

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

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Winfield-Mt. Union Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Robin Therme	President	2013
Klay Edwards	Vice President	2015
Dan Schurr	Board Member	2015
John Vantiger	Board Member	2015
Mindy Shelledy	Board Member	2013
School Officials		
Pat Coen	Superintendent	2013
Carmen Benson	District Secretary/ Business Manager	2013
Ahlers & Cooney, P.C	Attorney	2013

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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District, Winfield, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the 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 financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winfield Mt.-Union Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2014 on our consideration of Winfield-Mt. Union Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that 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 in considering Winfield-Mt. Union Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Winfield-Mt. Union Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,029,222 in fiscal 2012 to \$4,134,736 in fiscal 2013. General Fund expenditures increased from \$4,065,431 in fiscal 2012 to \$4,170,498 in fiscal 2013. This resulted in a decrease in the District's General Fund balance from \$955,925 in fiscal 2012 to a balance of \$920,163 in fiscal 2013, a 3.74% decrease over the prior year.
- The increase in General Fund revenues was attributable to an increase in local and federal source revenues during fiscal 2013. The increase in expenditures can be attributed to increases in instruction, support services, and non-instructional program expenditures.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of 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.

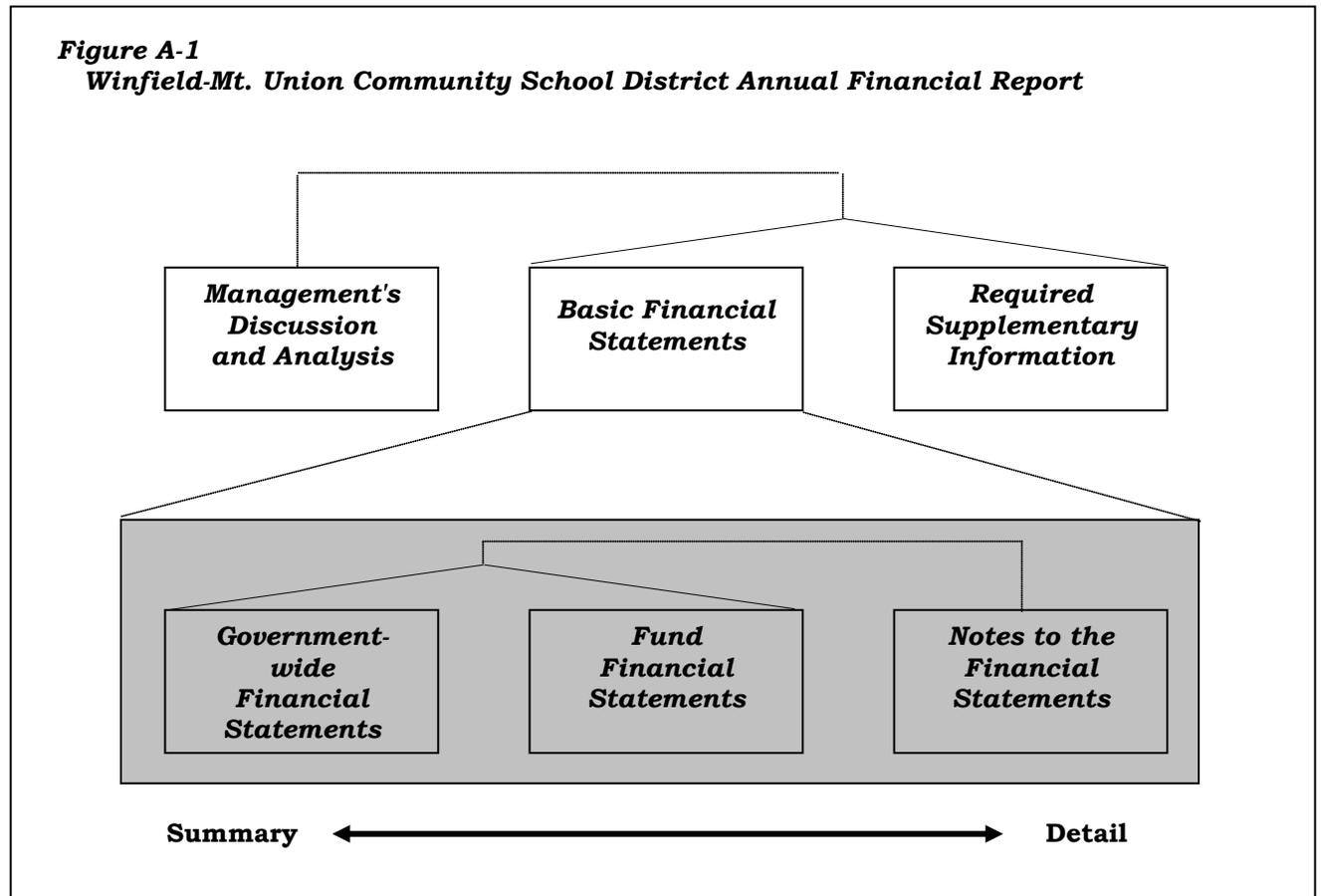


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position 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 position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has 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 Position 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 position at June 30, 2013 compared to June 30, 2012.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 3,856,429	3,850,186	24,754	36,746	3,881,183	3,886,932	-0.15%
Capital assets	3,248,440	3,420,366	39,024	31,158	3,287,464	3,451,524	-4.75%
Total assets	7,104,869	7,270,552	63,778	67,904	7,168,647	7,338,456	-2.31%
Long-term obligations	1,958,435	2,217,850	0	0	1,958,435	2,217,850	-11.70%
Other liabilities	1,884,024	1,847,948	10,709	8,580	1,894,733	1,856,528	2.06%
Total liabilities	3,842,459	4,065,798	10,709	8,580	3,853,168	4,074,378	-5.43%
Net position:							
Invested in capital assets, net of related debt	1,432,797	1,351,955	39,024	31,158	1,471,821	1,383,113	6.41%
Restricted	965,439	985,659	0	0	965,439	985,659	-2.05%
Unrestricted	864,174	867,140	14,045	28,166	878,219	895,306	-1.91%
Total net position	\$ 3,262,410	3,204,754	53,069	59,324	3,315,479	3,264,078	1.57%

