

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

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Winfield-Mt. Union Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2011 Election)</b>		
Robin Therme	President	2013
Dennis Breon	Vice President	2011
Rick Probasco	Board Member	2011
Robney Reynolds	Board Member	2011
Jay Nelson (Resigned September 2011)	Board Member	2013
<b>(After September 2011 Election)</b>		
Robin Therme	President	2013
Klay Edwards	Vice President	2015
Dan Schurr	Board Member	2015
John Vantiger	Board Member	2015
Mindy Shelledy (Appointed September 2011)	Board Member	2013
<b>School Officials</b>		
Pat Coen	Superintendent	2012
Carmen Benson	District Secretary/ Treasurer/ Business Manager	2012
Ahlers & Cooney, P.C.	Attorney	2012

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, 2012, 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, 2012, 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 February 11, 2013 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.

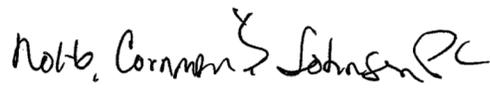
U.S. generally accepted accounting principles require Management's

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 be presented to supplement the basic financial statements. Such information, although not a part of the basic

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financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted 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 eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 11, 2013

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$4,063,505 in fiscal 2011 to \$4,029,222 in fiscal 2012. General Fund expenditures increased from \$4,059,471 in fiscal 2011 to \$4,065,431 in fiscal 2012. This resulted in a decrease in the District's General Fund balance from \$992,134 in fiscal 2011 to a balance of \$955,925 in fiscal 2012, a 3.65% increase over the prior year.
- The decrease in General Fund revenues was attributable to a decrease in local and federal source revenues during fiscal 2012. The increase in expenditures can be attributed to increases in support services.

### **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.

Supplementary Information provides detailed information about the non-major funds.

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

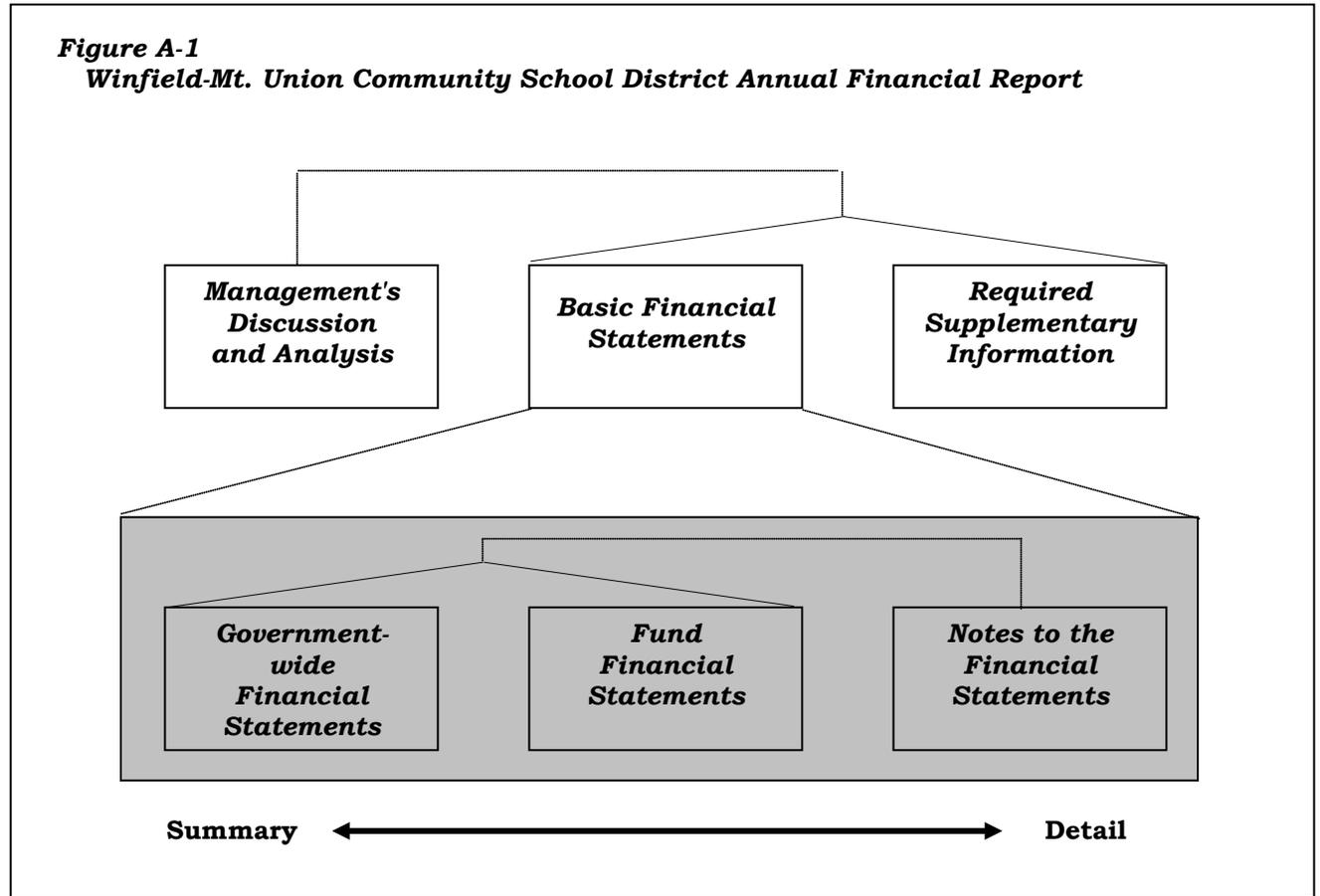


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2</b>			
<b>Major Features of the Government-wide and Fund Financial Statements</b>			
	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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>
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

