

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2011

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Winfield-Mt. Union Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Robin Therme	President	2013
Dennis Breon	Vice President	2011
Rick Probasco	Board Member	2011
Robney Reynolds	Board Member	2011
Jay Nelson	Board Member	2013

School Officials

Pat Coen	Superintendent	2011
Carmen Benson	District Secretary/ Treasurer/ Business Manager	2011
Ahlers & Cooney, P.C.	Attorney	2011

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, 2011, 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, 2011, 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 19, 2012 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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winfield-Mt. Union Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (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, P.C.

March 19, 2012

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, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,745,440 in fiscal 2010 to \$4,063,505 in fiscal 2011. General Fund expenditures increased from \$3,759,298 in fiscal 2010 to \$4,059,471 in fiscal 2011. This resulted in an increase in the District's General Fund balance from \$988,100 in fiscal 2010 to a balance of \$992,134 in fiscal 2011, a 0.41% increase over the prior year.
- The increase in General Fund revenues was attributable to an increase in local and state source revenues during fiscal 2011. The increase in expenditures can be attributed to increases in all functional area expenditures during the year.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

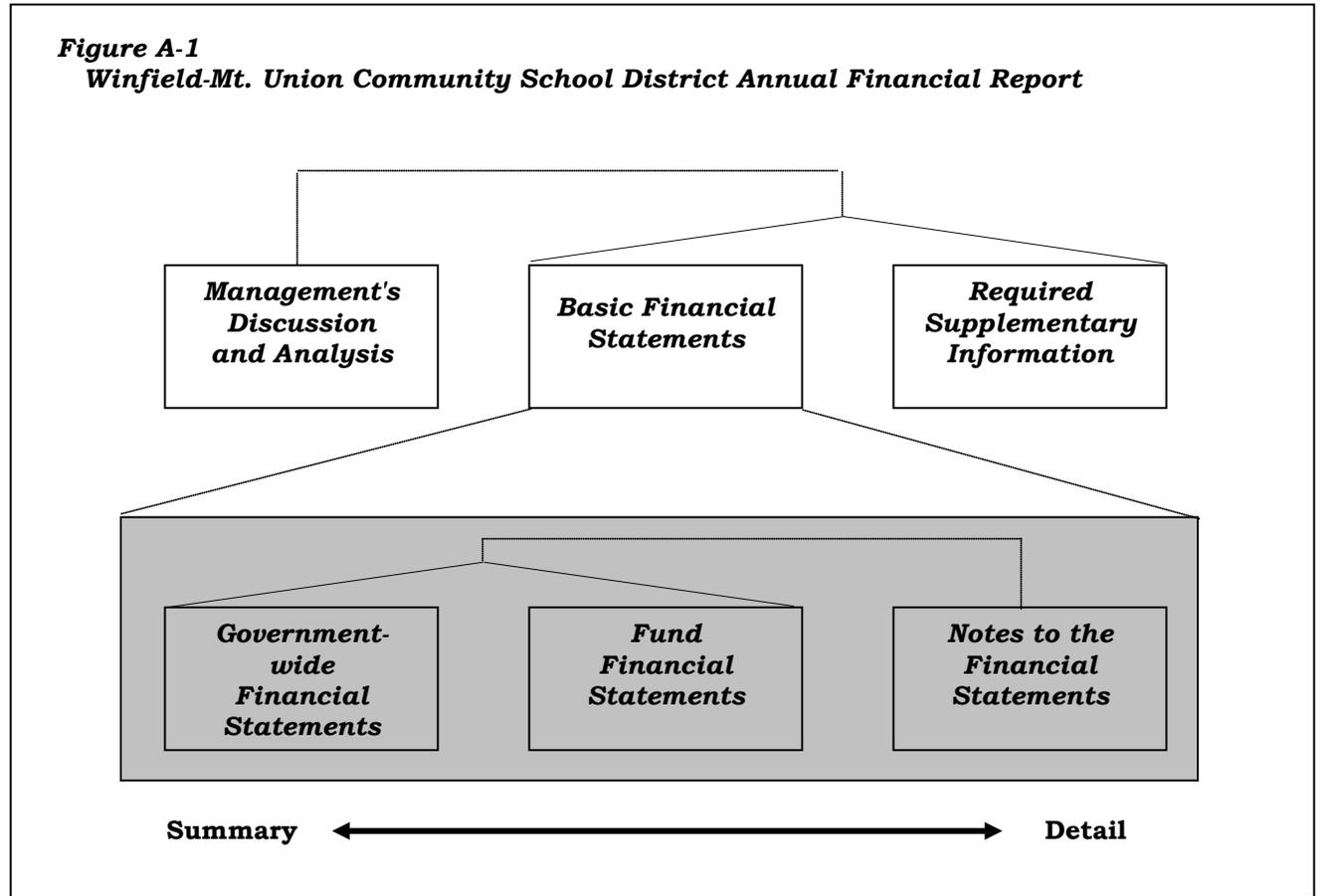


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 4,174,938	5,717,633	35,648	31,441	4,210,586	5,749,074	-26.76%
Capital assets	3,272,939	1,464,775	25,062	16,781	3,298,001	1,481,556	122.60%
Total assets	7,447,877	7,182,408	60,710	48,222	7,508,587	7,230,630	3.84%
Long-term obligations	2,294,110	2,453,000	0	0	2,294,110	2,453,000	-6.48%
Other liabilities	2,090,676	1,869,864	4,810	10,079	2,095,486	1,879,943	11.47%
Total liabilities	4,384,786	4,322,864	4,810	10,079	4,389,596	4,332,943	1.31%
Net assets:							
Invested in capital assets, net of related debt	1,277,280	1,198,160	25,062	16,781	1,302,342	1,214,941	7.19%
Restricted	879,275	759,637	0	0	879,275	759,637	15.75%
Unrestricted	906,536	901,747	30,838	21,362	937,374	923,109	1.55%
Total net assets	\$ 3,063,091	2,859,544	55,900	38,143	3,118,991	2,897,687	7.64%

The District's combined net assets increased by \$221,304, or 7.64% 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 \$119,638, or 15.75% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$14,265, or 1.55%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 727,442	550,437	84,353	88,633	811,795	639,070	27.03%
Operating grants, contributions and restricted interest	457,061	871,405	121,899	118,424	578,960	989,829	-41.51%
General revenues:							
Property tax	1,548,317	1,481,996	0	0	1,548,317	1,481,996	4.48%
Income surtax	95,142	101,702	0	0	95,142	101,702	-6.45%
Statewide sales, services and use tax	262,742	214,647	0	0	262,742	214,647	22.41%
Unrestricted state grants	1,612,745	1,178,849	0	0	1,612,745	1,178,849	36.81%
Nonspecific program federal grants	111,928	0	0	0	111,928	0	100.00%
Other	122,927	60,778	154	127	123,081	60,905	102.09%
Transfers	(12,800)	(1,539)	12,800	1,539	0	0	0.00%
Total revenues and transfers	4,925,504	4,458,275	219,206	208,723	5,144,710	4,666,998	10.24%
Program expenses:							
Governmental activities:							
Instructional	2,912,769	2,795,899	0	0	2,912,769	2,795,899	4.18%
Support services	1,524,226	1,263,274	0	0	1,524,226	1,263,274	20.66%
