# WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2010

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Winfield-Mt. Union Community School District

Officials

| Name | Title | Term Expires |
|---|---|---|
| | **Board of Education (Before September 2009 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 |
| | **Board of Education (After September 2009 election)** | |
| Robin Therme | President | 2013 |
| Robney Reynolds | Vice President | 2011 |
| Rick Probasco | Board Member | 2011 |
| Dennis Breon | Board Member | 2011 |
| Jay Nelson | Board Member | 2013 |
| | **School Officials** | |
| Pat Coen | Superintendent | 2010 |
| Carmen Benson | District Secretary/ Treasurer/ Business Manager | 2010 |
| Drew Bracken | Attorney | 2010 |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
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, 2010, 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, 2010, 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 March 9, 2011 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, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 are not required parts of the basic financial statements, but are supplementary

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 six years ended June 30, 2009 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 PC

NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2011

## 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, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

## 2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from $3,880,751 in fiscal 2009 to $3,745,440 in fiscal 2010. General Fund expenditures increased from $3,587,295 in fiscal 2009 to $3,759,298 in fiscal 2010. This resulted in a decrease in the District's General Fund balance from $1,001,958 in fiscal 2009 to a balance of $998,100 in fiscal 2010, a 1.38% decrease over the prior year.

- The decrease in General Fund revenues was attributable to a decrease in local tax and state source revenues during fiscal 2010. The increase in expenditures can be attributed to increases in support services and other expenditures expenses during the year.

- The Districts solvency ratio (unreserved-undesignated fund balance/general fund revenues) decreased as compared to fiscal 2009. At June 30, 2009 the District's solvency ratio was 24.51% as compared to 22.50% at June 30, 2010. The State School Budget Review Committee recommends a solvency ratio between 5% - 10%.

## 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

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-1***
***Winfield-Mt. Union Community School District Annual Financial Report***

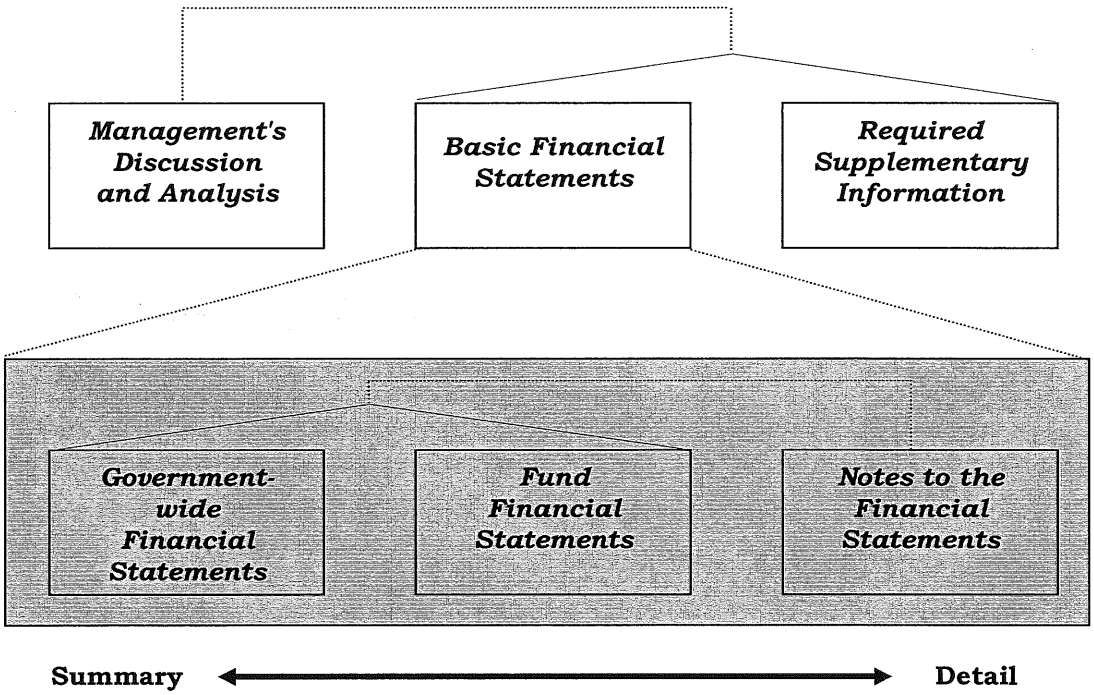

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

***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 | • Statement of net assets<br>• Statement of activities | • Balance sheet<br>• Statement of revenues, expenditures, and changes in fund balances | • Statement of Net Assets<br>• Statement of revenues, expenses and changes in net assets<br>• 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, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

| | Governmental Activities | | Business type Activities | | Total School District | | Total Change |
|---|---|---|---|---|---|---|---|
| | June 30, | | June 30, | | June 30, | | June 30, |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2009-10 |
| Current and other assets | $ 5,717,633 | 3,295,673 | 31,441 | 20,188 | 5,749,074 | 3,315,861 | 73.38% |
| Capital assets | 1,464,775 | 1,552,699 | 16,781 | 20,234 | 1,481,556 | 1,572,933 | -5.81% |
| Total assets | 7,182,408 | 4,848,372 | 48,222 | 40,422 | 7,230,630 | 4,888,794 | 47.90% |
| Long-term obligations | 2,453,000 | 285,000 | 0 | 0 | 2,453,000 | 285,000 | 760.70% |
| Other liabilities | 1,869,864 | 1,790,411 | 10,079 | 2,136 | 1,879,943 | 1,792,547 | 4.88% |
| Total liabilities | 4,322,864 | 2,075,411 | 10,079 | 2,136 | 4,332,943 | 2,077,547 | 108.56% |
| Net assets: | | | | | | | |
| Invested in capital assets, net of related debt | 1,198,160 | 1,267,699 | 16,781 | 20,234 | 1,214,941 | 1,287,933 | -5.67% |
| Restricted | 759,637 | 473,734 | 0 | 0 | 759,637 | 473,734 | 60.35% |
| Unrestricted | 901,747 | 1,031,528 | 21,362 | 18,052 | 923,109 | 1,049,580 | -12.05% |
| Total net assets | $ 2,859,544 | 2,772,961 | 38,143 | 38,286 | 2,897,687 | 2,811,247 | 3.07% |