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## **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, 2012 compared to June 30, 2011.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 3,850,186	4,174,938	36,746	35,648	3,886,932	4,210,586	-7.69%
Capital assets	3,420,366	3,272,939	31,158	25,062	3,451,524	3,298,001	4.66%
Total assets	<u>7,270,552</u>	<u>7,447,877</u>	<u>67,904</u>	<u>60,710</u>	<u>7,338,456</u>	<u>7,508,587</u>	<u>-2.27%</u>
Long-term obligations	2,217,850	2,294,110	0	0	2,217,850	2,294,110	-3.32%
Other liabilities	1,847,948	2,090,676	8,580	4,810	1,856,528	2,095,486	-11.40%
Total liabilities	<u>4,065,798</u>	<u>4,384,786</u>	<u>8,580</u>	<u>4,810</u>	<u>4,074,378</u>	<u>4,389,596</u>	<u>-7.18%</u>
Net assets:							
Invested in capital assets, net of related debt	1,351,955	1,277,280	31,158	25,062	1,383,113	1,302,342	6.20%
Restricted	985,659	879,275	0	0	985,659	879,275	12.10%
Unrestricted	867,140	906,536	28,166	30,838	895,306	937,374	-4.49%
Total net assets	<u>\$ 3,204,754</u>	<u>3,063,091</u>	<u>59,324</u>	<u>55,900</u>	<u>3,264,078</u>	<u>3,118,991</u>	<u>4.65%</u>

The District's combined net assets increased by \$145,087, or 4.65% 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 \$106,384, or 12.10% 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 – decreased \$42,068, or 4.49%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 659,512	727,442	84,296	84,353	743,808	811,795	-8.37%
Operating grants, contributions and restricted interest	287,021	457,061	134,871	121,899	421,892	578,960	-27.13%
General revenues:							
Property tax	1,376,961	1,548,317	0	0	1,376,961	1,548,317	-11.07%
Income surtax	79,219	95,142	0	0	79,219	95,142	-16.74%
Statewide sales, services and use tax	288,273	262,742	0	0	288,273	262,742	9.72%
Unrestricted state grants	1,922,306	1,612,745	0	0	1,922,306	1,612,745	19.19%
Nonspecific program federal grants	1,106	111,928	0	0	1,106	111,928	-99.01%
Other	157,900	122,927	140	154	158,040	123,081	28.40%
Transfers	0	(12,800)	0	12,800	0	0	0.00%
Total revenues and transfers	4,772,298	4,925,504	219,307	219,206	4,991,605	5,144,710	-2.98%
Program expenses:							
Governmental activities:							
Instructional	2,818,732	2,912,769	0	0	2,818,732	2,912,769	-3.23%
Support services	1,400,168	1,524,226	0	0	1,400,168	1,524,226	-8.14%
Non-instructional programs	0	0	215,883	201,449	215,883	201,449	7.17%
Other expenses	411,735	284,962	0	0	411,735	284,962	44.49%
Total expenses	4,630,635	4,721,957	215,883	201,449	4,846,518	4,923,406	-1.56%
Changes in net assets	141,663	203,547	3,424	17,757	145,087	221,304	-34.44%
Net assets beginning of year	3,063,091	2,859,544	55,900	38,143	3,118,991	2,897,687	7.64%
Net assets end of year	\$ 3,204,754	3,063,091	59,324	55,900	3,264,078	3,118,991	4.65%

Property tax, income surtax, and unrestricted state grants account for 70.79% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.94% of the revenue from business type activities.

The District's total revenues were approximately \$4.99 million of which \$4.77 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 2.98% decrease in revenues and a 1.56% decrease in expenses.

### Governmental Activities

Revenues for governmental activities were \$4,772,298 and expenses were \$4,630,635.

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, 2012 compared to the year end June 30, 2011.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 2,818,732	2,912,769	-3.23%	2,051,946	2,012,770	1.95%
Support services	1,400,168	1,524,226	-8.14%	1,356,212	1,389,305	-2.38%
Other expenses	411,735	284,962	44.49%	275,944	135,379	103.83%
Totals	\$ 4,630,635	4,721,957	-1.93%	3,684,102	3,537,454	4.15%

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$659,512.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$287,021.
- The net cost of governmental activities was financed with \$1,376,961 in property tax, \$79,219 in income surtax, \$288,273 in statewide sales, services and use tax, \$1,922,306 in unrestricted state grants, \$1,106 in nonspecific program federal grants, \$6,985 in interest income, and \$150,915 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities were \$219,307 and expenses were \$215,883. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,934,219, below last year's ending fund balances of \$2,008,731.

### Governmental Fund Highlights

- The General Fund balance decreased from \$992,134 to \$955,925 although state source revenues increased, declines in local and federal source revenues and increases in total expenditures led to the decrease in fund balance.
- The Capital Projects Fund balance decreased during the current year from \$518,436 in fiscal 2011 to \$355,373 in fiscal 2012. This decrease resulted from the construction taking place on a new football field and a window replacement project.

### Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$55,900 at June 30, 2011 to \$59,324 at June 30, 2012, representing an increase of 6.13%.

## BUDGETARY HIGHLIGHTS

The District's revenues were \$81,335 less than budgeted revenues, a variance of 1.60%. 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, 2012, the District had invested \$3,451,524, 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 4.66% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$352,360.

The original cost of the District's capital assets was \$6,642,052. Governmental funds account for \$6,488,426 with the remainder of \$153,626 in the Proprietary, School Nutrition Fund.

The largest dollar change in capital asset activity during the year occurred in the Land improvements and Buildings. The \$2,189,577 total of construction in progress was finished and allocated between Land improvements and Buildings in the amounts of \$1,420,253 and \$769,324. This allocation 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,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 57,263	57,263	0	0	57,263	57,263	0.00%
Construction in progress	0	1,875,650	0	0	0	1,875,650	100.00%
Buildings	1,500,685	852,301	0	0	1,500,685	852,301	76.07%
Land improvements	1,555,144	224,354	0	0	1,555,144	224,354	593.17%
Machinery and equipment	307,274	263,371	31,158	25,062	338,432	288,433	17.33%
Total	\$ 3,420,366	3,272,939	31,158	25,062	3,451,524	3,298,001	4.66%

### Long-Term Debt

At June 30, 2012, the District had long-term debt outstanding of \$2,217,850 in general obligation bonds, revenue bonds, notes payable, and net OPEB liability. This represents a decrease of 3.32% 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.

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Figure A-7			
Outstanding Long-Term Obligations			
	Total		Total
	School District		Change
	June 30,		June 30,
	2012	2011	2011-12
Revenue bonds	1,100,000	1,100,000	0.00%
Capital loan notes	950,000	1,060,000	-10.38%
Computer lease	103,365	92,936	100.00%
Net OPEB liability	64,485	41,174	56.62%
	<u>\$ 2,217,850</u>	<u>2,294,110</u>	<u>-3.32%</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:

- On July 1, 2012, the IPERS increase to 8.67% will increase the Winfield-Mt. Union Community Schools employer benefits costs during fiscal 2013.