Non-instructional programs	0	0	201,449	208,866	201,449	208,866	-3.55%
Other expenses	284,962	312,519	0	0	284,962	312,519	-8.82%
Total expenses	4,721,957	4,371,692	201,449	208,866	4,923,406	4,580,558	7.48%
Changes in net assets	203,547	86,583	17,757	(143)	221,304	86,440	156.02%
Net assets beginning of year	2,859,544	2,772,961	38,143	38,286	2,897,687	2,811,247	3.07%
Net assets end of year	\$ 3,063,091	2,859,544	55,900	38,143	3,118,991	2,897,687	7.64%

Property tax, income surtax, and unrestricted state grants account for 66.11% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 94.09% of the revenue from business type activities.

The District's total revenues were approximately \$5.15 million of which \$4.93 million was for governmental activities and \$0.22 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 10.24% increase in revenues and a 7.48% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$4,925,504 and expenses were \$4,721,957.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2011 compared to the year end June 30, 2010.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 2,912,769	2,795,899	4.18%	2,012,770	1,522,702	32.18%
Support services	1,524,226	1,263,274	20.66%	1,389,305	1,263,274	9.98%
Other expenses	284,962	312,519	-8.82%	135,379	163,874	-17.39%
Totals	\$ 4,721,957	4,371,692	8.01%	3,537,454	2,949,850	19.92%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$727,442.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$457,061.
- The net cost of governmental activities was financed with \$1,548,317 in property tax, \$95,142 in income surtax, \$262,742 in statewide sales, services and use tax, \$1,612,745 in unrestricted state grants, \$111,928 in nonspecific program federal grants, \$16,842 in interest income, and \$93,285 in other general revenues net of transfers.

Business Type Activities

Revenues of the District's business type activities were \$219,206 and expenses were \$201,449. 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, investment income and capital contributions.

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 \$2,008,731, below last year's ending fund balances of \$3,765,670 due to construction projects.

Governmental Fund Highlights

- The General Fund balance increased from \$988,100 to \$992,134 due to local and state source revenues increasing and outpacing the increase in total expenditures.
- The Capital Projects Fund balance decreased during the current year from \$2,330,563 in fiscal 2010 to \$518,436 in fiscal 2011. The beginning balance was restated as a result of the Physical Plant and Equipment Levy fund reclassification as a Capital Projects Fund account in accordance with GASB Statement No. 54. This decrease resulted from the construction beginning on a new football field and a window replacement project.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$38,143 at June 30, 2010 to \$55,900 at June 30, 2011, representing an increase of 46.55%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Winfield-Mt. Union Community School District amended its budget one time to reflect additional expenditures in the other expenditures functional area.

The District's revenues were \$108,244 less than budgeted revenues, a variance of 2.06%. 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, 2011, the District had invested \$3,298,001, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 122.60% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$249,694.

The original cost of the District's capital assets was \$6,189,913. Governmental funds account for \$6,047,429 with the remainder of \$142,484 in the Proprietary, School Nutrition Fund.