The District's combined net assets increased by $86,440, or 3.07% 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 $285,903, or 60.35% over the prior year. This increase is due to the issuance of bonds late in the fiscal 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 – decreased $126,471, or 12.05%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-4
Changes of Net Assets

| | Governmental Activities | | Business type Activities | | Total School District | | Total Change |
|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2009-10 |
| Revenues and transfers: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | $ 550,437 | 587,115 | 88,633 | 85,236 | 639,070 | 672,351 | -4.95% |
| Operating grants and contributions and restricted interest | 871,405 | 587,486 | 118,424 | 102,071 | 989,829 | 689,557 | 43.55% |
| General revenues: | | | | | | | |
| Property tax | 1,481,996 | 1,475,543 | 0 | 0 | 1,481,996 | 1,475,543 | 0.44% |
| Income surtax | 101,702 | 95,860 | 0 | 0 | 101,702 | 95,860 | 6.09% |
| Statewide sales, services and use tax | 214,647 | 214,387 | 0 | 0 | 214,647 | 214,387 | 0.12% |
| Unrestricted state grants | 1,178,849 | 1,477,073 | 0 | 0 | 1,178,849 | 1,477,073 | -20.19% |
| Other | 60,778 | 128,717 | 127 | 148 | 60,905 | 128,865 | -52.74% |
| Transfers | (1,539) | 0 | 1,539 | 0 | 0 | 0 | 0.00% |
| Total revenues and transfers | 4,458,275 | 4,566,181 | 208,723 | 187,455 | 4,666,998 | 4,753,636 | -1.82% |
| Program expenses: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instructional | 2,795,899 | 2,511,348 | 0 | 0 | 2,795,899 | 2,511,348 | 11.33% |
| Support services | 1,263,274 | 1,184,924 | 0 | 0 | 1,263,274 | 1,184,924 | 6.61% |
| Non-instructional programs | 0 | 0 | 208,866 | 181,867 | 208,866 | 181,867 | 14.85% |
| Other expenses | 312,519 | 285,447 | 0 | 0 | 312,519 | 285,447 | 9.48% |
| Total expenses | 4,371,692 | 3,981,719 | 208,866 | 181,867 | 4,580,558 | 4,163,586 | 10.01% |
| Changes in net assets | 86,583 | 584,462 | (143) | 5,588 | 86,440 | 590,050 | -85.35% |
| Net assets beginning of year | 2,772,961 | 2,188,499 | 38,286 | 32,698 | 2,811,247 | 2,221,197 | 26.56% |
| Net assets end of year | $ 2,859,544 | 2,772,961 | 38,143 | 38,286 | 2,897,687 | 2,811,247 | 3.07% |

Property tax, income surtax, and unrestricted state grants account for 61.96% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.20% of the revenue from business type activities.

The District's total revenues were approximately $4.67 million of which $4.46 million was for governmental activities and $0.21 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.82% decrease in revenues and a 10.01% increase in expenses.

**Governmental Activities**

Revenues for governmental activities were $4,458,275 and expenses were $4,371,692.

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<br>Total and Net Cost of Governmental Activities | | | | | |
|---|---|---|---|---|---|---|
| | Total Cost of Services | | | Net Cost of Services | | |
| | 2010 | 2009 | Change 2009-10 | 2010 | 2009 | Change 2009-10 |
| Instruction | $ 2,795,899 | 2,511,348 | 11.33% | 1,522,702 | 1,467,396 | 3.77% |
| Support services | 1,263,274 | 1,184,924 | 6.61% | 1,263,274 | 1,184,924 | 6.61% |
| Other expenses | 312,519 | 285,447 | 9.48% | 163,874 | 154,798 | 5.86% |
| Totals | $ 4,371,692 | 3,981,719 | 9.79% | 2,949,850 | 2,807,118 | 5.08% |

- The cost financed by users of the District's programs was $550,437.
- Federal and state governments subsidized certain programs with grants and contributions totaling $871,405.
- The net cost of governmental activities was financed with $1,481,996 in property tax, $101,702 in income surtax, $214,647 in statewide sales and service tax, $1,178,849 in unrestricted state grants, $13,279 in interest income, and $47,499 in other general revenues.

**Business Type Activities**

Revenues of the District's business type activities were $208,723 and expenses were $208,866. 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 $3,765,670, over last year's ending fund balances of $1,425,047 due to the issuance of a revenue bond and capital loan note.

**Governmental Fund Highlights**

- The General Fund balance decreased from $1,000,958 to $988,100 due to local and state sources decreasing and an increase in total expenditures.
- The Physical Plant and Equipment Levy (PPEL) fund balance increased from $39,871 to $43,821 due to an increase in local tax.
- The Capital Projects fund balance increased from $121,878 to $2,286,742 during the current year due to the issuance of bonds.
- The Debt Service fund balance increased from $35,147 to $144,795 due to an issuance of bonds.

**Proprietary Fund Highlights**

The School Nutrition Fund net assets decreased from $38,286 at June 30, 2009 to $38,143 at June 30, 2010, representing a decrease of less than 1%.

## BUDGETARY HIGHLIGHTS

The District's revenues were $540,009 less than budgeted revenues, a variance of 10.39%. The most significant variance resulted from the District receiving less in state 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, 2010, the District had invested $1,481,556, 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 decrease of 5.81% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was $220,350.

The original cost of the District's capital assets was $4,241,079. Governmental funds account for $4,105,120 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 machinery and equipment category. The District's machinery and equipment totaled $364,197 at June 30, 2009, compared to $261,570 reported at June 30, 2010. This decrease resulted from depreciation exceeding purchases for the fiscal 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, |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2009-10 |
| Land | $ 57,263 | 57,263 | 0 | 0 | 57,263 | 57,263 | 0.00% |
| Buildings | 909,050 | 912,932 | 0 | 0 | 909,050 | 912,932 | -0.43% |
| Land improvements | 236,892 | 218,307 | 0 | 0 | 236,892 | 218,307 | 8.51% |
| Machinery and equipment | 261,570 | 364,197 | 16,781 | 20,234 | 278,351 | 384,431 | -27.59% |
| Total | $ 1,464,775 | 1,552,699 | 16,781 | 20,234 | 1,481,556 | 1,572,933 | -5.81% |

### Long-Term Debt

At June 30, 2010, the District had long-term debt outstanding of $2,453,000 in general obligation bonds, revenue bonds, notes payable, and net OPEB liability. This represents a increase of 760.70% 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.

| | Figure A-7<br>Outstanding Long-Term Obligations | | |
|---|---|---|---|
| | Total School District | | Total Change |
| | June 30, | | June 30, |
| | 2010 | 2009 | 2009-10 |
| General obligation bonds | $ 145,000 | 285,000 | -49.12% |
| Revenue bonds | 1,100,000 | 0 | 100.00% |
| Capital loan notes | 1,165,000 | 0 | 100.00% |
| Early retirement | 20,000 | 0 | 100.00% |
| Net OPEB liability | 23,000 | 0 | 100.00% |
| | $ 2,453,000 | 285,000 | 760.70% |