The District's combined net position increased by \$51,401, or 1.57% compared to the prior year. The largest portion of the District's net position 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 position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$20,220, or 2.05% over the prior year.

Unrestricted net position – the part of net position that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$17,087, or 1.91%.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

	Figure A-4 Changes of Net Position						
	Governmental Activities		Business Type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 808,428	659,512	74,718	84,296	883,146	743,808	18.73%
Operating grants, contributions and restricted interest	399,594	287,021	146,906	134,871	546,500	421,892	29.54%
General revenues:							
Property tax	1,454,667	1,376,961	0	0	1,454,667	1,376,961	5.64%
Income surtax	85,255	79,219	0	0	85,255	79,219	7.62%
Statewide sales, services and use tax	306,585	288,273	0	0	306,585	288,273	6.35%
Unrestricted state grants	1,741,787	1,922,306	0	0	1,741,787	1,922,306	-9.39%
Nonspecific program federal grants	0	1,106	0	0	0	1,106	-100.00%
Other	38,358	157,900	91	140	38,449	158,040	-75.67%
Transfers	(6,440)	0	6,440	0	0	0	0.00%
Total revenues and transfers	4,828,234	4,772,298	228,155	219,307	5,056,389	4,991,605	1.30%
Program expenses:							
Governmental activities:							
Instructional	2,940,883	2,818,732	0	0	2,940,883	2,818,732	4.33%
Support services	1,449,614	1,400,168	0	0	1,449,614	1,400,168	3.53%
Non-instructional programs	0	0	234,410	215,883	234,410	215,883	8.58%
Other expenses	380,081	411,735	0	0	380,081	411,735	-7.69%
Total expenses	4,770,578	4,630,635	234,410	215,883	5,004,988	4,846,518	3.27%
Changes in net position	57,656	141,663	(6,255)	3,424	51,401	145,087	-64.57%
Net position beginning of year	3,204,754	3,063,091	59,324	55,900	3,264,078	3,118,991	4.65%
Net position end of year	\$ 3,262,410	3,204,754	53,069	59,324	3,315,479	3,264,078	1.57%

Property tax, income surtax, and unrestricted state grants account for 67.97% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 97.14% of the revenue from business type activities.

The District's total revenues were approximately \$5.06 million of which \$4.83 million was for governmental activities and \$0.23 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.30% increase in revenues and a 3.27% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$4,828,234 and expenses were \$4,770,577.

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, 2013 compared to the year end June 30, 2012.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 2,940,883	2,818,732	4.33%	1,986,973	2,051,946	-3.17%
Support services	1,449,614	1,400,168	3.53%	1,329,817	1,356,212	-1.95%
Other expenses	380,081	411,735	-7.69%	245,766	275,944	-10.94%
Totals	\$ 4,770,578	4,630,635	3.02%	3,562,556	3,684,102	-3.30%

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$808,428.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$399,594.
- The net cost of governmental activities was financed with \$1,454,667 in property tax, \$85,255 in income surtax, \$306,585 in statewide sales, services and use tax, \$1,741,787 in unrestricted state grants, \$4,539 in interest income, and \$33,819 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$228,155 and expenses were \$234,410. 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 \$1,903,979, below last year's ending fund balances of \$1,934,219.

Governmental Fund Highlights

- The General Fund balance decreased from \$955,925 to \$920,163 although local and federal source revenues increased, declines in state source revenues and increases in total expenditures led to the decrease in fund balance.
- The Capital Projects Fund balance increased during the current year from \$355,373 in fiscal 2012 to \$372,431 in fiscal 2013. This increase resulted from increases in local and state source revenues, and decreases in support services and capital outlay expenditures during fiscal 2013.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$59,324 at June 30, 2012 to \$53,069 at June 30, 2013, representing a decrease of 10.54%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$16,831 less than budgeted revenues, a variance of 0.33%. 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, 2013, the District had invested \$3,287,464, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 4.75% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$322,236.

