NORTH WINNESHIEK
COMMUNITY SCHOOL DISTRICT
DECORAH, IOWA

FINANCIAL REPORT

JUNE 30, 2014

TABLE OF CONTENTS

		Page
BOARD OF EDUCATION AND SCHOOL OFFICIALS		1
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS		2-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)		5-5f
BASIC FINANCIAL STATEMENTS	Exhibit	
District-Wide Financial Statements		
Statement of Net Position	A	6
Statement of Activities	B	7
Governmental Funds Financial Statements		
Balance Sheet	C	8-9
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	10-11
Proprietary Fund Financial Statements		
Statement of Net Position	E	12
Statement of Revenues, Expenses, and Changes in Net Position	F	13
Statement of Cash Flows	G	14
Notes to Financial Statements		15-28
Required Supplementary Information		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		29
Notes to Required Supplementary Information-Budgetary Reporting		30
Schedule of Funding Progress for the Retiree Health Plan		31
OTHER SUPPLEMENTARY INFORMATION	Schedule	
Nonmajor Governmental Funds		
Combining Balance Sheet	1	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	2	33
Nonmajor Special Revenue Funds		
Combining Balance Sheet	3	34
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	4	35
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	36
Nonmajor Capital Project Funds		
Combining Balance Sheet	6	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	7	38
Comparative Schedule of Revenues and Expenditures	8	39
Comparison of General Fund Revenues	9	40
Comparison of General Fund Expenditures	10	41
General Fund Solvency Ratio	11	42
Spending Authority	12	43
Student Enrollment Data	13	44
General Fund Revenue Analysis	14	45
General Fund Expenditure Analysis	15	46
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*		47-48
MANAGEMENT LETTER		49-51

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION AND SCHOOL OFFICIALS

Name	Title	Address	Term Expires
	Board of Education		
	(Before September 2013 Election)		
Brenda Kreitzer	President	Decorah, Iowa	2015
Ben Lange	Vice President	Decorah, Iowa	2015
Myron Rediske	Member	Decorah, Iowa	2013
Scott Fairchild	Member	Decorah, Iowa	2013
Phil Richert	Member	Decorah, Iowa	2013
	(After September 2013 Election)		
Brenda Kreitzer	President	Decorah, Iowa	2015
Ben Lange	Vice President	Decorah, Iowa	2015
Myron Rediske	Member	Decorah, Iowa	2017
Scott Fairchild	Member	Decorah, Iowa	2017
Jon Wangsness	Member	Decorah, Iowa	2017

School Officials

Tim Dugger – Superintendent/Principal
Wendy Twait – District Secretary/Treasurer

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

123 West Water Street
PO Box 507
Decorah, IA 52101
Telephone 563-382-3637
Fax 563-382-5797

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Education
North Winneshiek Community School District
Decorah, Iowa

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 North Winneshiek Community School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as 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 entity'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 entity'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 that 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 the North Winneshiek Community School District as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information and funding progress for the retiree health plan on pages 5 through 5f and pages 29 through 31 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, who 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Winneshiek Community School District's basic financial statements. The combining and individual nonmajor fund financial statements, comparative financial information and general fund revenue and expenditure analysis for 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, comparative financial information and general fund revenue and expenditure analysis for 2014 are the responsibility of management and were derived from and relate 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The spending authority and estimated enrollment is presented for purposes of additional analysis and is not a required part of the basic financial statements. On page 43 the spending authority for fiscal year 2014 has not been audited and we express no opinion on it. On page 44 the estimated enrollment for fiscal year 2015 has not been audited and we express no opinion on it.

We also have previously audited, in accordance with U.S. generally accepted auditing standards, the basic financial statements of North Winneshiek Community School District as of and for the years ending June 30, 2006 through 2013, none of which is presented herein, and we expressed unmodified opinions on those basic financial statements. Those audits were conducted for purposes of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedule of revenues and expenditures of the governmental funds, the general fund revenues and expenditures, financial solvency, spending authority and student enrollment for the years 2006 through 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2006 through 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of those 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 information set forth in the required supplementary information for the years ending June 30, 2006 through 2013 appearing on pages 39 through 44, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived. The financial statements of North Winneshiek Community School District for the year ending June 30, 2005 were audited by other auditors who expressed unmodified opinions on those financial statements. Their report on the information presented on page 39 related to the 2005 financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the 2005 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 October 14, 2014, on our consideration of North Winneshiek 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 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 North Winneshiek Community School District's internal control over financial reporting and compliance.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 14, 2014

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
DECORAH, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2014

Management of North Winneshiek Community School District provides this management's discussion and analysis of North Winneshiek Community School District's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014.