## 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

Exhibit A

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

| | Governmental Activities | Business type Activities | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash and pooled investments | $ 4,056,881 | 23,354 | 4,080,235 |
| Receivables: | | | |
| Property tax: | | | |
| Delinquent | 28,213 | 0 | 28,213 |
| Succeeding year | 1,485,048 | 0 | 1,485,048 |
| Income surtax | 88,039 | 0 | 88,039 |
| Accounts | 26,362 | 4,261 | 30,623 |
| Due from other governments | 33,090 | 0 | 33,090 |
| Inventories | 0 | 3,826 | 3,826 |
| Capital assets, net of accumulated depreciation | 1,464,775 | 16,781 | 1,481,556 |
| TOTAL ASSETS | 7,182,408 | 48,222 | 7,230,630 |
| LIABILITIES | | | |
| Accounts payable | 58,729 | 8,235 | 66,964 |
| Interest payable | 5,940 | 0 | 5,940 |
| Salaries and benefits payable | 300,147 | 0 | 300,147 |
| Deferred revenue: | | | |
| Succeeding year property tax | 1,485,048 | 0 | 1,485,048 |
| Other | 20,000 | 0 | 20,000 |
| Unearned revenue | 0 | 1,844 | 1,844 |
| Long-term liabilities: | | | |
| Portion due within one year: | | | |
| General obligation bonds | 145,000 | 0 | 145,000 |
| Capital loan notes | 105,000 | 0 | 105,000 |
| Early retirement | 20,000 | 0 | 20,000 |
| Portion due after one year: | | | |
| Revenue bonds | 1,100,000 | 0 | 1,100,000 |
| Capital loan notes | 1,060,000 | 0 | 1,060,000 |
| Net OPEB liability | 23,000 | 0 | 23,000 |
| TOTAL LIABILITIES | 4,322,864 | 10,079 | 4,332,943 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 1,198,160 | 16,781 | 1,214,941 |
| Restricted for: | | | |
| Categorical funding | 145,452 | 0 | 145,452 |
| Management levy | 164,469 | 0 | 164,469 |
| Physical plant & equipment levy | 43,821 | 0 | 43,821 |
| Capital projects | 143,357 | 0 | 143,357 |
| Debt service | 144,795 | 0 | 144,795 |
| Other special revenue purposes | 117,743 | 0 | 117,743 |
| Unrestricted | 901,747 | 21,362 | 923,109 |
| TOTAL NET ASSETS | $ 2,859,544 | 38,143 | 2,897,687 |

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit B

# WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
## STATEMENT OF ACTIVITIES
## YEAR ENDED JUNE 30, 2010

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants, Contributions and Restricted Interest | Govern-mental Activities | Business Type Activities | Total |
| **Functions/Programs:** | | | | | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | $ 1,919,585 | 360,282 | 501,517 | (1,057,786) | 0 | (1,057,786) |
| Special | 327,323 | 39,684 | 59,176 | (228,463) | 0 | (228,463) |
| Other | 548,991 | 150,471 | 162,067 | (236,453) | 0 | (236,453) |
| | 2,795,899 | 550,437 | 722,760 | (1,522,702) | 0 | (1,522,702) |
| Support services: | | | | | | |
| Student services | 104,467 | 0 | 0 | (104,467) | 0 | (104,467) |
| Instructional staff | 132,601 | 0 | 0 | (132,601) | 0 | (132,601) |
| Administration | 559,005 | 0 | 0 | (559,005) | 0 | (559,005) |
| Operation and maintenance of plant | 292,961 | 0 | 0 | (292,961) | 0 | (292,961) |
| Transportation | 174,240 | 0 | 0 | (174,240) | 0 | (174,240) |
| | 1,263,274 | 0 | 0 | (1,263,274) | 0 | (1,263,274) |
| Other expenditures: | | | | | | |
| Facilities acquisitions | 150,422 | 0 | 0 | (150,422) | 0 | (150,422) |
| Long-term debt interest | 13,452 | 0 | 0 | (13,452) | 0 | (13,452) |
| AEA flowthrough | 148,645 | 0 | 148,645 | 0 | 0 | 0 |
| | 312,519 | 0 | 148,645 | (163,874) | 0 | (163,874) |
| Total governmental activities | 4,371,692 | 550,437 | 871,405 | (2,949,850) | 0 | (2,949,850) |
| Business Type activities: | | | | | | |
| Non instructional programs: | | | | | | |
| Nutrition services | 208,866 | 88,633 | 118,424 | 0 | (1,809) | (1,809) |
| Total business type activities | 208,866 | 88,633 | 118,424 | 0 | (1,809) | (1,809) |
| Total | $ 4,580,558 | 639,070 | 989,829 | (2,949,850) | (1,809) | (2,951,659) |
| **General Revenues and Transfers:** | | | | | | |
| Property tax levied for: | | | | | | |
| General purposes | | | | $ 1,300,728 | 0 | 1,300,728 |
| Debt services | | | | 148,940 | 0 | 148,940 |
| Capital outlay | | | | 32,328 | 0 | 32,328 |
| Income surtax | | | | 101,702 | 0 | 101,702 |
| Statewide sales, services and use tax | | | | 214,647 | 0 | 214,647 |
| Unrestricted state grants | | | | 1,178,849 | 0 | 1,178,849 |
| Unrestricted investment earnings | | | | 13,279 | 101 | 13,380 |
| Other | | | | 47,499 | 26 | 47,525 |
| Transfers | | | | (1,539) | 1,539 | 0 |
| Total general revenues and transfers | | | | 3,036,433 | 1,666 | 3,038,099 |
| Changes in net assets | | | | 86,583 | (143) | 86,440 |
| Net assets beginning of year | | | | 2,772,961 | 38,286 | 2,811,247 |
| Net assets end of year | | | | $ 2,859,544 | 38,143 | 2,897,687 |

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

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit C

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

| | General | Physical Plant and Equipment Levy | Capital Projects | Total Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and pooled investments | $ 1,302,388 | 43,221 | 2,269,907 | 441,365 | 4,056,881 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | 21,971 | 600 | 0 | 5,642 | 28,213 |
| Succeeding year | 1,153,453 | 32,180 | 0 | 299,415 | 1,485,048 |
| Income surtax | 88,039 | 0 | 0 | 0 | 88,039 |
| Accounts | 26,362 | 0 | 0 | 0 | 26,362 |
| Due from other governments | 16,255 | 0 | 16,835 | 0 | 33,090 |
| TOTAL ASSETS | $ 2,608,468 | 76,001 | 2,286,742 | 746,422 | 5,717,633 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 58,729 | 0 | 0 | 0 | 58,729 |
| Salaries and benefits payable | 300,147 | 0 | 0 | 0 | 300,147 |
| Deferred revenue: | | | | | |
| Succeeding year property tax | 1,153,453 | 32,180 | 0 | 299,415 | 1,485,048 |
| Income surtax | 88,039 | 0 | 0 | 0 | 88,039 |
| Other | 20,000 | 0 | 0 | 0 | 20,000 |
| Total liabilities | 1,620,368 | 32,180 | 0 | 299,415 | 1,951,963 |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Debt service | 0 | 0 | 0 | 144,795 | 144,795 |
| Categorical funding | 145,452 | 0 | 0 | 0 | 145,452 |
| Construction | 0 | 0 | 2,143,385 | 0 | 2,143,385 |
| Unreserved, reported in: | | | | | |
| General fund | 842,648 | 0 | 0 | 0 | 842,648 |
| Special revenue funds | 0 | 43,821 | 0 | 302,212 | 346,033 |
| Capital projects fund | 0 | 0 | 143,357 | 0 | 143,357 |
| Total fund balances | 988,100 | 43,821 | 2,286,742 | 447,007 | 3,765,670 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 2,608,468 | 76,001 | 2,286,742 | 746,422 | 5,717,633 |