### **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, 2012

	Governmental Activities	Business type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 2,133,706	28,501	2,162,207
Receivables:			
Property tax:			
Delinquent	22,225	0	22,225
Succeeding year	1,455,269	0	1,455,269
Income surtax	87,739	0	87,739
Accounts	150,495	6,801	157,296
Prepaid expenses	752	0	752
Inventories	0	1,444	1,444
Capital assets, net of accumulated depreciation	3,420,366	31,158	3,451,524
<b>TOTAL ASSETS</b>	<b>7,270,552</b>	<b>67,904</b>	<b>7,338,456</b>
<b>LIABILITIES</b>			
Accounts payable	13,301	6,315	19,616
Interest payable	19,720	0	19,720
Salaries and benefits payable	349,769	0	349,769
Deferred revenue:			
Succeeding year property tax	1,455,269	0	1,455,269
Other	9,889	0	9,889
Unearned revenue	0	2,265	2,265
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	100,000	0	100,000
Capital loan notes	110,000	0	110,000
Computer lease	12,962	0	12,962
Portion due after one year:			
Computer lease	90,403	0	90,403
Revenue bonds	1,000,000	0	1,000,000
Capital loan notes	840,000	0	840,000
Net OPEB liability	64,485	0	64,485
<b>TOTAL LIABILITIES</b>	<b>4,065,798</b>	<b>8,580</b>	<b>4,074,378</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,351,955	31,158	1,383,113
Restricted for:			
Categorical funding	92,319	0	92,319
Management levy purposes	293,059	0	293,059
Student activities	95,167	0	95,167
Debt service	234,695	0	234,695
School infrastructure	207,334	0	207,334
Physical plant and equipment	63,085	0	63,085
Unrestricted	867,140	28,166	895,306
<b>TOTAL NET ASSETS</b>	<b>\$ 3,204,754</b>	<b>59,324</b>	<b>3,264,078</b>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
<b>Functions/Programs:</b>						
Governmental activities:						
Instruction:						
Regular	\$ 1,877,745	396,955	25,962	(1,454,828)	0	(1,454,828)
Special	319,869	79,297	20,260	(220,312)	0	(220,312)
Other	621,118	183,260	61,052	(376,806)	0	(376,806)
	<u>2,818,732</u>	<u>659,512</u>	<u>107,274</u>	<u>(2,051,946)</u>	<u>0</u>	<u>(2,051,946)</u>
Support services:						
Student	69,947	0	0	(69,947)	0	(69,947)
Instructional	180,599	0	11,331	(169,268)	0	(169,268)
Administration	642,792	0	32,625	(610,167)	0	(610,167)
Operation and maintenance of plant	332,233	0	0	(332,233)	0	(332,233)
Transportation	174,597	0	0	(174,597)	0	(174,597)
	<u>1,400,168</u>	<u>0</u>	<u>43,956</u>	<u>(1,356,212)</u>	<u>0</u>	<u>(1,356,212)</u>
Other expenditures:						
Long-term debt interest	65,541	0	0	(65,541)	0	(65,541)
AEA flowthrough	135,791	0	135,791	0	0	0
Depreciation(unallocated)*	210,403	0	0	(210,403)	0	(210,403)
	<u>411,735</u>	<u>0</u>	<u>135,791</u>	<u>(275,944)</u>	<u>0</u>	<u>(275,944)</u>
Total governmental activities	4,630,635	659,512	287,021	(3,684,102)	0	(3,684,102)
Business Type activities:						
Non instructional programs:						
Nutrition services	215,883	84,296	134,871	0	3,284	3,284
Total business type activities	<u>215,883</u>	<u>84,296</u>	<u>134,871</u>	<u>0</u>	<u>3,284</u>	<u>3,284</u>
Total	\$ <u>4,846,518</u>	<u>743,808</u>	<u>421,892</u>	<u>(3,684,102)</u>	<u>3,284</u>	<u>(3,680,818)</u>
<b>General Revenues and Transfers:</b>						
Property tax levied for:						
General purposes				\$ 1,198,114	0	1,198,114
Capital outlay				178,847	0	178,847
Income surtax				79,219	0	79,219
Statewide sales, services and use tax				288,273	0	288,273
Unrestricted state grants				1,922,306	0	1,922,306
Nonspecific program federal grants				1,106	0	1,106
Unrestricted investment earnings				6,985	140	7,125
Other				150,915	0	150,915
Total general revenues and transfers				<u>3,825,765</u>	<u>140</u>	<u>3,825,905</u>
Changes in net assets				141,663	3,424	145,087
Net assets beginning of year				3,063,091	55,900	3,118,991
Net assets end of year				\$ <u>3,204,754</u>	<u>59,324</u>	<u>3,264,078</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, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 1,247,039	266,048	620,619	2,133,706
Receivables:				
Property tax:				
Delinquent	19,074	3,151	0	22,225
Succeeding year	1,272,454	182,815	0	1,455,269
Income surtax	87,739	0	0	87,739
Accounts	62,771	86,174	1,550	150,495
Prepaid expenses	0	0	752	752
<b>TOTAL ASSETS</b>	<b>\$ 2,689,077</b>	<b>538,188</b>	<b>622,921</b>	<b>3,850,186</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 13,301	0	0	13,301
Salaries and benefits payable	349,769	0	0	349,769
Deferred revenue:				
Succeeding year property tax	1,272,454	182,815	0	1,455,269
Income surtax	87,739	0	0	87,739
Other	9,889	0	0	9,889
Total liabilities	1,733,152	182,815	0	1,915,967
Fund balances:				
Restricted for:				
Categorical funding	92,319	0	0	92,319
Management levy purposes	0	0	293,059	293,059
Student activities	0	0	95,167	95,167
Debt service	0	0	234,695	234,695
School infrastructure	0	207,334	0	207,334
Physical plant and equipment	0	63,085	0	63,085
Construction	0	84,954	0	84,954
Unassigned	863,606	0	0	863,606
Total fund balances	955,925	355,373	622,921	1,934,219
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,689,077</b>	<b>538,188</b>	<b>622,921</b>	<b>3,850,186</b>

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, 2012

<b>Total fund balances of governmental funds(page 20)</b>	\$ 1,934,219
<b><i>Amounts reported for governmental activities in the statement of net assets are different because:</i></b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,420,366
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	87,739
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.	(19,720)
Long-term liabilities, including bonds payable, notes payable, computer lease payable and postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(2,217,850)</u>
<b>Net assets of governmental activities(page 18)</b>	<u><u>\$ 3,204,754</u></u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 1,194,990	467,120	90,052	1,752,162
Tuition	459,774	0	0	459,774
Other	175,357	9,454	184,159	368,970
State sources	2,064,973	0	0	2,064,973
Federal sources	134,128	0	0	134,128
Total revenues	<u>4,029,222</u>	<u>476,574</u>	<u>274,211</u>	<u>4,780,007</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	1,876,783	0	849	1,877,632
Special	319,869	0	0	319,869
Other	436,134	0	183,484	619,618
	<u>2,632,786</u>	<u>0</u>	<u>184,333</u>	<u>2,817,119</u>
Support services:				
Student	69,411	0	0	69,411
Instructional	124,860	54,960	0	179,820
Administration	621,771	0	16,865	638,636
Operation and maintenance of plant	351,802	24,228	17,512	393,542
Transportation	129,010	52,385	3,432	184,827
	<u>1,296,854</u>	<u>131,573</u>	<u>37,809</u>	<u>1,466,236</u>
Other expenditures:				
Capital Outlay	0	270,064	0	270,064
Long-term debt:				
Principal	0	0	154,531	154,531
Interest and fiscal charges	0	0	65,738	65,738
AEA flowthrough	135,791	0	0	135,791
	<u>135,791</u>	<u>270,064</u>	<u>220,269</u>	<u>626,124</u>
Total expenditures	<u>4,065,431</u>	<u>401,637</u>	<u>442,411</u>	<u>4,909,479</u>
Excess(Deficiency) of revenues over (under) expenditures	(36,209)	74,937	(168,200)	(129,472)
Other financing sources(uses):				
Computer lease proceeds	0	54,960	0	54,960
Transfers in	0	33,941	326,901	360,842
Transfers out	0	(326,901)	(33,941)	(360,842)
Total other financing sources	<u>0</u>	<u>(238,000)</u>	<u>292,960</u>	<u>54,960</u>
Net change in fund balances	(36,209)	(163,063)	124,760	(74,512)
Fund balance beginning of year	992,134	518,436	498,161	2,008,731
Fund balance end of year	<u>\$ 955,925</u>	<u>355,373</u>	<u>622,921</u>	<u>1,934,219</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, 2012

Net change in fund balances - total governmental funds(page 22) \$ (74,512)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities 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	\$ 494,741	
Depreciation expense	(347,314)	147,427

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. (7,709)

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	(54,960)	
Repaid	154,531	99,571

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. 197

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.