The original cost of the District's capital assets was \$6,708,311. Governmental funds account for \$6,541,803 with the remainder of \$166,508 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the Land improvements category. The District's Land improvements totaled \$1,469,956 at June 30, 2013, compared to \$1,555,144 reported at June 30, 2012. This \$85,188 decrease is the result of depreciation on the District's Land improvement assets.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 57,263	57,263	0	0	57,263	57,263	0.00%
Buildings	1,439,148	1,500,685	0	0	1,439,148	1,500,685	-4.10%
Land improvements	1,469,956	1,555,144	0	0	1,469,956	1,555,144	-5.48%
Machinery and equipment	282,073	307,274	39,024	31,158	321,097	338,432	-5.12%
Total	\$ 3,248,440	3,420,366	39,024	31,158	3,287,464	3,451,524	-4.75%

Long-Term Debt

At June 30, 2013, the District had long-term debt outstanding of \$1,958,435 in general obligation bonds, revenue bonds, notes payable, and net OPEB liability. This represents a decrease of 11.70% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	Total
	School District	School District	Change
	June 30,	June 30,	June 30,
	2013	2012	2012-13
Revenue bonds	1,000,000	1,100,000	-9.09%
Capital loan notes	840,000	950,000	-11.58%
Computer lease	59,435	103,365	-42.50%
Net OPEB liability	59,000	64,485	-8.51%
	<u>\$ 1,958,435</u>	<u>2,217,850</u>	<u>-11.70%</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, 2013, the IPERS increase to 8.93% will increase the Winfield-Mt. Union Community Schools employer benefits costs during fiscal 2014.

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 POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,068,860	14,759	2,083,619
Receivables:			
Property tax:			
Delinquent	22,550	0	22,550
Succeeding year	1,421,648	0	1,421,648
Income surtax	86,928	0	86,928
Accounts	702	0	702
Due from other governments	255,741	7,310	263,051
Inventories	0	2,685	2,685
Capital assets, net of accumulated depreciation	3,248,440	39,024	3,287,464
TOTAL ASSETS	7,104,869	63,778	7,168,647
LIABILITIES			
Accounts payable	66,979	5,390	72,369
Interest payable	18,502	0	18,502
Salaries and benefits payable	376,895	3,052	379,947
Deferred revenue:			
Succeeding year property tax	1,421,648	0	1,421,648
Unearned revenue	0	2,267	2,267
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	45,441	0	45,441
Portion due after one year:			
Revenue bonds	900,000	0	900,000
Capital loan notes	730,000	0	730,000
Computer lease	13,994	0	13,994
Net OPEB liability	59,000	0	59,000
TOTAL LIABILITIES	3,842,459	10,709	3,853,168
NET POSITION			
Invested in capital assets, net of related debt	1,432,796	39,024	1,471,820
Restricted for:			
Categorical funding	83,917	0	83,917
Management levy purposes	280,514	0	280,514
Student activities	84,388	0	84,388
Debt service	227,981	0	227,981
School infrastructure	227,645	0	227,645
Physical plant and equipment	60,995	0	60,995
Unrestricted	864,174	14,045	878,219
TOTAL NET POSITION	\$ 3,262,410	53,069	3,315,479

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,960,055	461,869	97,405	(1,400,781)	0	(1,400,781)
Special	420,539	82,056	19,169	(319,314)	0	(319,314)
Other	560,289	176,494	116,917	(266,878)	0	(266,878)
	<u>2,940,883</u>	<u>720,419</u>	<u>233,491</u>	<u>(1,986,973)</u>	<u>0</u>	<u>(1,986,973)</u>
Support services:						
Student	69,743	0	0	(69,743)	0	(69,743)
Instructional	154,129	0	0	(154,129)	0	(154,129)
Administration	665,238	88,009	31,642	(545,587)	0	(545,587)
Operation and maintenance of plant	395,634	0	0	(395,634)	0	(395,634)
Transportation	164,870	0	146	(164,724)	0	(164,724)
	<u>1,449,614</u>	<u>88,009</u>	<u>31,788</u>	<u>(1,329,817)</u>	<u>0</u>	<u>(1,329,817)</u>
Long-term debt interest	60,661	0	0	(60,661)	0	(60,661)
Other expenditures:						
AEA flowthrough	134,315	0	134,315	0	0	0
Depreciation(unallocated)*	185,105	0	0	(185,105)	0	(185,105)
	<u>319,420</u>	<u>0</u>	<u>134,315</u>	<u>(185,105)</u>	<u>0</u>	<u>(185,105)</u>
Total governmental activities	4,770,578	808,428	399,594	(3,562,556)	0	(3,562,556)
Business Type activities:						
Non instructional programs:						
Nutrition services	234,410	74,718	146,906	0	(12,786)	(12,786)
Total business type activities	<u>234,410</u>	<u>74,718</u>	<u>146,906</u>	<u>0</u>	<u>(12,786)</u>	<u>(12,786)</u>
Total	<u>\$ 5,004,988</u>	<u>883,146</u>	<u>546,500</u>	<u>(3,562,556)</u>	<u>(12,786)</u>	<u>(3,575,342)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 1,271,701	0	1,271,701
Capital outlay				182,966	0	182,966
Income surtax				85,255	0	85,255
Statewide sales, services and use tax				306,585	0	306,585
Unrestricted state grants				1,741,787	0	1,741,787
Unrestricted investment earnings				4,539	91	4,630
Other				33,819	0	33,819
Transfer				(6,440)	6,440	0
Total general revenues and transfers				<u>3,620,212</u>	<u>6,531</u>	<u>3,626,743</u>
Changes in net position				57,656	(6,255)	51,401
Net position beginning of year				<u>3,204,754</u>	<u>59,324</u>	<u>3,264,078</u>
Net position end of year				<u>\$ 3,262,410</u>	<u>53,069</u>	<u>3,315,479</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, 2013

