
Yearbook	12,066	8,486	8,678	11,874
Honor society	716	1,254	834	1,136
Student council pop machine	8,209	6,924	9,024	6,109
Student council dances	0	128	128	0
Student council income	343	1,751	0	2,094
Instrumental music	1,792	15,635	17,066	361
Instrumental music fundraiser	0	25	25	0
Band resale acct	348	780	1,124	4
Vocal music general supplies	0	296	92	204
Vocal music fundraiser	23	7,129	5,717	1,435
Cafe concert	4,204	1,098	2,373	2,929
Marketing fundraiser	2,385	549	432	2,502
	<u>35,859</u>	<u>44,055</u>	<u>51,266</u>	<u>28,648</u>
Elementary miscellaneous				
Library book fair	1,450	1,312	823	1,939
Elementary misc. banking	3,548	2,315	0	5,863
Box tops for education	2,650	707	2,717	640
Elementary yearbook	1,243	430	799	874
	<u>8,891</u>	<u>4,764</u>	<u>4,339</u>	<u>9,316</u>
High school miscellaneous				
High school miscellaneous	526	2,680	0	3,206
Wolves care club	5,152	2,154	939	6,367
Interest	2,885	1,415	4,250	50
Yearbook sales	0	2,715	2,715	0
Teacher's Renaissance	1,393	0	1,393	0
	<u>9,956</u>	<u>8,964</u>	<u>9,297</u>	<u>9,623</u>
Total	<u>\$ 108,732</u>	<u>152,593</u>	<u>137,760</u>	<u>123,565</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SIX YEARS

	Modified Accrual Basis					
	Years Ended June 30,					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$ 1,778,089	1,684,293	1,381,536	1,394,511	1,250,247	1,323,730
Tuition	435,937	402,937	596,845	516,973	593,185	605,739
Other	279,895	341,816	270,042	291,375	247,303	228,234
Intermediate sources	0	0	4,083	0	0	0
State sources	1,897,123	1,866,527	1,710,457	1,519,699	1,421,093	1,421,032
Federal sources	167,436	134,333	145,733	136,751	143,816	138,885
	<hr/>					
Total	\$ 4,558,480	4,429,906	4,108,696	3,859,309	3,655,644	3,717,620
<hr/>						
Expenditures:						
Instruction:						
Regular	\$ 1,778,831	1,690,544	1,671,219	1,717,084	1,773,320	1,588,181
Special	287,228	325,358	431,126	467,715	365,738	634,612
Other	486,365	497,898	509,558	544,939	386,019	359,414
Support services:						
Student	82,291	74,070	67,308	62,814	83,102	83,543
Instructional staff	123,778	91,204	75,723	87,589	100,837	77,740
Administration	521,980	500,243	476,115	475,604	390,379	451,739
Operation and maintenance of plant	288,752	270,929	260,270	258,851	226,144	225,627
Transportation services	159,779	183,657	140,843	154,280	298,932	111,562
Other expenditures:						
Facilities acquisitions	226,885	249,832	193,320	101,813	86,153	5,241
Long Term Debt:						
Principal	135,000	130,000	151,190	150,145	153,376	120,000
Interest	13,065	16,965	27,676	31,533	25,703	28,003
AEA flow-through	130,649	123,091	115,725	108,983	107,382	110,599
	<hr/>					
Total	\$ 4,234,603	4,153,791	4,120,073	4,161,350	3,997,085	3,796,261
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SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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

To the Board of Education of the
Winfield-Mt. Union Community School District:

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 Winfield-Mt. Union Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 11, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Winfield-Mt. Union 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 our opinion on the effectiveness of Winfield-Mt. Union Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Winfield-Mt. Union 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Winfield-Mt. Union Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Winfield-Mt. Union Community School District's financial statements that is more than inconsequential will not be prevented or detected by Winfield-Mt. Union Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Schedule of Findings and to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Winfield-Mt. Union Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winfield-Mt. Union 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.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Winfield-Mt. Union Community School District and other parties to whom Winfield-Mt. Union Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Winfield-Mt. Union 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 11, 2010

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion - Response accepted.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS
 YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting

- II-A-09 Certified Budget - District disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.
- II-B-09 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Susan Haight, Teacher Spouse owner of Haight Electric	Electrical work	\$6,748

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the District's employee spouses do not appear to represent a conflict of interest.

- II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-09 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-J-09 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-K-09 Statewide Sales and Services Tax - We noted instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and servicing tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning Balance	\$	0
Statewide sales and services tax revenue		214,387
Expenditures/transfers out:		
School infrastructure:		
Equipment		214,387
Ending Balance	\$	<u>0</u>

We noted during our audit that the District purchased desks and folding chairs totaling \$8,294 from the statewide sales and servicing tax dollars. These expenditures do not meet the requirements of appropriate equipment under Chapter 423F.3 of the Code of Iowa.

Recommendation- The District should consult legal counsel with regard to these expenditures as they do not meet the requirements under Chapter 423F.3 of the Code of Iowa.

Response- We have verified with legal counsel that these funds from the statewide sales and service tax cannot be used to purchase equipment to furnish the building in a non-construction scenario. We will reimburse the Capital Projects Fund in the amount of \$8,294.

Conclusion- Response accepted.

II-L-09 Student Activity Fund - During our audit we noted Target donations in the Student Activity Fund. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8).

Recommendation - 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 the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

Currently, donations from Target are recorded in the Student Activity Fund. Target donations are considered an undesignated donation; therefore, they should be receipted into the General Fund for use as determined by the District's Board of Directors. The designation should be noted annually in the District's board minutes.

Response- Target donations of \$181.66 were erroneously deposited into the Activity Fund instead of the General Fund. The District's policy has been to deposit these in the General Fund. Measures will be taken to ensure these are correctly deposited in the future.

Conclusion- Response accepted.