The largest dollar change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$1,875,650 at June 30, 2011, compared to \$0 reported at June 30, 2010. This increase resulted from the District construction of the sports complex.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 57,263	57,263	0	0	57,263	57,263	0.00%
Construction in progress	1,875,650	0	0	0	1,875,650	0	100.00%
Buildings	852,301	909,050	0	0	852,301	909,050	-6.24%
Land improvements	224,354	236,892	0	0	224,354	236,892	-5.29%
Machinery and equipment	263,371	261,570	25,062	16,781	288,433	278,351	3.62%
Total	\$ 3,272,939	1,464,775	25,062	16,781	3,298,001	1,481,556	122.60%

Long-Term Debt

At June 30, 2011, the District had long-term debt outstanding of \$2,294,110 in general obligation bonds, revenue bonds, notes payable, and net OPEB liability. This represents a decrease of 6.48% 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			
Outstanding Long-Term Obligations			
	Total		Total
	School District		Change
	June 30,		June 30,
	2011	2010	2010-11
General obligation bonds	\$ 0	145,000	-100.00%
Revenue bonds	1,100,000	1,100,000	0.00%
Capital loan notes	1,060,000	1,165,000	-9.01%
Computer lease	92,936	0	100.00%
Early retirement	0	20,000	-100.00%
Net OPEB liability	41,174	23,000	79.02%
	<u>\$ 2,294,110</u>	<u>2,453,000</u>	<u>-6.48%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- 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.
- On July 1, 2011, the IPERS increase to 8.07% will increase the Winfield-Mt. Union Community Schools employer benefits costs during fiscal 2012. An additional increase to 8.67% is anticipated for FY13.

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,470,889	30,893	2,501,782
Receivables:			
Property tax:			
Delinquent	25,715	0	25,715
Succeeding year	1,485,048	0	1,485,048
Income surtax	95,448	0	95,448
Due from other governments	97,838	0	97,838
Inventories	0	4,755	4,755
Capital assets, net of accumulated depreciation	3,272,939	25,062	3,298,001
TOTAL ASSETS	7,447,877	60,710	7,508,587
LIABILITIES			
Accounts payable	269,086	2,421	271,507
Interest payable	19,917	0	19,917
Salaries and benefits payable	316,625	0	316,625
Deferred revenue:			
Succeeding year property tax	1,485,048	0	1,485,048
Unearned revenue	0	2,389	2,389
Long-term liabilities:			
Portion due within one year:			
Capital loan notes	110,000	0	110,000
Portion due after one year:			
Computer lease	92,936	0	92,936
Revenue bonds	1,100,000	0	1,100,000
Capital loan notes	950,000	0	950,000
Net OPEB liability	41,174	0	41,174
TOTAL LIABILITIES	4,384,786	4,810	4,389,596
NET ASSETS			
Invested in capital assets, net of related debt	1,277,280	25,062	1,302,342
Restricted for:			
Categorical funding	119,955	0	119,955
Management levy purposes	241,304	0	241,304
Student activities	94,864	0	94,864
Debt service	161,993	0	161,993
School infrastructure	227,845	0	227,845
Physical plant and equipment	33,314	0	33,314
Unrestricted	906,536	30,838	937,374
TOTAL NET ASSETS	\$ 3,063,091	55,900	3,118,991