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 1,201,517	256,442	610,901	2,068,860
Receivables:				
Property tax:				
Delinquent	19,170	2,896	484	22,550
Succeeding year	1,181,869	189,778	50,001	1,421,648
Income surtax	86,928	0	0	86,928
Accounts	702	0	0	702
Due from other governments	142,648	113,093	0	255,741
TOTAL ASSETS	\$ 2,632,834	562,209	661,386	3,856,429
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 66,979	0	0	66,979
Salaries and benefits payable	376,895	0	0	376,895
Deferred revenue:				
Succeeding year property tax	1,181,869	189,778	50,001	1,421,648
Income surtax	86,928	0	0	86,928
Total liabilities	1,712,671	189,778	50,001	1,952,450
Fund balances:				
Restricted for:				
Categorical funding	83,917	0	0	83,917
Management levy purposes	0	0	280,514	280,514
Student activities	0	0	84,388	84,388
Debt service	0	0	246,483	246,483
School infrastructure	0	311,436	0	311,436
Physical plant and equipment	0	60,995	0	60,995
Unassigned	836,246	0	0	836,246
Total fund balances	920,163	372,431	611,385	1,903,979
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,632,834	562,209	661,386	3,856,429

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances of governmental funds(page 20)	\$ 1,903,979
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,248,440
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	86,928
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.	(18,502)
Long-term liabilities, including bonds payable, notes payable, computer leases payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(1,958,435)</u>
Net position of governmental activities(page 18)	<u><u>\$ 3,262,410</u></u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Capital			Total
	General	Projects	Nonmajor	
REVENUES:				
Local sources:				
Local tax	\$ 1,326,433	489,551	31,334	1,847,318
Tuition	472,296	0	0	472,296
Other	210,947	2,089	177,711	390,747
State sources	1,934,398	53	11	1,934,462
Federal sources	190,662	0	0	190,662
Total revenues	<u>4,134,736</u>	<u>491,693</u>	<u>209,056</u>	<u>4,835,485</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,948,658	0	1,565	1,950,223
Special	418,651	0	0	418,651
Other	373,500	0	187,763	561,263
	<u>2,740,809</u>	<u>0</u>	<u>189,328</u>	<u>2,930,137</u>
Support services:				
Student	69,975	0	0	69,975
Instructional	155,906	0	0	155,906
Administration	620,819	25,673	19,258	665,750
Operation and maintenance of plant	320,573	23,352	20,330	364,255
Transportation	128,101	38,845	3,464	170,410
	<u>1,295,374</u>	<u>87,870</u>	<u>43,052</u>	<u>1,426,296</u>
Capital outlay	<u>0</u>	<u>59,168</u>	<u>0</u>	<u>59,168</u>
Long-term debt:				
Principal	0	0	253,930	253,930
Interest and fiscal charges	0	0	61,879	61,879
	<u>0</u>	<u>0</u>	<u>315,809</u>	<u>315,809</u>
Other expenditures:				
AEA flowthrough	134,315	0	0	134,315
Total expenditures	<u>4,170,498</u>	<u>147,038</u>	<u>548,189</u>	<u>4,865,725</u>
Excess(Deficiency) of revenues over (under) expenditures	(35,762)	344,655	(339,133)	(30,240)
Other financing sources(uses):				
Transfers in	0	0	327,597	327,597
Transfers out	0	(327,597)	0	(327,597)
Total other financing sources	<u>0</u>	<u>(327,597)</u>	<u>327,597</u>	<u>0</u>
Change in fund balances	(35,762)	17,058	(11,536)	(30,240)
Fund balances beginning of year	<u>955,925</u>	<u>355,373</u>	<u>622,921</u>	<u>1,934,219</u>
Fund balances end of year	<u>\$ 920,163</u>	<u>372,431</u>	<u>611,385</u>	<u>1,903,979</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, 2013

Net change in fund balances - total governmental funds(page 22) \$ (30,240)

**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,depreciation expense, and loss on sale of assets in the year are as follows:

Capital outlays	\$ 148,099	
Depreciation expense	(317,220)	
Loss on sale of assets	(2,805)	(171,926)

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. (811)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 253,930

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. 1,218

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		5,485

Changes in net position of governmental activities(page 19) \$ 57,656

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2013

	<u>School</u> <u>Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 14,759
Due from other governments	7,310
Inventories	2,685
Capital assets, net of accumulated depreciation	<u>39,024</u>
TOTAL ASSETS	<u>63,778</u>
LIABILITIES	
Accounts payable	5,390
Salaries and benefits payable	3,052
Unearned revenues	<u>2,267</u>
TOTAL LIABILITES	<u>10,709</u>
NET POSITION	
Invested in capital assets	39,024
Unrestricted	<u>14,045</u>
TOTAL NET POSITION	<u>\$ 53,069</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2013

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 74,718
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	60,858
Benefits	9,901
Services	1,123
Supplies	157,397
Depreciation	5,016
Other	115
TOTAL OPERATING EXPENSES	234,410
OPERATING LOSS	(159,692)
NON-OPERATING REVENUES:	
Interest income	91
State sources	2,163
Federal sources	144,743
TOTAL NON-OPERATING REVENUES	146,997
Change in net position before Other financing sources	(12,695)
Other financing sources:	
Capital contributions	6,440
Change in net position	(6,255)
Net position at beginning of year	59,324
Net position end of year	\$ 53,069

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 74,720
Cash payments to employees for services	(67,707)
Cash payments to suppliers for goods or services	(155,092)
Net cash used in operating activities	(148,079)
Cash flows from non-capital financing activities:	
State grants received	2,163
Federal grants received	138,525
Net cash provided by non-capital financing activities	140,688
Cash flows from investing activities:	
Interest on investments	91
Cash flows from capital financing activities:	
Purchase of assets	(6,442)
Net decrease in cash and cash equivalents	(13,742)
Cash and cash equivalents at beginning of year	28,501
Cash and cash equivalents at end of year	\$ 14,759
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (159,692)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	5,709
Depreciation	5,016
Increase in inventories	(1,241)
Decrease in accounts payable	(925)
Increase in salaries and benefits payable	3,052
Increase in unearned revenue	2
Net cash used in operating activities	\$ (148,079)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received federal commodities valued at \$5,709.