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit D

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

| | |
|---|---|
| **Total fund balances of governmental funds (page 20)** | $ 3,765,670 |
| ***Amounts reported for governmental activities in the statement of net assets are different because:*** | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | 1,464,775 |
| Accounts receivable income surtax, are not yet available to finance expenditures of the current period. | 88,039 |
| 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. | (5,940) |
| Long-term liabilities, including bonds payable, notes payable, early retirement payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (2,453,000) |
| **Net assets of governmental activities (page 18)** | $ 2,859,544 |

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit E

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

| | General | Physical Plant and Equipment Levy | Capital Projects | Other Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax | $ 1,246,422 | 32,328 | 214,647 | 298,627 | 1,792,024 |
| Tuition | 399,966 | 0 | 0 | 0 | 399,966 |
| Other | 64,779 | 1,174 | 18,785 | 142,348 | 227,086 |
| State sources | 1,667,517 | 14 | 0 | 130 | 1,667,661 |
| Federal sources | 364,706 | 0 | 0 | 0 | 364,706 |
| Total revenues | 3,743,390 | 33,516 | 233,432 | 441,105 | 4,451,443 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 1,784,799 | 0 | 0 | 33,128 | 1,817,927 |
| Special | 323,348 | 0 | 0 | 0 | 323,348 |
| Other | 403,028 | 0 | 0 | 143,499 | 546,527 |
| | 2,511,175 | 0 | 0 | 176,627 | 2,687,802 |
| Support services: | | | | | |
| Student | 103,937 | 0 | 0 | 0 | 103,937 |
| Instructional staff | 131,833 | 0 | 0 | 0 | 131,833 |
| Administration | 505,073 | 21,528 | 4,250 | 18,772 | 549,623 |
| Operation and maintenance of plant | 255,702 | 0 | 10,648 | 17,670 | 284,020 |
| Transportation | 101,394 | 0 | 48,232 | 3,354 | 152,980 |
| | 1,097,939 | 21,528 | 63,130 | 39,796 | 1,222,393 |
| Other expenditures: | | | | | |
| Facilities acquisitions | 0 | 24,355 | 144,121 | 0 | 168,476 |
| Long-term debt: | | | | | |
| Principal | 0 | 0 | 0 | 140,000 | 140,000 |
| Interest and fiscal charges | 0 | 0 | 0 | 9,015 | 9,015 |
| AEA flowthrough | 148,645 | 0 | 0 | 0 | 148,645 |
| | 148,645 | 24,355 | 144,121 | 149,015 | 466,136 |
| Total expenditures | 3,757,759 | 45,883 | 207,251 | 365,438 | 4,376,331 |
| Excess (deficiency) of revenues over (under) expenditures | (14,369) | (12,367) | 26,181 | 75,667 | 75,112 |
| Other financing sources(uses): | | | | | |
| Revenue bond issuance | 0 | 0 | 1,100,000 | 0 | 1,100,000 |
| Capital loan note | 0 | 1,165,000 | 0 | 0 | 1,165,000 |
| Transfers in | 0 | 0 | 2,143,385 | 110,000 | 2,253,385 |
| Transfers out | (1,539) | (1,148,683) | (1,104,702) | 0 | (2,254,924) |
| Sale of equipment | 2,050 | 0 | 0 | 0 | 2,050 |
| Total other financing sources | 511 | 16,317 | 2,138,683 | 110,000 | 2,265,511 |
| Net change in fund balances | (13,858) | 3,950 | 2,164,864 | 185,667 | 2,340,623 |
| Fund balance beginning of year | 1,001,958 | 39,871 | 121,878 | 261,340 | 1,425,047 |
| Fund balance end of year | $ 988,100 | 43,821 | 2,286,742 | 447,007 | 3,765,670 |

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit F

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, 2010

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds (page 22)** | | $ 2,340,623 |
| ***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 | $ 128,973 | |
| Depreciation expense | (216,897) | (87,924) |
| Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. | | 6,321 |
| 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 Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments as follows: | | |
| Issued | (2,265,000) | |
| Repaid | 140,000 | (2,125,000) |
| 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. | | (4,437) |
| 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. | | |
| Early retirement | (20,000) | |
| Other postemployment benefits | (23,000) | (43,000) |
| **Changes in net assets of governmental activities (page 19)** | | $ 86,583 |

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit G

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2010

| | School Nutrition |
|---|---|
| ASSETS | |
| Cash and cash equivalents | $ 23,354 |
| Accounts receivable | 4,261 |
| Inventories | 3,826 |
| Capital assets, net of accumulated depreciation | 16,781 |
| TOTAL ASSETS | 48,222 |
| LIABILITIES | |
| Accounts payable | 8,235 |
| Unearned revenues | 1,844 |
| TOTAL LIABILITES | 10,079 |
| NET ASSETS | |
| Invested in capital assets | 16,781 |
| Unrestricted | 21,362 |
| TOTAL NET ASSETS | $ 38,143 |

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit H

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

| | School Nutrition |
|---|---|
| OPERATING REVENUE: | |
| Local sources: | |
| Charges for services | $ 88,633 |
| Miscellaneous | 26 |
| TOTAL OPERATING REVENUES | 88,659 |
| OPERATING EXPENSES: | |
| Non-instructional programs: | |
| Food service operations: | |
| Salaries | 45,906 |
| Benefits | 6,407 |
| Services | 5,739 |
| Supplies | 147,252 |
| Depreciation | 3,453 |
| Other | 109 |
| TOTAL OPERATING EXPENSES | 208,866 |
| OPERATING LOSS | (120,207) |
| NON-OPERATING REVENUES: | |
| Interest income | 101 |
| State sources | 2,134 |
| Federal sources | 116,290 |
| TOTAL NON-OPERATING REVENUES | 118,525 |
| Change in net assets before other financing sources | (1,682) |
| Other financing sources: | |
| Transfer in | 1,539 |
| Change in net assets | (143) |
| Net assets at beginning of year | 38,286 |
| Net assets end of year | $ 38,143 |

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit I

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

| | School Nutrition |
|---|---|
| Cash flows from operating activities: | |
| Cash received from sale of lunches and breakfasts | $ 88,740 |
| Cash received from miscellaneous operating activities | 26 |
| Cash payments to employees for services | (52,313) |
| Cash payments to suppliers for goods or services | (132,165) |
| Net cash used in operating activities | (95,712) |
| Cash flows from non-capital financing activities: | |
| Transfer from General Fund | 1,539 |
| State grants received | 2,134 |
| Federal grants received | 98,157 |
| Net cash provided by non-capital financing activities | 101,830 |
| Cash flows from investing activities: | |
| Interest on investments | 101 |
| Net increase in cash and cash equivalents | 6,219 |
| Cash and cash equivalents at beginning of year | 17,135 |
| Cash and cash equivalents at end of year | $ 23,354 |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | $ (120,207) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Commodities consumed | 13,872 |
| Depreciation | 3,453 |
| Increase in inventories | (773) |
| Increase in accounts payable | 7,836 |
| Increase in unearned revenue | 107 |
| Net cash used in operating activities | $ (95,712) |

Non-cash investing, capital and realted financing activities:

During the year ended June 30, 2010, the District received Federal commodities valued at $13,872.