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,958,379	442,498	165,589	(1,350,292)	0	(1,350,292)
Special	339,525	45,591	40,877	(253,057)	0	(253,057)
Other	614,865	146,514	58,930	(409,421)	0	(409,421)
	<u>2,912,769</u>	<u>634,603</u>	<u>265,396</u>	<u>(2,012,770)</u>	<u>0</u>	<u>(2,012,770)</u>
Support services:						
Student	74,846	0	0	(74,846)	0	(74,846)
Instructional	162,155	10,899	3,332	(147,924)	0	(147,924)
Administration	596,929	81,940	38,750	(476,239)	0	(476,239)
Operation and maintenance of plant	511,700	0	0	(511,700)	0	(511,700)
Transportation	178,596	0	0	(178,596)	0	(178,596)
	<u>1,524,226</u>	<u>92,839</u>	<u>42,082</u>	<u>(1,389,305)</u>	<u>0</u>	<u>(1,389,305)</u>
Other expenditures:						
Long-term debt interest	66,093	0	0	(66,093)	0	(66,093)
AEA flowthrough	149,583	0	149,583	0	0	0
Depreciation(unallocated)*	69,286	0	0	(69,286)	0	(69,286)
	<u>284,962</u>	<u>0</u>	<u>149,583</u>	<u>(135,379)</u>	<u>0</u>	<u>(135,379)</u>
Total governmental activities	4,721,957	727,442	457,061	(3,537,454)	0	(3,537,454)
Business Type activities:						
Non instructional programs:						
Nutrition services	201,449	84,353	121,899	0	4,803	4,803
Total business type activities	<u>201,449</u>	<u>84,353</u>	<u>121,899</u>	<u>0</u>	<u>4,803</u>	<u>4,803</u>
Total	<u>\$ 4,923,406</u>	<u>811,795</u>	<u>578,960</u>	<u>(3,537,454)</u>	<u>4,803</u>	<u>(3,532,651)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 1,229,135	0	1,229,135
Debt services				150,074	0	150,074
Capital outlay				169,108	0	169,108
Income surtax				95,142	0	95,142
Statewide sales, services and use tax				262,742	0	262,742
Unrestricted state grants				1,612,745	0	1,612,745
Nonspecific program federal grants				111,928	0	111,928
Unrestricted investment earnings				16,842	154	16,996
Other				106,085	0	106,085
Transfers				(12,800)	12,800	0
Total general revenues and transfers				<u>3,741,001</u>	<u>12,954</u>	<u>3,753,955</u>
Changes in net assets				203,547	17,757	221,304
Net assets beginning of year				<u>2,859,544</u>	<u>38,143</u>	<u>2,897,687</u>
Net assets end of year				<u>\$ 3,063,091</u>	<u>55,900</u>	<u>3,118,991</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 1,348,066	628,843	493,980	2,470,889
Receivables:				
Property tax:				
Delinquent	18,721	2,813	4,181	25,715
Succeeding year	1,153,453	32,180	299,415	1,485,048
Income surtax	95,448	0	0	95,448
Due from other governments	23,205	74,633	0	97,838
TOTAL ASSETS	\$ 2,638,893	738,469	797,576	4,174,938
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 81,233	187,853	0	269,086
Salaries and benefits payable	316,625	0	0	316,625
Deferred revenue:				
Succeeding year property tax	1,153,453	32,180	299,415	1,485,048
Income surtax	95,448	0	0	95,448
Total liabilities	1,646,759	220,033	299,415	2,166,207
Fund balances:				
Restricted for:				
Categorical funding	119,955	0	0	119,955
Management levy purposes	0	0	241,304	241,304
Student activities	0	0	94,864	94,864
Debt service	0	0	161,993	161,993
School infrastructure	0	227,845	0	227,845
Physical plant and equipment	0	33,314	0	33,314
Construction	0	257,277	0	257,277
Unassigned	872,179	0	0	872,179
Total fund balances	992,134	518,436	498,161	2,008,731
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,638,893	738,469	797,576	4,174,938

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances of governmental funds(page 20) \$ 2,008,731

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. 3,272,939

Accounts receivable income surtax, are not yet available to finance expenditures of the current period. 95,448

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. (19,917)

Long-term liabilities, including bonds payable, notes payable, computer lease 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. (2,294,110)

Net assets of governmental activities(page 18) \$ 3,063,091

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,216,784	431,850	250,158	1,898,792
Tuition	461,448	0	0	461,448
Other	228,436	35,148	150,104	413,688
State sources	1,882,047	68	62	1,882,177
Federal sources	274,790	0	0	274,790
Total revenues	<u>4,063,505</u>	<u>467,066</u>	<u>400,324</u>	<u>4,930,895</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,932,850	17,684	9,460	1,959,994
Special	339,525	0	0	339,525
Other	443,398	0	169,985	613,383
	<u>2,715,773</u>	<u>17,684</u>	<u>179,445</u>	<u>2,912,902</u>
Support services:				
Student	74,428	0	0	74,428
Instructional	154,091	0	0	154,091
Administration	567,763	0	18,468	586,231
Operation and maintenance of plant	285,717	151,447	16,275	453,439
Transportation	112,116	58,689	3,540	174,345
	<u>1,194,115</u>	<u>210,136</u>	<u>38,283</u>	<u>1,442,534</u>
Other expenditures:				
Facilities acquisitions	0	1,973,635	0	1,973,635
Long-term debt:				
Principal	0	0	250,000	250,000
Interest and fiscal charges	0	0	52,116	52,116
AEA flowthrough	149,583	0	0	149,583
	<u>149,583</u>	<u>1,973,635</u>	<u>302,116</u>	<u>2,425,334</u>
Total expenditures	<u>4,059,471</u>	<u>2,201,455</u>	<u>519,844</u>	<u>6,780,770</u>
Excess(Deficiency) of revenues over (under) expenditures	4,034	(1,734,389)	(119,520)	(1,849,875)
Other financing sources(uses):				
Computer lease proceeds	0	92,936	0	92,936
Transfers in	0	0	170,674	170,674
Transfers out	0	(170,674)	0	(170,674)
Total other financing sources	<u>0</u>	<u>(77,738)</u>	<u>170,674</u>	<u>92,936</u>
Net change in fund balances	4,034	(1,812,127)	51,154	(1,756,939)
Fund balance beginning of year, as restated	988,100	2,330,563	447,007	3,765,670
Fund balance end of year	<u>\$ 992,134</u>	<u>518,436</u>	<u>498,161</u>	<u>2,008,731</u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds(page 22) \$ (1,756,939)

**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	\$ 2,053,339	
Depreciation expense	(245,175)	1,808,164

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

7,409

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. Repayments exceeded current year issues as follows:

Issued	(92,936)	
Repaid	250,000	157,064

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.