During the year ended June 30, 2013, the Nutrition Fund received capital contributions from the Capital Projects: Statewide Sales, Services, and Use Tax fund of \$6,440.

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(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 Position presents the District's Non-fiduciary assets and liabilities, with the difference reported as net position. Net position is 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 position result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other 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.

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 1% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

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

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

Capital Assets - Capital assets, which include property, machinery, equipment, and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide statement of net position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 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 Position 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 Position 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 Position.

Fund Balances - 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 position - In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position 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, 2013 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, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at amortized cost of \$202,416 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, 2013 is as follows:

Transfer to	Transfer from	Amount
	Capital Projects: Statewide Sales, Services and Use Tax	\$ 180,452
Debt Service		
	Capital Projects: Physical Plant and Equipment Levy	147,145
Debt Service		
Total		\$ 327,597

The transfers from the Capital Projects: Statewide Sales, Services, and Use Tax Fund to the Debt Service Fund was needed for payments on the District's computer leases and sinking requirements of the District's revenue bond indebtedness.

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 153,626	12,882	0	166,508
Less accumulated depreciation	122,468	5,016	0	127,484
Business type activities capital assets, net	\$ 31,158	7,866	0	39,024

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 57,263	0	0	57,263
Total capital assets not being depreciated	57,263	0	0	57,263
Capital assets being depreciated:				
Buildings	3,135,857	38,380	0	3,174,237
Land improvements	1,703,767	0	0	1,703,767
Machinery and equipment	1,591,539	109,719	94,722	1,606,536
Total capital assets being depreciated	6,431,163	148,099	94,722	6,484,540
Less accumulated depreciation for:				
Buildings	1,635,172	99,917	0	1,735,089
Land improvements	148,623	85,188	0	233,811
Machinery and equipment	1,284,265	132,115	91,917	1,324,463
Total accumulated depreciation	3,068,060	317,220	91,917	3,293,363
Total capital assets being depreciated, net	3,363,103	(169,121)	2,805	3,191,177
Governmental activities capital assets, net	\$ 3,420,366	(169,121)	2,805	3,248,440

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 104,652
Other		2,119
Support services:		
Operating and maintenance of plant		14,226
Transportation		11,118
		<u>132,115</u>
Unallocated depreciation		185,105
Total governmental activities depreciation expense		<u>\$ 317,220</u>
Business type activities:		
Food services		<u>\$ 5,016</u>

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue bonds	1,100,000	0	100,000	1,000,000	100,000
Capital loan notes	950,000	0	110,000	840,000	110,000
Computer lease	103,365	0	43,930	59,435	45,441
Net OPEB liability	64,485	0	5,485	59,000	0
Total	\$ 2,217,850	0	259,415	1,958,435	255,441

Revenue Bonds

Details of the District's June 30, 2013 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
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	23,900	123,900
2018	3.30	100,000	20,750	120,750
2019-2023	3.50-4.00	500,000	49,050	549,050
Total		\$ 1,000,000	182,150	1,182,150

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 43.02% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,182,150. For the current year \$100,000 principal and \$33,900 of interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$306,585.

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, 2013.

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 at June 30, 2013 are as follows:

Year Ending June 30,	Interest Rate	Note issue of June 1, 2010		
		Principal	Interest	Total
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	3.05	125,000	12,232	137,232
2019-2020	3.20-3.40	255,000	12,840	267,840
Total		\$ 840,000	103,801	943,801

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. Computer lease indebtedness are payable from the proceeds of the statewide sales, services, and use tax revenues received by the District, and are payable through 2014. Details of the District's June 30, 2013 computer lease indebtedness are as follows:

Year Ending June 30,	Interest Rate	Computer lease dated June 24, 2011		
		Principal	Interest	Total
2014	3.25%	\$ 31,974	1,040	33,014

iPad Lease

The District entered into a lease agreement during the year ended June 30, 2012 for the purchase of iPad Computer Hardware. The lease is payable from the proceeds of the statewide sales, services, and use tax revenues received by the District, and are payable through 2015. Details of the District's June 30, 2013 iPad lease indebtedness are as follows:

Year Ending June 30,	Interest Rate	iPad lease dated July 1, 2011		
		Principal	Interest	Total
2014	3.90%	\$ 13,467	1,071	14,538
2015	3.90	13,994	545	14,538
Total		\$ 27,461	1,616	29,076

Operating Leases

In November 2011, the District entered into a 5 year lease agreement for 5 copy machines, with monthly payments of \$742. As of June 30, 2013 40 months remained on the lease agreement.

In July 2010, the District entered into a 5 year lease of a telephone, paging, and clock system. Monthly payments on this lease are \$1,221 per month, with 24 months remaining on the lease at June 30, 2013. In April 2011, the District entered a 37 month lease of a school bus. During fiscal year 2013, the District paid \$6,552 in lease payments. Ten months remained on the lease agreement at June 30, 2013. At the end of the bus lease, the District plans to enter into another bus lease agreement.