SEE NOTES TO FINANCIAL STATEMENTS

## (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 Special Revenue, Physical Plant & Equipment Levy (PPEL) Fund is used to account for machinery and equipment expenditures as well as the improvements to capital facilities.

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

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, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2009.

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 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 |
| Intangibles | 25,000 |
| 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 |
| Intangibles | 2 or more 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, 2010 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, 2010, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at amortized cost of $810,802 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

**(3) Transfers**

The detail of transfers for the year ended June 30, 2010 is as follows:

| Transfer to | Transfer from | Amount |
|---|---|---|
| Nutrition Fund | General Fund | $ 1,539 |
| Capital Projects: Construction Projects | Physical Plant and Equipment Levy | 1,148,683 |
| Capital Projects: Construction Projects | Statewide Sales, Services and Use Tax | 994,702 |
| Debt Service | Statewide Sales, Servies and Use Tax | 110,000 |
| Total | | $ 2,254,924 |

The transfer from the General Fund to the Nutrition Fund was for costs of meals for District custodians.

The transfer from the Physical Plant and Equipment Levy to the Capital Projects/Construction Fund was to move capital loan note proceeds.

The transfer from the Statewide Sales, Services and Use Tax to the Capital Projects: Construction Projects was to move remaining revenue bond proceeds.

The transfer from the Statewide Sales, Services and Use Tax to Debt Service was needed to create a debt reserve for the Districts revenue bond issuance.

## (4) Capital Assets

Capital assets activity for the year ended June 30, 2010 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 | 2,310,884 | 55,649 | 0 | 2,366,533 |
| Land improvements | 250,754 | 32,760 | 0 | 283,514 |
| Machinery and equipment | 1,357,246 | 40,564 | 0 | 1,397,810 |
| Total capital assets being depreciated | 3,918,884 | 128,973 | 0 | 4,047,857 |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,397,952 | 59,531 | 0 | 1,457,483 |
| Land improvements | 32,447 | 14,175 | 0 | 46,622 |
| Machinery and equipment | 993,049 | 143,191 | 0 | 1,136,240 |
| Total accumulated depreciation | 2,423,448 | 216,897 | 0 | 2,640,345 |
| Total capital assets being depreciated, net | 1,495,436 | (87,924) | 0 | 1,407,512 |
| Governmental activities capital assets, net | $ 1,552,699 | (87,924) | 0 | 1,464,775 |

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|---|---|---|---|---|
| Business type activities: | | | | |
| Machinery and equipment | $ 135,959 | 0 | 0 | 135,959 |
| Less accumulated depreciation | 115,725 | 3,453 | 0 | 119,178 |
| Business type activities capital assets, net | $ 20,234 | (3,453) | 0 | 16,781 |

Depreciation expense was charged by the District as follows:

| | |
|---|---|
| Governmental activities: | |
| Instruction: | |
| Regular | $ 87,543 |
| Special | 3,975 |
| Other | 3,884 |
| Support services: | |
| Administration | 7,146 |
| Operating and Maintanence of Plant | 10,195 |
| Transportation | 21,260 |
| | 134,003 |
| Unallocated depreciation | 82,894 |
| Total governmental activities depreciation expense | $ 216,897 |
| 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, 2010 is as follows:

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year | Due Within One Year |
|---|---|---|---|---|---|
| General obligation bonds | $ 285,000 | 0 | 140,000 | 145,000 | 145,000 |
| Revenue bonds | 0 | 1,100,000 | 0 | 1,100,000 | 0 |
| Capital loan notes | 0 | 1,165,000 | 0 | 1,165,000 | 105,000 |
| Early retirement | 0 | 20,000 | 0 | 20,000 | 20,000 |
| Net OPEB liability | 0 | 23,000 | 0 | 23,000 | 0 |
| Total | $ 285,000 | 2,308,000 | 140,000 | 2,453,000 | 270,000 |

General Obligation Bonds

Details of the District's June 30, 2010 General Obligation bonds indebtedness is as follows:

| Year Ending June 30, | Interest Rate | Bond issue May 27, 1997 | | |
|---|---|---|---|---|
| | | Principal | Interest | Total |
| 2011 | 3.20% | $ 145,000 | 4,640 | 149,640 |
| Total | | $ 145,000 | 4,640 | 149,640 |

Revenue Bonds

Details of the District's June 30, 2010 statewide sales, services and use tax revenue bonded indebtedness are as follows:

| Year Ending June 30, | Interest Rate | Bond issue June 1, 2010 | | |
|---|---|---|---|---|
| | | Principal | Interest | Total |
| 2011 | - % | $ 0 | 20,358 | 20,358 |
| 2012 | - | 0 | 34,900 | 34,900 |
| 2013 | 2.00 | 100,000 | 33,900 | 133,900 |
| 2014 | 2.00 | 100,000 | 31,900 | 131,900 |
| 2015 | 2.50 | 100,000 | 29,650 | 129,650 |
| 2016-2020 | 3.00-3.70 | 500,000 | 102,650 | 602,650 |
| 2021-2023 | 3.90-4.00 | 300,000 | 17,950 | 317,950 |
| Total | | $ 1,100,000 | 271,308 | 1,371,308 |

The District has pledged future statewide sales, services and use tax revenues to repay the $1,100,000 of bonds issued in June 2010. The bonds were issued for the purpose of financing a portion of the costs of an addition to the 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 2023. 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 9% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is $1,371,308. For the current year no principal or interest was paid on the bonds and the total statewide sales, services and use tax revenues were $214,647.

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

a) $110,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.

b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account

c) 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.

d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2010.

Capital Loan Notes

During the year ended June 30, 2010, the District issued Capital Loans Notes to provide funds for the purchase of equipment. The notes are payable from the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's indebtedness under the agreements in effect June 30, 2010 are as follows:

| Year Ending June 30, | Interest Rate | Notes issue June 1,2010 | | |
|---|---|---|---|---|
| | | Principal | Interest | Total |
| 2011 | 1.00 % | $ 105,000 | 27,118 | 132,118 |
| 2012 | 1.10 | 110,000 | 26,067 | 136,067 |
| 2013 | 1.45 | 110,000 | 24,858 | 134,858 |
| 2014 | 1.90 | 110,000 | 23,262 | 133,262 |
| 2015 | 2.20 | 115,000 | 21,173 | 136,173 |
| 2016-2020 | 2.60-3.40 | 615,000 | 59,367 | 674,367 |
| Total | | $ 1,165,000 | 181,845 | 1,346,845 |

**(6) 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 final payment of $48,232 from the Statewide Sales, Services and Use Tax Fund will be made during the fiscal year 2011.