(13,977)

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	(18,174)	1,826

Changes in net assets of governmental activities(page 19) \$ 203,547

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2011

	School Nutrition
ASSETS	
Cash and cash equivalents	\$ 30,893
Inventories	4,755
Capital assets, net of accumulated depreciation	25,062
TOTAL ASSETS	60,710
 LIABILITIES	
Accounts payable	2,421
Unearned revenues	2,389
TOTAL LIABILITES	4,810
 NET ASSETS	
Invested in capital assets	25,062
Unrestricted	30,838
TOTAL NET ASSETS	\$ 55,900

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 84,353
TOTAL OPERATING REVENUES	84,353
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	57,072
Benefits	8,054
Services	1,672
Supplies	130,022
Depreciation	4,519
Other	110
TOTAL OPERATING EXPENSES	201,449
OPERATING LOSS	(117,096)
NON-OPERATING REVENUES:	
Interest income	154
State sources	1,948
Federal sources	119,951
TOTAL NON-OPERATING REVENUES	122,053
Change in net assets before other financing sources	4,957
Other financing sources:	
Contributed capital	12,800
Change in net assets	17,757
Net assets at beginning of year	38,143
Net assets end of year	\$ 55,900

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 84,898
Cash payments to employees for services	(65,126)
Cash payments to suppliers for goods or services	(126,176)
Net cash used in operating activities	(106,404)
Cash flows from non-capital financing activities:	
State grants received	1,948
Federal grants received	111,841
Net cash provided by non-capital financing activities	113,789
Cash flows from investing activities:	
Interest on investments	154
Net increase in cash and cash equivalents	7,539
Cash and cash equivalents at beginning of year	23,354
Cash and cash equivalents at end of year	\$ 30,893
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (117,096)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	12,371
Depreciation	4,519
Increase in inventories	(929)
Decrease in accounts payable	(5,814)
Increase in unearned revenue	545
Net cash used in operating activities	\$ (106,404)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2011, the District received federal commodities valued at \$12,371.

During the year ended June 30, 2011, the District received contributed capital valued at \$12,800 from Capital Projects: Physical Plant and Equipment Levy.

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

(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. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The District'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.

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

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010.

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

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

Unassigned - All amounts not included in other spendable classifications.

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, 2011 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, 2011, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at amortized cost of \$550,317 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, 2011 is as follows:

Transfer to	Transfer from	Amount
	Capital Projects:	
	Statewide Sales,	
Debt Service	Services and Use Tax	\$ 37,808
	Capital Projects:	
	Physical Plant	
Debt Service	and Equipment Levy	132,866
		<u>132,866</u>
Total		<u>\$ 170,674</u>

The transfer from the Capital Projects: Physical Plant and Equipment Levy to Debt Service was needed for the payment of the capital loan note indebtedness.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax to Debt Service was for payment of the District's Revenue bond indebtedness.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 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
Construction in progress	0	1,875,650	0	1,875,650
Total capital assets not being depreciated	<u>57,263</u>	<u>1,875,650</u>	<u>0</u>	<u>1,932,913</u>
Capital assets being depreciated:				
Buildings	2,366,533	0	0	2,366,533
Land improvements	283,514	0	0	283,514
Machinery and equipment	1,397,810	177,689	111,030	1,464,469
Total capital assets being depreciated	<u>4,047,857</u>	<u>177,689</u>	<u>111,030</u>	<u>4,114,516</u>
Less accumulated depreciation for:				
Buildings	1,457,483	56,749	0	1,514,232
Land improvements	46,622	12,538	0	59,160
Machinery and equipment	1,136,240	175,888	111,030	1,201,098
Total accumulated depreciation	<u>2,640,345</u>	<u>245,175</u>	<u>111,030</u>	<u>2,774,490</u>
Total capital assets being depreciated, net	<u>1,407,512</u>	<u>(67,486)</u>	<u>0</u>	<u>1,340,026</u>
Governmental activities capital assets, net	<u>\$ 1,464,775</u>	<u>1,808,164</u>	<u>0</u>	<u>3,272,939</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 135,959	12,800	6,275	142,484
Less accumulated depreciation	119,178	4,519	6,275	117,422
Business type activities capital assets, net	\$ 16,781	8,281	0	25,062

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular		\$ 111,848	
Other		2,662	
Support services:			
Instructional		7,457	
Administration		7,457	
Operating and maintenance of Plant		22,370	
Transportation		24,095	
		<u>175,889</u>	
Unallocated depreciation		69,286	
		<u>245,175</u>	
Total governmental activities depreciation expense		\$ 245,175	
Business type activities:			
Food services		\$ 4,519	

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 145,000	0	145,000	0	0
Revenue bonds	1,100,000	0	0	1,100,000	0
Capital loan notes	1,165,000	0	105,000	1,060,000	110,000
Computer lease	0	92,936	0	92,936	0
Early retirement	20,000	0	20,000	0	0
Net OPEB liability	23,000	18,174	0	41,174	0
Total	\$ 2,453,000	111,110	270,000	2,294,110	110,000

Revenue Bonds

Details of the District's June 30, 2011 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
2012	2.00	% \$ 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	3.00	100,000	26,900	126,900
2017-2021	3.00-3.90	500,000	85,700	585,700
2022-2023	4.00	200,000	8,000	208,000
Total		\$ 1,100,000	250,950	1,350,950

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 \$1,350,950. For the current year no principal and \$20,358 of interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$262,742.

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, 2011.