(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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$220,513, \$198,737, and \$165,612, 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 51 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, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 24,515
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	(2,000)
Annual OPEB cost	<u>25,515</u>
Contributions made	(31,000)
Decrease in net OPEB obligation	<u>(5,485)</u>
Net OPEB obligation beginning of year	64,485
Net OPEB obligation end of year	<u><u>\$ 59,000</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, 2013.

For the year ended June 30, 2013 the District contributed \$31,000 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, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$42,174	56.9%	\$41,174
2012	\$42,311	44.9%	\$64,485
2013	\$25,515	74.5%	\$59,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$223,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$223,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1,225,543 and the ratio of UAAL to covered payroll was 18.2%. As of June 30, 2013 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, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a 0.50% 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 average retirement age of pension eligible retirees over the last five years.

The salary increase rate was assumed to be 3.5% per year. Projected claim costs of the medical plan are \$1,026 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, 2013 were \$230,542.

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 \$134,315 for the year ended June 30, 2013 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, 2013 is comprised of the following programs:

Program	Amount
Talented and gifted	\$ 50,940
Dropout prevention	18,656
Educator Quality, Basic Salary	14,321
Total	<u>\$ 83,917</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, 2013

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 2,710,361	74,809	2,785,170	2,761,519	2,761,519	23,651
State sources	1,934,462	2,163	1,936,625	1,999,512	1,999,512	(62,887)
Federal sources	190,662	144,743	335,405	313,000	313,000	22,405
Total revenues	4,835,485	221,715	5,057,200	5,074,031	5,074,031	(16,831)
Expenditures/Expenses:						
Instruction	2,930,137	0	2,930,137	3,882,232	3,882,232	952,095
Support services	1,426,296	0	1,426,296	1,669,000	1,669,000	242,704
Non-instructional programs	0	234,410	234,410	287,950	287,950	53,540
Other expenditures	509,292	0	509,292	654,950	654,950	145,658
Total expenditures/expenses	4,865,725	234,410	5,100,135	6,494,132	6,494,132	1,393,997
Excess(Deficiency) of revenues over(under) expenditures/expenses	(30,240)	(12,695)	(42,935)	(1,420,101)	(1,420,101)	1,377,166
Other financing sources, net	0	6,440	6,440	0	0	6,440
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(30,240)	(6,255)	(36,495)	(1,420,101)	(1,420,101)	1,383,606
Balances beginning of year	1,934,219	59,324	1,993,543	1,504,330	1,504,330	489,213
Balances end of year	\$ 1,903,979	53,069	1,957,048	84,229	84,229	1,872,819

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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%
2013	July 1, 2012	-	223,000	223,000	0.0%	1,225,543	18.2%

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, 2013

	Special Revenue			Debt Service	Total Nonmajor
	Management Levy	Student Activity	Total		
ASSETS					
Cash and pooled investments	\$ 280,030	84,388	364,418	246,483	610,901
Receivables:					
Property tax:					
Delinquent	484	0	484	0	484
Succeeding year	50,001	0	50,001	0	50,001
TOTAL ASSETS	\$ 330,515	84,388	414,903	246,483	661,386
LIABILITIES AND FUND BALANCES					
Liabilities					
Deferred revenue:					
Succeeding year property tax	\$ 50,001	0	50,001	0	50,001
Fund balances:					
Restricted for:					
Management levy purposes	280,514	0	280,514	0	280,514
Student activities	0	84,388	84,388	0	84,388
Debt service	0	0	0	246,483	246,483
Total fund balances	280,514	84,388	364,902	246,483	611,385
TOTAL LIABILITIES AND FUND BALANCES	\$ 330,515	84,388	414,903	246,483	661,386

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, 2013

	Special Revenue				
	Management	Student	Total	Debt	Total
	Levy	Activity		Service	Nonmajor
REVENUES:					
Local sources:					
Local tax	\$ 31,334	0	31,334	0	31,334
Other	727	176,984	177,711	0	177,711
State sources	11	0	11	0	11
TOTAL REVENUES	32,072	176,984	209,056	0	209,056
EXPENDITURES:					
Current:					
Instruction:					
Regular	1,565	0	1,565	0	1,565
Other	0	187,763	187,763	0	187,763
Support services:					
Administration	19,258	0	19,258	0	19,258
Operation and maintenance of plant	20,330	0	20,330	0	20,330
Transportation	3,464	0	3,464	0	3,464
Long-term debt:					
Principal	0	0	0	253,930	253,930
Interest and fiscal charges	0	0	0	61,879	61,879
TOTAL EXPENDITURES	44,617	187,763	232,380	315,809	548,189
Deficiency of revenues under expenditures	(12,545)	(10,779)	(23,324)	(315,809)	(339,133)
Other financing sources:					
Transfers in	0	0	0	327,597	327,597
Change in fund balances	(12,545)	(10,779)	(23,324)	11,788	(11,536)
Fund balances beginning of year	293,059	95,167	388,226	234,695	622,921
Fund balances end of year	\$ 280,514	84,388	364,902	246,483	611,385