Other postemployment benefits	(23,311)	(23,311)
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Changes in net assets of governmental activities(page 19) \$ 141,663

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUND  
 JUNE 30, 2012

	<u>School</u> <u>Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 28,501
Accounts receivable	6,801
Inventories	1,444
Capital assets, net of accumulated depreciation	<u>31,158</u>
TOTAL ASSETS	<u>67,904</u>
LIABILITIES	
Accounts payable	6,315
Unearned revenues	<u>2,265</u>
TOTAL LIABILITES	<u>8,580</u>
NET ASSETS	
Invested in capital assets	31,158
Unrestricted	<u>28,166</u>
TOTAL NET ASSETS	<u>\$ 59,324</u>

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, 2012

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 84,296
TOTAL OPERATING REVENUES	84,296
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	55,848
Benefits	8,528
Services	5,930
Supplies	140,416
Depreciation	5,046
Other	115
TOTAL OPERATING EXPENSES	215,883
OPERATING LOSS	(131,587)
NON-OPERATING REVENUES:	
Interest income	140
State sources	1,974
Federal sources	132,897
TOTAL NON-OPERATING REVENUES	135,011
Change in net assets	3,424
Net assets at beginning of year	55,900
Net assets end of year	\$ 59,324

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 84,172
Cash payments to employees for services	(64,376)
Cash payments to suppliers for goods or services	(127,405)
Net cash used in operating activities	(107,609)
Cash flows from non-capital financing activities:	
State grants received	1,974
Federal grants received	114,245
Net cash provided by non-capital financing activities	116,219
Cash flows from investing activities:	
Interest on investments	140
Net cash provided by investing activities	140
Cash flows from capital financing activities:	
Purchase of assets	(11,142)
Net cash used in financing activities	(11,142)
Net decrease in cash and cash equivalents	(2,392)
Cash and cash equivalents at beginning of year	30,893
Cash and cash equivalents at end of year	\$ 28,501
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (131,587)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	11,851
Depreciation	5,046
Decrease in inventories	3,311
Increase in accounts payable	3,894
Decrease in unearned revenue	(124)
Net cash used in operating activities	\$ (107,609)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2012, the District received federal commodities valued at \$11,851.

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(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 non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 Non-fiduciary 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 non-major 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 non-operating 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 non-operating 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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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, 2012 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, 2012, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at amortized cost of \$239,503 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 Standard & Poor's Financial Service.

**(3) Transfers**

The detail of transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
	Capital Projects: Statewide Sales, Services and Use Tax	\$ 182,452
Debt Service		
	Capital Projects: Physical Plant and Equipment Levy	144,449
Debt Service		
Capital Projects: Physical Plant and Equipment Levy	Debt Service	33,941
Total		<u>\$ 360,842</u>

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

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 Debt Service to the Capital Projects: Physical Plant and Equipment Levy was to remove excess funds from the Debt Service Fund.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2012 is as follows for:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 142,484	11,142	0	153,626
Less accumulated depreciation	117,422	5,046	0	122,468
Business type activities capital assets, net	<u>\$ 25,062</u>	<u>6,096</u>	<u>0</u>	<u>31,158</u>

	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	1,875,650	313,927	2,189,577	0
Total capital assets not being depreciated	<u>1,932,913</u>	<u>313,927</u>	<u>2,189,577</u>	<u>57,263</u>
Capital assets being depreciated:				
Buildings	2,366,533	769,324	0	3,135,857
Land improvements	283,514	1,420,253	0	1,703,767
Machinery and equipment	1,464,469	180,814	53,744	1,591,539
Total capital assets being depreciated	<u>4,114,516</u>	<u>2,370,391</u>	<u>53,744</u>	<u>6,431,163</u>
Less accumulated depreciation for:				
Buildings	1,514,232	120,940	0	1,635,172
Land improvements	59,160	89,463	0	148,623
Machinery and equipment	1,201,098	136,911	53,744	1,284,265
Total accumulated depreciation	<u>2,774,490</u>	<u>347,314</u>	<u>53,744</u>	<u>3,068,060</u>
Total capital assets being depreciated, net	<u>1,340,026</u>	<u>2,023,077</u>	<u>0</u>	<u>3,363,103</u>
Governmental activities capital assets, net	<u>\$ 3,272,939</u>	<u>2,337,004</u>	<u>2,189,577</u>	<u>3,420,366</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 102,574
Other		1,500
Support services:		
Operating and maintenance of Plant		16,946
Transportation		15,891
		<u>136,911</u>
Unallocated depreciation		210,403
Total governmental activities depreciation expense		<u>\$ 347,314</u>
Business type activities:		
Food services		<u>\$ 5,046</u>