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 Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's indebtedness under the agreements in effect June 30, 2011 are as follows:

Year Ending June 30,	Interest Rate	Notes issue June 1, 2010		
		Principal	Interest	Total
2012	1.10	% \$ 110,000	26,068	136,068
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	2.60	115,000	18,642	133,642
2017-2020	2.60-3.40	500,000	40,724	540,724
Total		\$ 1,060,000	154,727	1,214,727

Computer Lease

The District entered into a lease agreement during the year ended June 30, 2011 for the purchase of the One-to-One Laptop Initiative. Details of the District's June 30, 2011 computer lease indebtedness are as follows:

Year Ending June 30,	Interest Rate	Computer lease dated June 24, 2011		
		Principal	Interest	Total
2013	1.45	% \$ 29,993	3,020	33,013
2014	1.90	30,968	2,046	33,014
2015	2.20	31,975	1,039	33,014
Total		\$ 92,936	6,105	99,041

(6) Operating Lease

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.

During the year ended June 30, 2011, the District entered into an operating lease for a communication lease with Western Finance and Lease, Devils Lake, ND. Monthly payments are \$1,220.79 from the Statewide Sales, Service 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 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the years ended 2011, 2010 and 2009. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$165,612, \$159,032, and \$138,177, respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

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, 2011, 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	1,035
Adjustment to annual required contribution	(861)
Annual OPEB cost	<u>42,174</u>
Contributions made	<u>(24,000)</u>
Increase in net OPEB obligation	18,174
Net OPEB obligation beginning of year	23,000
Net OPEB obligation end of year	<u><u>\$ 41,174</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

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, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$42,000	45.2%	\$23,000
2011	\$42,174	56.9%	\$41,174

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, 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 \$1,383,337 and the ratio of UAAL to covered payroll was 19.3%. As of June 30, 2011 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, 2011 were \$200,881.

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 \$149,583 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Construction Commitment

The District has entered into contracts totaling \$1,920,510 for the construction of a new football field and window replacement project. As of June 30, 2011, costs \$1,875,650, had been incurred against the contracts. The balance of \$44,860 remaining at June 30, 2011, will be paid as work progresses.

(12) Categorical Funding

The District's ending restricted balance for categorical funding at June 30, 2011 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Talented and gifted	\$ 26,620
Dropout prevention	79,014
Teacher salary supplement	14,321
Total	<u>\$ 119,955</u>

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ 2,286,742	43,821
Change in fund type classifications per implementation of GASB Statement No. 54	43,821	(43,821)
Balances July 1, 2010, as restated	<u>\$ 2,330,563</u>	<u>0</u>

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, 2011

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Fund Types	Fund Type				Actual
	Actual	Actual		Original	Final	Variance
Revenues:						
Local sources	\$ 2,773,928	84,507	2,858,435	2,844,150	2,844,150	14,285
State sources	1,882,177	1,948	1,884,125	2,135,395	2,135,395	(251,270)
Federal sources	274,790	119,951	394,741	266,000	266,000	128,741
Total revenues	4,930,895	206,406	5,137,301	5,245,545	5,245,545	(108,244)
Expenditures/Expenses:						
Instruction	2,912,902	0	2,912,902	3,574,500	3,574,500	661,598
Support services	1,442,534	0	1,442,534	1,831,000	1,831,000	388,466
Non-instructional programs	0	201,449	201,449	257,886	257,886	56,437
Other expenditures	2,425,334	0	2,425,334	2,049,910	2,500,000	74,666
Total expenditures/expenses	6,780,770	201,449	6,982,219	7,713,296	8,163,386	1,181,167
Excess(Deficiency) of revenues over(under) expenditures/expenses	(1,849,875)	4,957	(1,844,918)	(2,467,751)	(2,917,841)	1,072,923
Other financing sources, net	92,936	12,800	105,736	1,100,000	1,100,000	(994,264)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(1,756,939)	17,757	(1,739,182)	(1,367,751)	(1,817,841)	78,659
Balance beginning of year	3,765,670	38,143	3,803,813	1,408,750	1,408,750	2,395,063
Balance end of year	\$ 2,008,731	55,900	2,064,631	40,999	(409,091)	2,473,722

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$450,090.

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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 267,000	267,000	0.0%	\$ 1,505,429	17.7%
2011	July 1, 2009	-	267,000	267,000	0.0%	1,383,337	19.3%

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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

OTHER SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue Funds				Total
	Manage- ment Levy	Student Activity	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
ASSETS					
Cash and pooled investments	\$ 239,645	94,864	334,509	159,471	493,980
Receivables:					
Property tax:					
Delinquent	1,659	0	1,659	2,522	4,181
Succeeding year	150,000	0	150,000	149,415	299,415
TOTAL ASSETS	\$ 391,304	94,864	486,168	311,408	797,576
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:					
Restricted for:					
Management levy purposes	241,304	0	241,304	0	241,304
Student activities	0	94,864	94,864	0	94,864
Debt service	0	0	0	161,993	161,993
Total fund balances	241,304	94,864	336,168	161,993	498,161
TOTAL LIABILITIES AND FUND BALANCES	\$ 391,304	94,864	486,168	311,408	797,576