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2013

	Capital Projects Funds			
	Construction Projects	Statewide Sales, Services and Use Tax	Physical	Total
			Plant and	
			Equipment Levy	
ASSETS				
Cash and pooled investments	\$ 83,791	114,552	58,099	256,442
Receivables:				
Property tax:				
Delinquent	0	0	2,896	2,896
Succeeding year	0	0	189,778	189,778
Due from other government	0	113,093	0	113,093
TOTAL ASSETS	\$ 83,791	227,645	250,773	562,209
LIABILITIES AND FUND BALANCE				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	\$ 0	0	189,778	189,778
Fund balances:				
Restricted for:				
School infrastructure	83,791	227,645	0	311,436
Physical plant and equipment	0	0	60,995	60,995
Total fund balances	83,791	227,645	60,995	372,431
TOTAL LIABILITIES AND FUND BALANCES	\$ 83,791	227,645	250,773	562,209

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, 2013

	Capital Projects Funds			
	Construction Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES				
Local sources:				
Local tax	\$ 0	306,585	182,966	489,551
Other	0	1,373	716	2,089
State sources	0	0	53	53
TOTAL REVENUES	0	307,958	183,735	491,693
EXPENDITURES:				
Current:				
Support services:				
Administration	0	25,673	0	25,673
Operation and maintenance of plant	0	23,352	0	23,352
Transportation	0	38,845	0	38,845
Capital outlay	1,163	19,325	38,680	59,168
TOTAL EXPENDITURES	1,163	107,195	38,680	147,038
Excess(Deficiency) of revenues over(under) expenditures	(1,163)	200,763	145,055	344,655
Other financing uses:				
Transfer out	0	(180,452)	(147,145)	(327,597)
Change in fund balances	(1,163)	20,311	(2,090)	17,058
Fund balances beginning of year	84,954	207,334	63,085	355,373
Fund balances end of year	\$ 83,791	227,645	60,995	372,431

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 FOR YEAR ENDED JUNE 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Athletics					
Activity passes	41	7,738	162	(5,092)	2,525
Donations	1,500	1,601	3,111	10	0
Fruit fundraiser	1,614	10,589	6,841	(5,362)	0
Football gate	7,049	5,628	0	(7,275)	5,402
Football supplies	884	0	5,954	5,070	0
Football in/out	2,833	5,593	7,561	2,205	3,070
Basketball gate	25,874	16,892	6,949	(13,869)	21,948
Basketball supplies	0	0	2,973	2,973	0
Basketball in/out - Boys	1,225	2,342	8,412	5,265	420
Basketball in/out - Girls	292	6,469	4,941	(378)	1,442
Track supplies	0	3,068	7,229	4,161	0
Track entry fees	180	240	1,420	1,000	0
Track-girls in/out	1,189	6,562	7,298	378	831
XC supplies	0	0	300	300	0
XC entry fees	0	530	530	0	0
XC in/out	103	90	0	0	193
Baseball gate	504	2,707	0	(2,505)	706
Baseball supplies	0	1,237	2,177	940	0
Baseball in/out	2,691	2,926	6,515	2,505	1,607
Softball gate	203	1,259	0	(1,462)	0
Softball supplies	0	0	121	121	0
Softball in/out	0	4,250	5,681	3,581	2,150
Volleyball gate	3,596	5,809	2,934	(2,668)	3,803
Volleyball supplies	0	0	1,029	1,029	0
Volleyball entry fees	0	0	375	375	0
Volleyball in/out	1,754	3,165	5,262	1,265	922
Golf supplies	0	0	1,501	1,501	0
Golf entry fees	0	0	1,599	1,599	0
Golf in/out	133	1,156	350	0	939
Cheerleaders-basketball	0	873	606	(75)	192
Drill team	0	569	497	765	837
Medical supplies	0	0	1,823	1,823	0
High school athletics - misc	0	1,049	3,734	2,685	0
	<u>51,665</u>	<u>92,342</u>	<u>97,885</u>	<u>865</u>	<u>46,987</u>
Clubs					
Drama	4,105	986	3,005	0	2,086
Pep club	782	1,797	1,426	(690)	463
Europe trip	0	4,909	1,105	0	3,804
	<u>4,887</u>	<u>7,692</u>	<u>5,536</u>	<u>(690)</u>	<u>6,353</u>
Graduating Classes					
School projects	0	4,721	5,919	1,198	0
Class of 2013	2,149	110	1,824	(435)	0
Class of 2014	848	6,560	6,409	0	999
Class of 2015	430	55	0	89	574
Class of 2016	958	55	0	80	1,093
Class of 2017	797	0	0	0	797
Class of 2018	0	0	0	87	87
	<u>5,182</u>	<u>11,501</u>	<u>14,152</u>	<u>1,019</u>	<u>3,550</u>
Academic					
Yearbook	0	0	9,215	9,215	0
Yearbook sales	9,477	7,604	0	(9,215)	7,866
Honor society	1,280	4,833	4,398	0	1,715
Student council pop machine	3,826	4,528	3,277	(2,655)	2,422
Student council dances	0	675	975	300	0
Student council supplies	0	0	1,755	1,755	0
Band fundraiser	3,585	5,130	8,526	4,215	4,404
Band dues/fees	0	330	870	540	0
IAROP	1,850	0	0	(1,850)	0
Band resale acct	544	43	74	(384)	129
New York Trip	1,618	24,968	26,606	20	0
Vocal music fundraiser	308	2,471	2,282	931	1,428
Vocal music dues/fees	0	0	203	203	0
FFA	839	2,733	3,845	273	0
Cafe concert	1,639	2,466	0	(3,605)	500
Marketing fundraiser	0	685	330	(46)	309
	<u>24,966</u>	<u>56,466</u>	<u>62,356</u>	<u>(303)</u>	<u>18,773</u>
Elementary					
Miscellaneous banking	3,263	999	739	310	3,833
Yearbook	616	0	261	(355)	0
	<u>3,879</u>	<u>999</u>	<u>1,000</u>	<u>(45)</u>	<u>3,833</u>
High School					
Miscellaneous	2,107	0	67	(396)	1,644
Wolves care club	2,475	7,494	6,767	46	3,248
Interest	6	490	0	(496)	0
	<u>4,588</u>	<u>7,984</u>	<u>6,834</u>	<u>(846)</u>	<u>4,892</u>
Total	<u>\$ 95,167</u>	<u>176,984</u>	<u>187,763</u>	<u>0</u>	<u>84,388</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 TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 1,847,318	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	472,296	459,774	461,448	399,966	435,937	402,937	596,845	516,973	593,185	605,739
Other	390,747	368,970	413,688	227,086	279,895	341,816	270,042	291,375	247,303	228,234
Intermediate sources	0	0	0	0	0	0	4,083	0	0	0
State sources	1,934,462	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	190,662	134,128	274,790	364,706	167,436	134,333	145,733	136,751	143,816	138,885
Total	\$ 4,835,485	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	\$ 1,950,223	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	418,651	319,869	339,525	323,348	287,228	325,358	431,126	467,715	365,738	634,612
Other	561,263	619,618	613,383	546,527	486,365	497,898	509,558	544,939	386,019	359,414
Support services:										
Student	69,975	69,411	74,428	103,937	82,291	74,070	67,308	62,814	83,102	83,543
Instructional	155,906	179,820	154,091	131,833	123,778	91,204	75,723	87,589	100,837	77,740
Administration	665,750	638,636	586,231	549,623	521,980	500,243	476,115	475,604	390,379	451,739
Operation and maintenance										
of plant	364,255	393,542	453,439	284,020	288,752	270,929	260,270	258,851	226,144	225,627
Transportation	170,410	184,827	174,345	152,980	159,779	183,657	140,843	154,280	298,932	111,562
Other expenditures:										
Capital outlay	59,168	270,064	1,973,635	168,476	226,885	249,832	193,320	101,813	86,153	5,241
Long Term Debt:										
Principal	253,930	154,531	250,000	140,000	135,000	130,000	151,190	150,145	153,376	120,000
Interest and fiscal charges	61,879	65,738	52,116	9,015	13,065	16,965	27,676	31,533	25,703	28,003
AEA flow-through	134,315	135,791	149,583	148,645	130,649	123,091	115,725	108,983	107,382	110,599
Total	\$ 4,865,725	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)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Winfield-Mt. Union Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Winfield-Mt. Union Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Winfield-Mt. Union Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct 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 described in Part I of the accompanying Schedule of Findings as item I-A-13 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. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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