The intent of this discussion and analysis is to look at North Winneshiek Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

In total, governmental net position increased by $126,846. The District's revenues increased by 4.86%, or approximately $188,000, with operating grants decreased by $68,000, tuition increased by $14,000 and local property taxes increased by $101,000. District program expenses were 1.46% or approximately $51,000 more in 2014 than in 2013.

General fund revenues accounted for $3,695,829 in revenue or 90.6% of all revenues. General fund expenditures accounted for $3,591,660 in expenditures or 89.5% of all expenditures.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand North Winneshiek Community School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of North Winneshiek Community School District as a whole and present an overall view of the District's finances and a longer-term view of those 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 North Winneshiek Community School District's operations in more detail than the District-wide statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For North Winneshiek Community School District, the general fund is the more significant fund.

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

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

Other supplementary information provides detailed information about the nonmajor funds.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The District-wide financial statements report information about the District as a whole using accounting methods similar to the accounting used by most private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. 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 statement of net position presents all of the District's assets, deferred inflows of resources and liabilities, with the difference reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District 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.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

In the statement of net position and statement of activities, the District is divided into two distinct kinds of activities:

Governmental activities: most of the District's programs and services are reported here, including instruction, co-curricular activities, support services, (nursing, guidance, media, administration), building and grounds operation and maintenance, and pupil transportation. Property tax and state aid finance most of these activities.

Business-type activities: these services are provided on a charge for goods or services basis to recover all of the expenses for the goods or services provided. The District's school nutrition program is included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide more detailed information about the District's major funds. The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Governmental funds account for most of the District's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Governmental Funds (Continued)

The District's governmental funds include the general fund, special revenue funds, debt service fund, and capital project funds. The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

Proprietary Fund

Services for which the District charges a fee are generally reported in the proprietary fund and is reported in the same way as the District-wide financial statements.

The proprietary fund required financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows.

A summary reconciliation between the District-wide financial statements and the fund financial statements follows the fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following is a summary perspective of the statement of net position of the District as a whole. The North Winneshiek Community School District's net position at the end of fiscal year 2014 totaled $1,587,154.

Condensed Statement of Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	Change
Current and other assets	$ 2,668	$ 2,387	$ 9	$ 7	$ 2,677	$ 2,394	11.82%
Capital assets	1,602	1,607	5	9	1,607	1,616	-0.56%
Total assets	4,270	3,994	14	16	4,284	4,010	6.83%
Long-term debt outstanding	141	236	-	-	141	236	-40.25%
Other liabilities	479	422	33	26	512	448	14.29%
Total liabilities	620	658	33	26	653	684	-4.53%
Deferred inflows of resources	2,043	1,856	1	1	2,044	1,857	10.07%
Net position							
Net investment in capital assets	1,505	1,413	5	9	1,510	1,422	6.19%
Restricted	175	201	-	-	175	201	-12.94%
Unrestricted (deficit)	(73)	(134)	(25)	(20)	(98)	(154)	36.36%
Total net position (deficit)	$ 1,607	$ 1,480	$ (20)	$ (11)	$ 1,587	$ 1,469	8.03%

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

The following analysis shows the change in net position for the years ending June 30, 2014 and 2013:

	Changes in Net Position of Governmental Activities (Expressed in Thousands)						
	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	Change
Revenues:							
Program revenue							
Charges for service	$ 227	$ 213	$ 43	$ 50	$ 270	$ 263	2.66%
Operating grants	501	433	48	41	549	474	15.82%
General revenue							
Property taxes	1,875	1,774	-	-	1,875	1,774	5.69%
Sales tax and surtax	255	251	-	-	255	251	1.59%
Unrestricted state grants	1,195	1,135	-	-	1,195	1,135	5.29%
Other revenue	5	64	19	-	24	64	-62.50%
Total revenues	4,058	3,870	110	91	4,168	3,961	5.23%
Program expenses:							
Instruction	2,686	2,741	-	-	2,686	2,741	-2.01%
Student support	1,021	916	-	-	1,021	916	11.46%
Non-instructional programs	5	6	119	119	124	125	-0.80%
Other expenses	219	217	-	-	219	217	0.92%
Total expenses	3,931	3,880	119	119	4,050	3,999	1.28%
Increase (decrease) in net position	127	(10)	(9)	(28)	118	(38)	-410.53%
Net position (deficit), Beginning of Year	1,480	1,490	(11)	17	1,469	1,507	-2.52%
Net position (deficit), End of Year	$ 1,607	$ 1,480	$ (20)	$ (11)	$ 1,587	$ 1,469	8.03%

INDIVIDUAL FUND ANALYSIS

As the District completed the year, its governmental funds reported a combined fund balance of $266,048, a $45,429 increase of the 2013 fiscal year end balance of $220,619.

- **The general fund received more revenue during fiscal year 2014 through property taxes and state aid. The general fund expenditures increased in the instructional and support services function. In total general fund expenditures increased by $84,330. The ending fund balance showed an increase of $84,412 to $103,777.**

BUDGETARY HIGHLIGHTS

The District's Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. State statute required approval of the budget on or before April 15th of each year. The budget document presents functional disbursements by fund and the legal level of control is at the expense level by total instruction, total support services, total non-instructional programs, total other expenditures and total expenditures. The District amends the budget, as allowed by Iowa law, generally once per year to reflect the additional revenues and expenditures that may occur during the school year.

The following chart shows the original and amended budget for fiscal 2014 as well as the actual revenue and expenditures for the year:

Budgetary Comparison Schedule
(Expressed in Thousands)

	Actual Basis	Budget Amounts Final	Variance
Revenues			
Local sources	$ 2,424	$ 2,487	$ (63)
State sources	1,589	1,505	84
Federal sources	156	171	(15)
Total revenues	$ 4,169	$ 4,163	$ 6
Expenditures			
Instruction	$ 2,679	$ 2,737	$ 58
Student support	1,051	1,082	31
Non-instructional programs	125	129	4
Other expenses	278	330	52
Total expenditures	$ 4,133	$ 4,278	$ 145

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, North Winneshiek Community School District had $1,602,135 invested in a broad range of capital assets, including buildings, land and equipment for the governmental activities. For the enterprise funds, the District had $5,205 invested in equipment in the school nutrition fund.

The District's governmental activities had depreciation expense of $124,353 for fiscal 2014 and total accumulated depreciation of $2,526,272 as of June 30, 2014. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt

At year-end, the District had $141,094 in bonds and other debt compared to $236,479 last year. More detail is presented in Note 5 to the financial statements.

The Constitution of the State of Iowa limits the amount of general obligation debt that districts can issue to 5 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding general obligation debt is significantly below this $5,926,005 limit.

Other obligations include accrued vacation pay. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AMOUNTS

1. Enrollment

The District's revenue is tied directly to student enrollment; therefore, it is important to analyze enrollment trends. The District's certified enrollment decreased from FY15 292.6 to FY16 282.3 which is a net loss of 10.3 students.

The FY15 regular program District cost is $1,894,000. The FY14 regular program District cost was $1,826,672. The District saw a $67,328 increase in regular program funding for the FY15 school year.

2. Supplemental Weighting

North Winneshiek Community School District will receive supplemental weighting in the amount of 6.092 students for FY15. The supplemental weighting provides additional general fund revenue for the District.

3. General Fund Balance

The FY13 general fund balance was $19,364. The FY14 general fund balance was $122,117. The balance increased by $102,753. The District plans to continue to impose a cash reserve levy.

4. Solvency Ratio for the General Fund

The solvency ratio describes one attribute of the District's general fund health. The ratio is the general fund balance divided by the general fund revenues. For FY14, the District had a 3.0% solvency ratio. ***-3% and lower Concern, -2.99-0% Alert, 0-4.99% Acceptable, 5-10% Good***

5. Spending Authority/Unspent Balance Ratio

The spending authority gives an additional snapshot of the District's general fund health. The spending authority is not cash. The spending authority gives the District the authority to spend money for general fund expenses. State law forbids school districts from exceeding their general fund spending authority.