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011

	Special Revenue Funds				Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue	Debt Service	
	REVENUES:				
Local sources:					
Local tax	\$ 100,084	0	100,084	150,074	250,158
Other	2,844	147,106	149,950	154	150,104
State sources	0	0	0	62	62
TOTAL REVENUES	102,928	147,106	250,034	150,290	400,324
EXPENDITURES:					
Current:					
Instruction:					
Regular	9,460	0	9,460	0	9,460
Other	0	169,985	169,985	0	169,985
Support services:					
Administration	16,818	0	16,818	1,650	18,468
Operation and maintenance of plant	16,275	0	16,275	0	16,275
Transportation	3,540	0	3,540	0	3,540
Other expenditures:					
Long-term debt:					
Principal	0	0	0	250,000	250,000
Interest and fiscal charges	0	0	0	52,116	52,116
TOTAL EXPENDITURES	46,093	169,985	216,078	303,766	519,844
Excess(Deficiency) of revenues over(under) expenditures	56,835	(22,879)	33,956	(153,476)	(119,520)
Other financing sources:					
Transfers in	0	0	0	170,674	170,674
Net change in fund balances	56,835	(22,879)	33,956	17,198	51,154
Fund balance beginning of year, as restated	184,469	117,743	302,212	144,795	447,007
Fund balance end of year	\$ 241,304	94,864	336,168	161,993	498,161

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2011

	Capital Projects Funds			
	Construction Projects	Statewide Sales, Services and Use Tax	Physical	
			Plant and Equipment	
			Levy	Total
ASSETS				
Cash and pooled investments	\$ 445,130	153,212	30,501	628,843
Receivables:				
Property tax:				
Delinquent	0	0	2,813	2,813
Succeeding year	0	0	32,180	32,180
Due from other governments	0	74,633	0	74,633
TOTAL ASSETS	\$ 445,130	227,845	65,494	738,469
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 187,853	0	0	187,853
Deferred revenue:				
Succeeding year property tax	0	0	32,180	32,180
Total liabilities	187,853	0	32,180	220,033
Fund balances:				
Restricted for:				
School infrastructure	0	227,845	0	227,845
Physical plant and equipment	0	0	33,314	33,314
Construction	257,277	0	0	257,277
Total fund balances	257,277	227,845	33,314	518,436
TOTAL LIABILITIES AND FUND BALANCES	\$ 445,130	227,845	65,494	738,469

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2011

	Capital Projects Funds			
	Construction Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES				
Local sources:				
Local tax	\$ 0	262,742	169,108	431,850
Other	3,342	5,544	26,262	35,148
State sources	0	0	68	68
TOTAL REVENUES	<u>\$ 3,342</u>	<u>268,286</u>	<u>195,438</u>	<u>467,066</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	\$ 0	0	17,684	17,684
Support services:				
Operation and maintenance of plant	0	151,447	0	151,447
Transportation	0	58,689	0	58,689
Other expenditures:				
Facilities acquisitions	1,889,450	28,790	55,395	1,973,635
TOTAL EXPENDITURES	<u>1,889,450</u>	<u>238,926</u>	<u>73,079</u>	<u>2,201,455</u>
Excess(Deficiency) of revenues over(under) expenditures	(1,886,108)	29,360	122,359	(1,734,389)
Other financing sources(uses):				
Transfers out	0	(37,808)	(132,866)	(170,674)
Computer lease proceeds	0	92,936	0	92,936
Total other financing sources(uses)	<u>0</u>	<u>55,128</u>	<u>(132,866)</u>	<u>(77,738)</u>
Net change in fund balances	(1,886,108)	84,488	(10,507)	(1,812,127)
Fund balance beginning of year, as restated	<u>2,143,385</u>	<u>143,357</u>	<u>43,821</u>	<u>2,330,563</u>
Fund balance end of year	<u>\$ 257,277</u>	<u>227,845</u>	<u>33,314</u>	<u>518,436</u>

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, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletics				
Activity passes	\$ 6,957	7,673	10,412	4,218
Donations	6,928	30	6,958	0
Fruit fundraiser	0	10,882	10,651	231
Football gate	13,036	4,760	5,785	12,011
Football supplies	0	2,266	2,266	0
Football in/out	1,368	3,931	3,276	2,023
Basketball gate	18,596	12,445	10,064	20,977
Girls basketball in/out	695	3,211	3,642	264
Boys basketball in/out	2,007	2,900	3,059	1,848
Track Gate	0	836	836	0
Track supplies	0	3,998	3,998	0
Track entry fees	100	920	820	200
Track-girls in/out	756	7,571	8,300	27
XC entry fees	0	570	570	0
XC in/out	114	515	525	104
HS wrestling supplies	258	0	258	0
Baseball gate	1,512	1,304	2,745	71
Baseball supplies	148	0	148	0
Baseball in/out	887	225	527	585
Softball gate	534	1,763	2,297	0
Softball in/out	448	1,783	1,386	845
Volleyball gate	7,321	3,349	3,702	6,968
Volleyball in/out	1,707	3,296	2,638	2,365
Golf supplies	0	1,950	1,950	0
Golf in/out	192	1,212	1,287	117
Cheerleaders-football	0	25	25	0
Cheerleaders-basketball	216	390	606	0
Drill team	0	310	310	0
	<u>63,780</u>	<u>78,115</u>	<u>89,041</u>	<u>52,854</u>
Clubs				
Drama	520	1,784	2,304	0
Pep club	1,092	490	822	760
Spanish club	840	3,954	4,789	5
	<u>2,452</u>	<u>6,228</u>	<u>7,915</u>	<u>765</u>
Graduating Classes				
School projects	3,203	100	3,200	103
Class of 2011	2,705	150	2,855	0
Class of 2012	938	6,693	5,699	1,932
Class of 2013	857	99	0	956
Class of 2014	648	100	0	748
Class of 2015	305	100	0	405
Class of 2016	760	101	0	861
Class of 2017	512	0	0	512
	<u>9,928</u>	<u>7,343</u>	<u>11,754</u>	<u>5,517</u>