Winfield-Mt. Union Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Winfield-Mt. Union Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



NOLTE, CORNMAN & JOHNSON, P.C.

January 13, 2014
Newton, Iowa

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-13 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 each of the following areas for the District:

- 1) Cash – initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments – investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts – collecting, recording, depositing, journalizing, posting, and reconciling.
- 4) Disbursements – purchase order processing, check preparation, mailing, and recording.
- 5) Capital assets – purchasing, recording, issuing, and storing.

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

Response – We will continue to review internal control procedures to ensure maximum segregation of duties.

Conclusion – Response accepted.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part II: Other Findings Related to Required Statutory Reporting

- II-A-13 Certified Budget - District disbursements for the year ended June 30, 2013, did not exceed the amount budgeted.
- II-B-13 Questionable Disbursements - We during our audit that the District purchased gift cards from the Student Activity Fund. The purchase does not appear to be appropriate as the gift cards do not appear to provide the District with adequate support to determine the final purchases and determine if the amounts are allowable with public funds. This disbursement does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.
- Recommendation – The district should review the procedures in place and make necessary adjustments to comply with the Attorney General's opinion dated April 25, 1979.
- Response – We will review district procedures to ensure gift cards are not purchased with student activity funds.
- Conclusion – Response accepted.
- II-C-13 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-13 Business Transactions – No business transactions between the District and District officials or employees.
- II-E-13 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-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-13 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-13 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-13 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education

II-K-13 Categorical Funding – Except as noted, no instances of categorical funding being used to supplant rather than supplement other funds were noted. The district disbursed \$6,706.18 of Talented and Gifted funding in wages and benefits to Sara Folker, however; Sara Folker did not have Talented and Gifted certification on her teaching license. These wages and benefits do not appear appropriate to be paid from Talented and Gifted program funds.

Recommendation – The district should review and revise their procedures to ensure that employees being paid with Talented and Gifted funding are properly certified.

Response – The district will review and ensure procedures are followed in hiring properly certified teachers for Talented and Gifted; and that funds are used appropriately.

Conclusion – Response accepted.

II-L-13 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning Balance		\$ 207,334
Revenues:		
Sales tax revenues	\$ 306,585	
Other local revenues	<u>1,373</u>	<u>307,958</u>
		515,292
Expenditures/transfers out:		
Equipment	\$ 6,440	
Other	100,755	
Transfers to other funds:		
Debt service fund	<u>180,452</u>	<u>287,647</u>
Ending Balance		<u><u>\$ 227,645</u></u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.