#### (5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue bonds	1,100,000	0	0	1,100,000	100,000
Capital loan notes	1,060,000	0	110,000	950,000	110,000
Computer lease	92,936	54,960	44,531	103,365	12,962
Net OPEB liability	41,174	23,311	0	64,485	0
Total	<u>\$ 2,294,110</u>	<u>78,271</u>	<u>154,531</u>	<u>2,217,850</u>	<u>222,962</u>

Revenue Bonds

Details of the District's June 30, 2012 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
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	3.00	100,000	20,750	120,750
2018-2022	3.00-3.90	500,000	67,800	567,800
2023	4.00	100,000	2,000	102,000
Total		\$ 1,100,000	212,900	1,312,900

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 \$1,312,900. For the current year no principal and \$34,900 of interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$288,273.

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, 2012.

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, 2012 are as follows:

Year Ending June 30,	Interest Rate	Notes issue June 1, 2010		
		Principal	Interest	Total
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	2.85	120,000	15,652	135,652
2018-2020	3.05-3.40	380,000	25,072	405,072
Total		\$ 950,000	128,659	1,078,659

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, 2012 computer lease indebtedness are as follows:

Year Ending June 30,	Interest Rate	Computer lease dated June 24, 2011		
		Principal	Interest	Total
2013	1.45	% \$ 0	3,020	3,020
2014	1.90	30,968	2,046	33,014
2015	2.20	31,975	1,039	33,014
Total		\$ 62,943	6,105	69,048

iPad Lease

The District entered into a lease agreement during the year ended June 30, 2012 for the purchase of iPad Computer Hardware. Details of the District's June 30, 2012 iPad lease indebtedness are as follows:

Year Ending June 30,	Interest Rate	iPad lease dated July 1, 2011		
		Principal	Interest	Total
2013	3.90	% \$ 12,962	1,576	14,538
2014	3.90	13,467	1,071	14,538
2015	3.90	13,993	545	14,538
Total		\$ 40,422	3,192	43,614

**(6) 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 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered payroll for the years ended 2012, 2011 and 2010. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$198,737, \$165,612, and \$159,032, respectively, equal to the required contributions for each year.

**(7) 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, 2012, 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	1,853
Adjustment to annual required contribution	(1,542)
Annual OPEB cost	<u>42,311</u>
Contributions made	(19,000)
Increase in net OPEB obligation	<u>23,311</u>
Net OPEB obligation beginning of year	41,174
Net OPEB obligation end of year	<u><u>\$ 64,485</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, 2012.

For the year ended June 30, 2012 the District contributed \$19,000 to the medical plan.

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, 2012 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
2012	\$42,311	44.9%	\$64,485

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, 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 \$1,409,382 and the ratio of UAAL to covered payroll was 18.9%. As of June 30, 2012 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 multi-year 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.

**(8) Risk Management**

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2012 were \$210,624.

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

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

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$135,791 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Categorical Funding**

The District's ending restricted balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Talented and gifted	\$ 32,473
Dropout prevention	11,948
Teacher salary supplement	14,321
Voluntary Preschool	26,155
Professional Development	5,990
Core Curriculum	1,432
Total	<u>\$ 92,319</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, 2012

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual		Actual		Variance
Revenues:						
Local sources	\$ 2,580,906	84,436	2,665,342	2,539,802	2,539,802	125,540
State sources	2,064,973	1,974	2,066,947	2,268,846	2,268,846	(201,899)
Federal sources	134,128	132,897	267,025	272,000	272,000	(4,975)
Total revenues	4,780,007	219,307	4,999,314	5,080,648	5,080,648	(81,334)
Expenditures/Expenses:						
Instruction	2,817,119	0	2,817,119	3,548,793	3,548,793	731,674
Support services	1,466,236	0	1,466,236	1,578,538	1,578,538	112,302
Non-instructional programs	0	215,883	215,883	263,473	263,473	47,590
Other expenditures	626,124	0	626,124	820,090	820,090	193,966
Total expenditures/expenses	4,909,479	215,883	5,125,362	6,210,894	6,210,894	1,085,532
Excess(Deficiency) of revenues over(under) expenditures/expenses	(129,472)	3,424	(126,048)	(1,130,246)	(1,130,246)	1,004,198
Other financing sources, net	54,960	0	54,960	125,000	125,000	(70,040)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(74,512)	3,424	(71,088)	(1,005,246)	(1,005,246)	934,158
Balance beginning of year	2,008,731	55,900	2,064,631	1,256,138	1,256,138	808,493
Balance end of year	\$ 1,934,219	59,324	1,993,543	250,892	250,892	1,742,651

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2012

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

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

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FO THE  
RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	267,000	267,000	0.0%	1,505,429	17.7%
2011	July 1, 2009	-	267,000	267,000	0.0%	1,383,336	19.3%
2012	July 1, 2009	-	267,000	267,000	0.0%	1,409,382	18.9%