During the year ended June 30, 2010, the District entered into an operating lease for a copier with Banc of America Leasing, Pittsburgh, PA. Monthly payments are $968.01 from the Statewide Sales, Services and Use Tax Fund.

**(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 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered payroll for the years ended 2010, 2009 and 2008. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were $159,032, $138,177, and $125,916, respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

The District implemented GASB No. 45, Accounting and Financial Reporting by Employees for Postemployment Benefits other than Pensions during the year ended June 30, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 46 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Iowa School Employees Benefits Association. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize 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, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

| | |
|---|---|
| Annual required contribution | $ 42,000 |
| Interest on net OPEB obligation | 0 |
| Adjustment to annual required contribution | 0 |
| Annual OPEB cost | 42,000 |
| Contributions made | (19,000) |
| Increase in net OPEB obligation | 23,000 |
| Net OPEB obligation beginning of year | 0 |
| Net OPEB obligation end of year | $ 23,000 |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

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, 2010 are summarized as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| June 30, 2010 | $42,000 | 45.2% | $23,000 |

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was $267,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $267,000. The covered payroll (annual payroll of active employees covered by the plan) was $1,505,429 and the ratio of UAAL to covered payroll was 17.7%. As of June 30, 2010 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 the 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, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents a multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a percentage each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3.5% per year. Projected claim costs of the medical plan are $873 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## (9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: 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, 2010 were $213,683.

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.

**(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 $148,645 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Construction Commitment**

During the year ended June 30, 2010, the District entered into a contract totaling $608,000 for a window replacement project. As of June 30, 2010 no costs had been incurred against the contract.

**(12) Categorical Funding**

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

| Project | Amount |
|---|---|
| Talented and gifted | $ 11,545 |
| Dropout prevention | 92,390 |
| Teacher salary supplement | 14,321 |
| Statewide preschool | 20,647 |
| Model core curriculum | 6,549 |
| Total | $ 145,452 |

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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, 2010

| | Governmental Fund Types Actual | Proprietary Fund Type Actual | Total Actual | Budgeted Amounts Original | Budgeted Amounts Final | Final to Actual Variance |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Local sources | $ 2,419,076 | 88,760 | 2,507,836 | 2,695,038 | 2,695,038 | (187,202) |
| State sources | 1,667,661 | 2,134 | 1,669,795 | 2,196,932 | 2,196,932 | (527,137) |
| Federal sources | 364,706 | 116,290 | 480,996 | 306,666 | 306,666 | 174,330 |
| Total revenues | 4,451,443 | 207,184 | 4,658,627 | 5,198,636 | 5,198,636 | (540,009) |
| Expenditures/Expenses: | | | | | | |
| Instruction | 2,687,802 | 0 | 2,687,802 | 3,439,675 | 3,439,675 | 751,873 |
| Support services | 1,222,393 | 0 | 1,222,393 | 1,907,423 | 1,907,423 | 685,030 |
| Non-instructional programs | 0 | 208,866 | 208,866 | 233,648 | 233,648 | 24,782 |
| Other expenditures | 466,136 | 0 | 466,136 | 707,582 | 707,582 | 241,446 |
| Total expenditures/expenses | 4,376,331 | 208,866 | 4,585,197 | 6,288,328 | 6,288,328 | 1,703,131 |
| Excess(Deficiency) of revenues over(under) expenditures/expenses | 75,112 | (1,682) | 73,430 | (1,089,692) | (1,089,692) | 1,163,122 |
| Other financing sources, net | 2,265,511 | 1,539 | 2,267,050 | 5,000 | 2,232 | 2,264,818 |
| Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses | 2,340,623 | (143) | 2,340,480 | (1,084,692) | (1,087,460) | 3,427,940 |
| Balance beginning of year | 1,425,047 | 38,286 | 1,463,333 | 1,335,066 | 1,335,066 | 128,267 |
| Balance end of year | $ 3,765,670 | 38,143 | 3,803,813 | 250,374 | 247,606 | 3,556,207 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010

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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FO 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 | - | $ 267,000 | 267,000 | 0.0% | $ 1,505,429 | 17.7% |

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

# OTHER SUPPLEMENTARY INFORMATION

Schedule 1

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

| | Special Revenue Funds | | | | Total |
|---|---|---|---|---|---|
| | Management Levy | Student Activity | Total Special Revenue | Debt Service | Other Nonmajor Governmental Funds |
| ASSETS | | | | | |
| Cash and pooled investments | $ 181,612 | 117,743 | 299,355 | 142,010 | 441,365 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Delinquent | 2,857 | 0 | 2,857 | 2,785 | 5,642 |
| Succeeding year | 150,000 | 0 | 150,000 | 149,415 | 299,415 |
| TOTAL ASSETS | $ 334,469 | 117,743 | 452,212 | 294,210 | 746,422 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Deferred revenue: | | | | | |
| Succeeding year property tax | $ 150,000 | 0 | 150,000 | 149,415 | 299,415 |
| Total liabilities | 150,000 | 0 | 150,000 | 149,415 | 299,415 |
| Fund balances: | | | | | |
| Reserved for debt service | 0 | 0 | 0 | 144,795 | 144,795 |
| Unreserved | 184,469 | 117,743 | 302,212 | 0 | 302,212 |
| Total fund balances | 184,469 | 117,743 | 302,212 | 144,795 | 447,007 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 334,469 | 117,743 | 452,212 | 294,210 | 746,422 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Schedule 2

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

| | Special Revenue Funds | | | | Total |
|---|---|---|---|---|---|
| | Management Levy | Student Activity | Total Special Revenue | Debt Service | Other Nonmajor Governmental Funds |
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax | $ 149,687 | 0 | 149,687 | 148,940 | 298,627 |
| Other | 4,614 | 137,677 | 142,291 | 57 | 142,348 |
| State sources | 64 | 0 | 64 | 66 | 130 |
| TOTAL REVENUES | 154,365 | 137,677 | 292,042 | 149,063 | 441,105 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Regular | 33,128 | 0 | 33,128 | 0 | 33,128 |
| Other | 0 | 143,499 | 143,499 | 0 | 143,499 |
| Support services: | | | | | |
| Administration | 18,372 | 0 | 18,372 | 400 | 18,772 |
| Operation and maintenance of plant | 17,670 | 0 | 17,670 | 0 | 17,670 |
| Transportation | 3,354 | 0 | 3,354 | 0 | 3,354 |
| Other expenditures: | | | | | |
| Long-term debt: | | | | | |
| Principal | 0 | 0 | 0 | 140,000 | 140,000 |
| Interest and fiscal charges | 0 | 0 | 0 | 9,015 | 9,015 |
| TOTAL EXPENDITURES | 72,524 | 143,499 | 216,023 | 149,415 | 365,438 |
| Excess(deficiency) of revenues over(under) expenditures | 81,841 | (5,822) | 76,019 | (352) | 75,667 |
| Other financing sources: | | | | | |
| Transfer in | 0 | 0 | 0 | 110,000 | 110,000 |
| Net change in fund balances | 81,841 | (5,822) | 76,019 | 109,648 | 185,667 |
| Fund balance beginning of year | 102,628 | 123,565 | 226,193 | 35,147 | 261,340 |
| Fund balance end of year | $ 184,469 | 117,743 | 302,212 | 144,795 | 447,007 |