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Academic				
Yearbook	10,556	2,022	9,704	2,874
Yearbook sales	0	6,084	0	6,084
Honor society	467	5,076	5,032	511
Student council pop machine	5,412	6,645	7,003	5,054
Student council dances	0	731	650	81
IAROP	0	2,355	350	2,005
Instrumental music	634	5,605	5,227	1,012
Band resale acct	119	645	387	377
Chicago trip	0	15,181	14,917	264
Vocal music general supplies	0	70	70	0
Vocal music fundraiser	2,775	0	1,242	1,533
FFA	0	748	487	261
Cafe concert	1,770	2,286	1,860	2,196
Marketing fundraiser	2,502	0	0	2,502
	24,235	47,448	46,929	24,754
Elementary				
Library book fair	2,275	2,387	4,662	0
Miscellaneous banking	3,841	612	706	3,747
Box tops for education	28	0	0	28
Yearbook	1,243	377	7	1,613
	7,387	3,376	5,375	5,388
High School				
Miscellaneous	2,099	535	525	2,109
Wolves care club	7,176	3,481	7,209	3,448
Interest	686	580	1,237	29
	9,961	4,596	8,971	5,586
Total	\$ 117,743	147,106	169,985	94,864

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 EIGHT YEARS

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 1,898,792	1,792,024	1,778,089	1,684,293	1,381,536	1,394,511	1,250,247	1,323,730
Tuition	461,448	399,966	435,937	402,937	596,845	516,973	593,185	605,739
Other	413,688	227,086	279,895	341,816	270,042	291,375	247,303	228,234
Intermediate sources	0	0	0	0	4,083	0	0	0
State sources	1,882,177	1,667,661	1,897,123	1,866,527	1,710,457	1,519,699	1,421,093	1,421,032
Federal sources	274,790	364,706	167,436	134,333	145,733	136,751	143,816	138,885
Total	\$ 4,930,895	4,451,443	4,558,480	4,429,906	4,108,696	3,859,309	3,655,644	3,717,620
Expenditures:								
Instruction:								
Regular	\$ 1,959,994	1,817,927	1,778,831	1,690,544	1,671,219	1,717,084	1,773,320	1,588,181
Special	339,525	323,348	287,228	325,358	431,126	467,715	365,738	634,612
Other	613,383	546,527	486,365	497,898	509,558	544,939	386,019	359,414
Support services:								
Student	74,428	103,937	82,291	74,070	67,308	62,814	83,102	83,543
Instructional	154,091	131,833	123,778	91,204	75,723	87,589	100,837	77,740
Administration	586,231	549,623	521,980	500,243	476,115	475,604	390,379	451,739
Operation and maintenance of plant	453,439	284,020	288,752	270,929	260,270	258,851	226,144	225,627
Transportation	174,345	152,980	159,779	183,657	140,843	154,280	298,932	111,562
Other expenditures:								
Facilities acquisitions	1,973,635	168,476	226,885	249,832	193,320	101,813	86,153	5,241
Long Term Debt:								
Principal	250,000	140,000	135,000	130,000	151,190	150,145	153,376	120,000
Interest and fiscal charges	52,116	9,015	13,065	16,965	27,676	31,533	25,703	28,003
AEA flow-through	149,583	148,645	130,649	123,091	115,725	108,983	107,382	110,599
Total	\$ 6,780,770	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

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3050

Telephone (641) 792-1910

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

To the Board of Education of the
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, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 19, 2012. 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-11 to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 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.

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2012

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-11 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.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS
 YEAR ENDED JUNE 30, 2011

Part II: Other Findings Related to Required Statutory Reporting

- II-A-11 Certified Budget - District disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.
- II-B-11 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-11 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-11 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Susan Haight, Teacher Spouse owner of Haight Electric	Electrical work	\$1,487

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

- II-E-11 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-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-11 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-11 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-11 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-11 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance noted with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	143,357
Revenues/transfers in:			
Sales tax revenues	\$	262,742	
Other local revenues		5,544	
Sale of long-term debt		92,936	361,222
			<u>504,579</u>
Expenditures/transfers out:			
Equipment		43,394	
Other		195,532	
Transfers to other funds:			
Debt service fund		37,808	276,734
			<u>276,734</u>
Ending Balance		\$	<u><u>227,845</u></u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.