See Note 7 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

SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	Special Revenue Funds				Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue	Debt Service	
ASSETS					
Cash and pooled investments	\$ 290,757	95,167	385,924	234,695	620,619
Receivables:					
Accounts	1,550	0	1,550	0	1,550
Prepaid Expenses	752	0	752	0	752
<b>TOTAL ASSETS</b>	<b>\$ 293,059</b>	<b>95,167</b>	<b>388,226</b>	<b>234,695</b>	<b>622,921</b>
LIABILITIES AND FUND BALANCES					
Liabilities	\$ 0	0	0	0	0
Fund balances:					
Restricted for:					
Management levy purposes	293,059	0	293,059	0	293,059
Student activities	0	95,167	95,167	0	95,167
Debt service	0	0	0	234,695	234,695
Total fund balances	293,059	95,167	388,226	234,695	622,921
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 293,059</b>	<b>95,167</b>	<b>388,226</b>	<b>234,695</b>	<b>622,921</b>

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, 2012

	Special Revenue				Total Nonmajor Funds
	Manage- ment Levy	Student Activity	Total Special Revenue	Debt Service	
REVENUES:					
Local sources:					
Local tax	\$ 90,052	0	90,052	0	90,052
Other	361	183,787	184,148	11	184,159
TOTAL REVENUES	90,413	183,787	274,200	11	274,211
EXPENDITURES:					
Current:					
Instruction:					
Regular	849	0	849	0	849
Other	0	183,484	183,484	0	183,484
Support services:					
Administration	16,865	0	16,865	0	16,865
Operation and maintenance of plant	17,512	0	17,512	0	17,512
Transportation	3,432	0	3,432	0	3,432
Other expenditures:					
Long-term debt:					
Principal	0	0	0	154,531	154,531
Interest and fiscal charges	0	0	0	65,738	65,738
TOTAL EXPENDITURES	38,658	183,484	222,142	220,269	442,411
Excess(Deficiency) of revenues over(under) expenditures	51,755	303	52,058	(220,258)	(168,200)
Other financing sources (uses):					
Transfers in	0	0	0	326,901	326,901
Transfer out	0	0	0	(33,941)	(33,941)
Total other financing sources (uses)	0	0	0	292,960	292,960
Net change in fund balances	51,755	303	52,058	72,702	124,760
Fund balance beginning of year	241,304	94,864	336,168	161,993	498,161
Fund balance end of year	\$ 293,059	95,167	388,226	234,695	622,921

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2012

	Capital Projects Funds			
	Construction Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment	
			Levy	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 84,954	121,160	59,934	266,048
Receivables:				
Property tax:				
Delinquent	0	0	3,151	3,151
Succeeding year	0	0	182,815	182,815
Due from other government	0	86,174	0	86,174
<b>TOTAL ASSETS</b>	<b>\$ 84,954</b>	<b>207,334</b>	<b>245,900</b>	<b>538,188</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ 0	0	182,815	182,815
Total liabilities	0	0	182,815	182,815
Fund balances:				
Restricted for:				
School infrastructure	0	207,334	0	207,334
Physical plant and equipment	0	0	63,085	63,085
Construction	84,954	0	0	84,954
Total fund balances	84,954	207,334	63,085	355,373
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 84,954</b>	<b>207,334</b>	<b>245,900</b>	<b>538,188</b>

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, 2012

	Capital Projects Funds			
	Construction Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES				
Local sources:				
Local tax	\$ 0	288,273	178,847	467,120
Other	0	2,564	6,890	9,454
TOTAL REVENUES	\$ 0	290,837	185,737	476,574
EXPENDITURES:				
Current:				
Support services:				
Instructional staff	\$ 0	54,960	0	54,960
Operation and maintenance of plant	0	24,228	0	24,228
Transportation	0	52,385	0	52,385
Other expenditures:				
Capital outlay	172,323	52,283	45,458	270,064
TOTAL EXPENDITURES	172,323	183,856	45,458	401,637
Excess(Deficiency) of revenues over(under) expenditures	(172,323)	106,981	140,279	74,937
Other financing sources(uses):				
Transfer in	0	0	33,941	33,941
Transfer out	0	(182,452)	(144,449)	(326,901)
Computer lease proceeds	0	54,960	0	54,960
Total other financing sources(uses)	0	(127,492)	(110,508)	(238,000)
Net change in fund balances	(172,323)	(20,511)	29,771	(163,063)
Fund balance beginning of year	257,277	227,845	33,314	518,436
Fund balance end of year	\$ 84,954	207,334	63,085	355,373