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, 2010

| Account | Balance Beginning of Year | Revenues | Expendi-tures | Balance End of Year |
|---|---|---|---|---|
| **Athletics** | | | | |
| Activity passes | $ 9,830 | 9,846 | 12,719 | 6,957 |
| Donations | 6,928 | 0 | 0 | 6,928 |
| Fruit fundraiser | 1,765 | 10,916 | 12,681 | 0 |
| Football gate | 12,801 | 6,574 | 6,339 | 13,036 |
| Football supplies | 0 | 107 | 107 | 0 |
| Football in/out | 479 | 4,611 | 3,722 | 1,368 |
| Basketball gate | 16,062 | 15,141 | 12,607 | 18,596 |
| Basketball supplies | 0 | 1,587 | 1,587 | 0 |
| Girls basketball in/out | 616 | 6,221 | 6,142 | 695 |
| Boys basketball in/out | 2,106 | 2,140 | 2,239 | 2,007 |
| Track Gate | 0 | 1,218 | 1,218 | 0 |
| Track entry fees | 150 | 500 | 550 | 100 |
| Track-boys in/out | 0 | 130 | 130 | 0 |
| Track-girls in/out | 306 | 1,932 | 1,482 | 756 |
| XC supplies | 0 | 106 | 106 | 0 |
| XC entry fees | 34 | 470 | 504 | 0 |
| XC in/out | 0 | 560 | 446 | 114 |
| HS wrestling supplies | 0 | 686 | 428 | 258 |
| Baseball gate | 1,265 | 4,640 | 4,393 | 1,512 |
| Baseball supplies | 0 | 1,086 | 938 | 148 |
| Baseball officials | 215 | 0 | 215 | 0 |
| Baseball in/out | 522 | 2,371 | 2,006 | 887 |
| Softball gate | 653 | 1,086 | 1,205 | 534 |
| Softball officials | 450 | 0 | 450 | 0 |
| Softball in/out | 1,860 | 700 | 2,112 | 448 |
| Volleyball gate | 6,460 | 2,784 | 1,923 | 7,321 |
| Volleyball in/out | 1,162 | 3,511 | 2,966 | 1,707 |
| Golf in/out | 135 | 902 | 845 | 192 |
| Cheerleaders-basketball | 2 | 935 | 721 | 216 |
| | 63,801 | 80,760 | 80,781 | 63,780 |
| **Clubs** | | | | |
| Drama | 578 | 6,415 | 6,473 | 520 |
| Pep club | 1,070 | 1,285 | 1,263 | 1,092 |
| Spanish club | 585 | 2,797 | 2,542 | 840 |
| | 2,233 | 10,497 | 10,278 | 2,452 |
| **Graduating Classes** | | | | |
| School projects | 3,050 | 153 | 0 | 3,203 |
| Class of 2010 | 2,804 | 332 | 3,136 | 0 |
| Class of 2011 | 714 | 8,887 | 6,896 | 2,705 |
| Class of 2012 | 903 | 35 | 0 | 938 |
| Class of 2013 | 794 | 63 | 0 | 857 |
| Class of 2014 | 623 | 25 | 0 | 648 |
| Class of 2015 | 300 | 5 | 0 | 305 |
| Class of 2016 | 755 | 5 | 0 | 760 |
| Class of 2017 | 0 | 512 | 0 | 512 |
| | 9,943 | 10,017 | 10,032 | 9,928 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Schedule 3

| Account | Balance Beginning of Year | Revenues | Expendi-tures | Balance End of Year |
|---|---|---|---|---|
| **Academic** | | | | |
| Yearbook | 11,875 | 6,501 | 7,820 | 10,556 |
| Yearbook sales | 0 | 1,065 | 1,065 | 0 |
| Honor society | 1,136 | 2,784 | 3,453 | 467 |
| Student council pop machine | 6,109 | 6,892 | 7,589 | 5,412 |
| Student council dances | 0 | 300 | 300 | 0 |
| Student council income | 2,094 | 190 | 2,284 | 0 |
| Instrumental music | 361 | 4,375 | 4,102 | 634 |
| Band resale acct | 4 | 819 | 704 | 119 |
| Vocal music general supplies | 204 | 0 | 204 | 0 |
| Vocal music fundraiser | 1,435 | 5,055 | 3,715 | 2,775 |
| Cafe concert | 2,928 | 1,602 | 2,760 | 1,770 |
| Marketing fundraiser | 2,502 | 0 | 0 | 2,502 |
| | 28,648 | 29,583 | 33,996 | 24,235 |
| **Elementary** | | | | |
| Library book fair | 1,940 | 2,211 | 1,876 | 2,275 |
| Miscellaneous banking | 5,863 | 721 | 2,743 | 3,841 |
| Box tops for education | 640 | 0 | 612 | 28 |
| Yearbook | 874 | 375 | 6 | 1,243 |
| | 9,317 | 3,307 | 5,237 | 7,387 |
| **High School** | | | | |
| Miscellaneous | 3,206 | 459 | 1,566 | 2,099 |
| Wolves care club | 6,367 | 2,418 | 1,609 | 7,176 |
| Interest | 50 | 636 | 0 | 686 |
| | 9,623 | 3,513 | 3,175 | 9,961 |
| Total | $ 123,565 | 137,677 | 143,499 | 117,743 |

Schedule 4

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2010

| | Capital Projects Funds | | |
|---|---|---|---|
| | Construction Projects | Statewide Sales, Services and Use Tax | Total |
| ASSETS | | | |
| Cash and pooled investments | $ 2,143,385 | 126,522 | 2,269,907 |
| Due from other governments | 0 | 16,835 | 16,835 |
| TOTAL ASSETS | $ 2,143,385 | 143,357 | 2,286,742 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities: | $ 0 | 0 | 0 |
| Fund balances: | | | |
| Unreserved: | | | |
| Capital projects | 2,143,385 | 143,357 | 2,286,742 |
| Total fund balances | 2,143,385 | 143,357 | 2,286,742 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 2,143,385 | 143,357 | 2,286,742 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Schedule 5