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, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<b>Athletics</b>				
Activity passes	4,218	7,748	11,925	41
Donations	0	1,500	0	1,500
Fruit fundraiser	231	14,959	13,576	1,614
Football gate	12,011	10,131	15,093	7,049
Football supplies	0	1,370	486	884
Football in/out	2,023	5,499	4,689	2,833
Basketball gate	20,977	17,838	12,941	25,874
Basketball supplies	0	606	606	0
Girls basketball in/out	264	3,245	3,217	292
Boys basketball in/out	1,848	2,303	2,926	1,225
Track Gate	0	4,357	4,357	0
Track supplies	0	1,808	1,808	0
Track entry fees	200	540	560	180
Track-girls in/out	27	3,679	2,517	1,189
XC entry fees	0	420	420	0
XC in/out	104	998	999	103
Baseball gate	71	2,701	2,268	504
Baseball in/out	585	6,745	4,639	2,691
Softball gate	0	1,583	1,380	203
Softball in/out	845	1,930	2,775	0
Volleyball gate	6,968	3,912	7,284	3,596
Volleyball supplies	0	1,400	1,400	0
Volleyball in/out	2,365	4,532	5,143	1,754
Golf in/out	117	458	442	133
Cheerleaders-football	0	786	786	0
Cheerleaders-basketball	0	357	357	0
Drill team	0	700	700	0
	<u>52,854</u>	<u>102,105</u>	<u>103,294</u>	<u>51,665</u>
<b>Clubs</b>				
Drama	0	20,801	16,696	4,105
Pep club	760	895	873	782
Europe trip	0	4,011	4,011	0
Spanish club	5	0	5	0
	<u>765</u>	<u>25,707</u>	<u>21,585</u>	<u>4,887</u>
<b>Graduating Classes</b>				
School projects	103	0	103	0
Class of 2012	1,932	861	2,793	0
Class of 2013	956	6,224	5,031	2,149
Class of 2014	748	150	50	848
Class of 2015	405	25	0	430
Class of 2016	861	97	0	958
Class of 2017	512	285	0	797
	<u>5,517</u>	<u>7,642</u>	<u>7,977</u>	<u>5,182</u>
<b>Academic</b>				
Yearbook	2,874	0	2,874	0
Yearbook sales	6,084	10,356	6,963	9,477
Honor society	511	5,030	4,261	1,280
Student council pop machine	5,054	4,509	5,737	3,826
Student council dances	81	607	688	0
Band fundraiser	1,012	8,808	6,235	3,585
Band dues/fees	0	115	115	0
IAROP	2,005	423	578	1,850
Band resale acct	377	561	394	544
New York Trip	264	7,055	5,701	1,618
Vocal music fundraiser	1,533	381	1,606	308
FFA	261	2,120	1,542	839
Cafe concert	2,196	1,448	2,005	1,639
Marketing fundraiser	2,502	497	2,999	0
	<u>24,754</u>	<u>41,910</u>	<u>41,698</u>	<u>24,966</u>
<b>Elementary</b>				
Miscellaneous banking	3,747	2,778	3,262	3,263
Box-top fund	28	0	28	0
Yearbook	1,613	368	1,365	616
	<u>5,388</u>	<u>3,146</u>	<u>4,655</u>	<u>3,879</u>
<b>High School</b>				
Miscellaneous	2,109	0	2	2,107
Wolves care club	3,448	2,751	3,724	2,475
Interest	29	526	549	6
	<u>5,586</u>	<u>3,277</u>	<u>4,275</u>	<u>4,588</u>
Total	<u>\$ 94,864</u>	<u>183,787</u>	<u>183,484</u>	<u>95,167</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 1,752,162	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	459,774	461,448	399,966	435,937	402,937	596,845	516,973	593,185	605,739
Other	368,970	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	2,064,973	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	134,128	274,790	364,706	167,436	134,333	145,733	136,751	143,816	138,885
Total	\$ 4,780,007	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	\$ 1,877,632	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	319,869	339,525	323,348	287,228	325,358	431,126	467,715	365,738	634,612
Other	619,618	613,383	546,527	486,365	497,898	509,558	544,939	386,019	359,414
Support services:									
Student	69,411	74,428	103,937	82,291	74,070	67,308	62,814	83,102	83,543
Instructional	179,820	154,091	131,833	123,778	91,204	75,723	87,589	100,837	77,740
Administration	638,636	586,231	549,623	521,980	500,243	476,115	475,604	390,379	451,739
Operation and maintenance of plant	393,542	453,439	284,020	288,752	270,929	260,270	258,851	226,144	225,627
Transportation	184,827	174,345	152,980	159,779	183,657	140,843	154,280	298,932	111,562
Other expenditures:									
Capital outlay	270,064	1,973,635	168,476	226,885	249,832	193,320	101,813	86,153	5,241
Long Term Debt:									
Principal	154,531	250,000	140,000	135,000	130,000	151,190	150,145	153,376	120,000
Interest and fiscal charges	65,738	52,116	9,015	13,065	16,965	27,676	31,533	25,703	28,003
AEA flow-through	135,791	149,583	148,645	130,649	123,091	115,725	108,983	107,382	110,599
Total	\$ 4,909,479	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)**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 11, 2013. 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-12 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.

**Members American Institute & Iowa Society of Certified Public Accountants**

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 11, 2013

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-12 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. In certain instances, one individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

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 review their controls procedures and obtain the maximum internal control possible with our limited number of employees.

Conclusion - Response accepted.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS  
 YEAR ENDED JUNE 30, 2012

Part II: Other Findings Related to Required Statutory Reporting

- II-A-12 Certified Budget - District disbursements for the year ended June 30, 2012, did not exceed the amount budgeted.
- II-B-12 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-12 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-12 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's Electric	Electrical work	\$28,433

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-12 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-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-12 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 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-12 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-K-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-12 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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	227,845
Revenues/transfers in:			
Sales tax revenues	\$	288,273	
Other local revenues		2,564	
Sale of long-term debt		<u>54,960</u>	<u>345,797</u>
			573,642
Expenditures/transfers out:			
Equipment	\$	68,500	
Other		115,356	
Transfers to other funds:			
Debt service fund		<u>182,452</u>	<u>366,308</u>
Ending Balance			<u>\$ 207,334</u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.