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2010

| | Capital Projects Funds | | |
|---|---|---|---|
| | Construction Projects | Statewide Sales, Services and Use Tax | Total |
| REVENUES | | | |
| Local sources: | | | |
| Local tax | $ 0 | 214,647 | 214,647 |
| Other | 0 | 18,785 | 18,785 |
| TOTAL REVENUES | $ 0 | 233,432 | 233,432 |
| EXPENDITURES: | | | |
| Current: | | | |
| Support services: | | | |
| Administration | 0 | 4,250 | 4,250 |
| Operation and maintenance | 0 | 10,648 | 10,648 |
| Transportation | 0 | 48,232 | 48,232 |
| | 0 | 63,130 | 63,130 |
| Other expenditures: | | | |
| Facilities acquisitions | 0 | 144,121 | 144,121 |
| TOTAL EXPENDITURES | 0 | 207,251 | 207,251 |
| Excess of revenues over expenditures | 0 | 26,181 | 26,181 |
| Other financing sources(uses): | | | |
| Transfer in | 2,143,385 | 0 | 2,143,385 |
| Transfer out | 0 | (1,104,702) | (1,104,702) |
| Revenue bond issuance | 0 | 1,100,000 | 1,100,000 |
| Total other financing sources(uses) | 2,143,385 | (4,702) | 2,138,683 |
| Net change in fund balances | 2,143,385 | 21,479 | 2,164,864 |
| Fund balance beginning of year | 0 | 121,878 | 121,878 |
| Fund balance end of year | $ 2,143,385 | 143,357 | 2,286,742 |

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 SEVEN YEARS

| | Modified Accrual Basis | | | | | | |
|---|---|---|---|---|---|---|---|
| | Years Ended June 30, | | | | | | |
| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Revenues: | | | | | | | |
| Local sources: | | | | | | | |
| Local tax | $ 1,792,024 | 1,778,089 | 1,684,293 | 1,381,536 | 1,394,511 | 1,250,247 | 1,323,730 |
| Tuition | 399,966 | 435,937 | 402,937 | 596,845 | 516,973 | 593,185 | 605,739 |
| Other | 227,086 | 279,895 | 341,816 | 270,042 | 291,375 | 247,303 | 228,234 |
| Intermediate sources | 0 | 0 | 0 | 4,083 | 0 | 0 | 0 |
| State sources | 1,667,661 | 1,897,123 | 1,866,527 | 1,710,457 | 1,519,699 | 1,421,093 | 1,421,032 |
| Federal sources | 364,706 | 167,436 | 134,333 | 145,733 | 136,751 | 143,816 | 138,885 |
| Total | $ 4,451,443 | 4,558,480 | 4,429,906 | 4,108,696 | 3,859,309 | 3,655,644 | 3,717,620 |
| Expenditures: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | $ 1,817,927 | 1,778,831 | 1,690,544 | 1,671,219 | 1,717,084 | 1,773,320 | 1,588,181 |
| Special | 323,348 | 287,228 | 325,358 | 431,126 | 467,715 | 365,738 | 634,612 |
| Other | 546,527 | 486,365 | 497,898 | 509,558 | 544,939 | 386,019 | 359,414 |
| Support services: | | | | | | | |
| Student | 103,937 | 82,291 | 74,070 | 67,308 | 62,814 | 83,102 | 83,543 |
| Instructional staff | 131,833 | 123,778 | 91,204 | 75,723 | 87,589 | 100,837 | 77,740 |
| Administration | 549,623 | 521,980 | 500,243 | 476,115 | 475,604 | 390,379 | 451,739 |
| Operation and maintenance of plant | 284,020 | 288,752 | 270,929 | 260,270 | 258,851 | 226,144 | 225,627 |
| Transportation services | 152,980 | 159,779 | 183,657 | 140,843 | 154,280 | 298,932 | 111,562 |
| Other expenditures: | | | | | | | |
| Facilities acquisitions | 168,476 | 226,885 | 249,832 | 193,320 | 101,813 | 86,153 | 5,241 |
| Long Term Debt: | | | | | | | |
| Principal | 140,000 | 135,000 | 130,000 | 151,190 | 150,145 | 153,376 | 120,000 |
| Interest | 9,015 | 13,065 | 16,965 | 27,676 | 31,533 | 25,703 | 28,003 |
| AEA flow-through | 148,645 | 130,649 | 123,091 | 115,725 | 108,983 | 107,382 | 110,599 |
| Total | $ 4,376,331 | 4,234,603 | 4,153,791 | 4,120,073 | 4,161,350 | 3,997,085 | 3,796,261 |

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

# NOLTE, CORNMAN & JOHNSON P.C.

**Certified Public Accountants**

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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, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 9, 2011. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as items I-A-10 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-10 to be a significant deficiency.

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, 2010 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 PC

NOLTE, CORNMAN & JOHNSON, P.C.

March 9, 2011

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2010

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-10 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 - The District will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

I-B-10 Purchase Orders - We noted during our audit that the district uses purchase orders in purchasing process, however the Student Activity Fund had instances of purchase orders that were completed after the product had been ordered.

Recommendation - The District should review purchase order procedures to ensure that they are completed before the purchase of goods and services

Response - The District will comply with the recommendation and require proper approval before ordering takes place.

Conclusion - Response accepted.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2010

Part II: Other Findings Related to Required Statutory Reporting

II-A-10 Certified Budget - District disbursements for the year ended June 30, 2010, did not exceed the amount budgeted.

II-B-10 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-10 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-10 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<br>Spouse owner of Haights Electric | Electrical work | $550 |

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-10 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-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-H-10 Supplementary Weighting - We noted a variance regarding the supplementary weighting certified to the Iowa Department of Education. Supplementary weighting was understated by .06.

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

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

Conclusion - Response accepted.

II-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-J-10 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

II-K-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-10 Statewide Sales, and Services and Use Tax - We noted instances of non-compliance with the use of the Statewide Sales, Services and Use Tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and servicing tax. For the year ended June 30, 2010, the District's financial activity and other required information for the Statewide Sales, Services and Use Tax are as follows:

| | | |
|---|---|---|
| Beginning Balance | $ | 0 |
| Statewide Sales, Services and Use Tax revenue | | 214,647 |
| Expenditures/transfers out: | | |
| School infrastructure: | | |
| Equipment | | 207,251 |
| Ending Balance | $ | 7,396 |

As a result of the Statewide, Sales, Services and Use Tax revenue received during year ended June 30, 2010 the District reduced the following levy:

| | Per $1,000 of Taxable Valuation | Property Tax Dollars |
|---|---|---|
| Physical plant and equipment levy | $ 1.34000 | $ 127,844 |

II-M-10 Student Activity Fund - We noted during the audit inappropriate expenditures for library books and scholarships in the Student Activity Fund. These expenditures were paid from the Book Fair account and Student Council account, respectively. 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).

Recommendation - The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended.

Response - The District will review the accounts in the Student Activity Fund and appropriately move accounts as needed.

Conclusion- Response accepted.

II-N-10 Officiating Contracts - We noted during our audit that the Athletic Director was signing Activity Fund officiating contracts. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District.

Response - The District will comply and have the Board President sign these contracts.

Conclusion - Response accepted.