The District's spending authority decreased from FY13 $431,829 to FY14 $271,239 which is a $160,590 decrease.

The unspent balance ratio is based upon the District's spending authority. The ratio is derived from the unspent balance (spending authority) divided by the total general fund expenditures. For FY14, the District's unspent balance ratio was 8.0%. ***0-10.9% Acceptable, 11-20% Good, >20% Excellent***

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AMOUNTS (Continued)

6. Instructional Support

The District continues to have an instructional support levy that generates about $150,000 for general fund expenditures. The levy is collected through a combination of property taxes, state aid, and an income surtax on District residents.

7. Sharing Agreements

The North Winneshiek Community School District has one-way 9-12 sharing agreements with Decorah Community School District and Mabel-Canton ISD in place. The agreements allow the District to control the rising costs of educating its students.

8. Secure an Advanced Vision for Education Fund (SAVE)

The state wide sales tax has allowed the District to allocate funds for District infrastructure, buses, computers/technology, and for payment on the District's bond debt. The District receives about $250,000 annually from the SAVE tax which provides direct property tax relief. The SAVE tax will expire in the year 2029.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of North Winneshiek Community School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Office, North Winneshiek Community School District, 3495 North Winn Road, Decorah, IA 52101.

EXHIBIT A

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	$ 542,676	$ 3,368	$ 546,044
Receivables			
Property tax			
Delinquent	16,998		16,998
Succeeding year	2,043,096		2,043,096
Accounts	1,567		1,567
Due from other governments	63,593		63,593
Inventories		5,625	5,625
Capital assets, non-depreciable	10,000		10,000
Capital assets, net of accumulated depreciation	1,592,135	5,205	1,597,340
Total assets	$ 4,270,065	$ 14,198	$ 4,284,263
LIABILITIES			
Accounts payable	$ 185,491		$ 185,491
Salaries and benefits payable	200,441	$ 5,865	206,306
Interfund payable (receivable)	(27,146)	27,146	-
Accrued interest payable	647		647
Long-term liabilities			
Portion due within one year			
Bonds payable	90,000		90,000
Capital leases	6,903		6,903
Early retirement	15,441		15,441
Portion due after one year			
Early retirement	28,750		28,750
Net OPEB liability	119,472		119,472
Total liabilities	619,999	33,011	653,010
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	2,043,096		2,043,096
Unspent hot lunch proceeds		1,003	1,003
	2,043,096	1,003	2,044,099
NET POSITION			
Net investment in capital assets	1,505,232	5,205	1,510,437
Restricted for			
Categorical funding	12,224		12,224
Debt service	178		178
Student activities	10,130		10,130
School infrastructure	124,140		124,140
Physical plant and equipment	28,309		28,309
Unrestricted (deficit)	(73,243)	(25,021)	(98,264)
Total net position (deficit)	1,606,970	(19,816)	1,587,154
Total liabilities, deferred inflows of resources and net position	$ 4,270,065	$ 14,198	$ 4,284,263

See Notes to Financial Statements.

This Page Intentionally Left Blank

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants
Governmental activities			
Instruction			
Regular instruction	$ 1,832,044	$ 172,558	$ 310,931
Special instruction	604,029	18,506	8,534
Other instruction	250,474	10,334	60,434
	2,686,547	201,398	379,899
Support services			
Student services	70,307	19,030	
Instructional staff services	82,826		
Administration services	307,557		
Operation and maintenance plant services	321,142		
Transportation services	238,277	6,800	
	1,020,109	25,830	-
Non-instructional	5,365		
Other			
Long-term debt interest	9,195		
Facilities acquisition	17,004		
AEA flowthrough	121,067		121,067
Depreciation (unallocated)*	72,262		
	219,528	-	121,067
Total governmental activities	3,931,549	227,228	500,966
Business-type activities			
Non-instructional programs			
Nutrition services	119,656	43,495	47,632
Total	$ 4,051,205	$ 270,723	$ 548,598
General revenues			
Property taxes levied for			
General purposes			
Management			
PPEL			
Local option sales tax and surtax			
Unrestricted state grants			
Unrestricted investment earnings			
Transfer in (out)			
Other			
Total general revenues			
Change in net position			
Net position (deficit), beginning of year			
Net position (deficit), end of year			

* This amount excludes the depreciation included in the direct expenses of the various programs.

See Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (1,348,555)		$ (1,348,555)
(576,989)		(576,989)
(179,706)		(179,706)
(2,105,250)		(2,105,250)
(51,277)		(51,277)
(82,826)		(82,826)
(307,557)		(307,557)
(321,142)		(321,142)
(231,477)		(231,477)
(994,279)		(994,279)
(5,365)		(5,365)
(9,195)		(9,195)
(17,004)		(17,004)
		-
(72,262)		(72,262)
(98,461)		(98,461)
(3,203,355)	$ -	(3,203,355)
	(28,529)	(28,529)
(3,203,355)	(28,529)	(3,231,884)
1,760,579		1,760,579
75,071		75,071
39,149		39,149
255,008		255,008
1,195,499		1,195,499
251		251
(19,757)	19,757	-
24,401		24,401
3,330,201	19,757	3,349,958
126,846	(8,772)	118,074
1,480,124	(11,044)	1,469,080
$ 1,606,970	$ (19,816)	$ 1,587,154

EXHIBIT C

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and pooled investments			
Other	$ 371,888	$ 170,788	$ 542,676
Receivables			
Property tax			
Delinquent	15,890	1,108	16,998
Succeeding year	1,904,678	138,418	2,043,096
Accounts	1,567		1,567
Due from other funds	77,116		77,116
Due from other governments	23,248	40,345	63,593
Total assets	$ 2,394,387	$ 350,659	$ 2,745,046
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 185,491		$ 185,491
Salaries and benefits payable	200,441		200,441
Due to other funds		$ 49,970	49,970
Total liabilities	385,932	49,970	435,902
Deferred inflows of resources			
Unavailable revenues			
Succeeding year property tax	1,904,678	138,418	2,043,096
Fund balances			
Restricted for:			
Categorical funding	12,224		12,224
Debt service		178	178
Student activities		10,130	10,130
School infrastructure		124,140	124,140
Physical plant and equipment		28,309	28,309
Unassigned (deficit)	91,553	(486)	91,067
Total fund balances	103,777	162,271	266,048
Total liabilities, deferred inflows of resources and fund balances	$ 2,394,387	$ 350,659	$ 2,745,046

See Notes to Financial Statements.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION		
Total governmental fund balances	$	266,048
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, net of accumulated depreciation of $ 2,526,272		1,602,135
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Bonds payable		(90,000)
Capital leases		(6,903)
Accrued interest		(647)
Early retirement		(44,191)
Net OPEB obligation		(119,472)
Net position of governmental activities per Exhibit A	$	1,606,970

See Notes to Financial Statements.

EXHIBIT D

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	General	Nonmajor Governmental Funds	Total
REVENUES			
Local sources			
Local property tax	$ 1,760,579	$ 114,220	$ 1,874,799
Tuition	159,181		159,181
Other	78,814	268,048	346,862
State sources	1,587,784	55	1,587,839
Federal sources	109,471		109,471
Total revenues	3,695,829	382,323	4,078,152
EXPENDITURES			
Current			
Instruction			
Regular instruction	1,731,361	93,189	1,824,550
Special instruction	604,029		604,029
Other instruction	238,409	12,065	250,474
	2,573,799	105,254	2,679,053
Support services			
Student services	67,280		67,280
Instructional staff services	55,826		55,826
Administration services	306,319	27,000	333,319
Operation and maintenance plant services	187,839	132,592	320,431
Transportation services	274,165		274,165
	891,429	159,592	1,051,021
Non-instructional	5,365		5,365
Other			
Long-term debt			
Principal		96,623	96,623
Interest and fiscal charges		9,826	9,826
Facilities acquisition		50,011	50,011
AEA flowthrough	121,067		121,067
	121,067	156,460	277,527
Total expenditures	3,591,660	421,306	4,012,966
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	104,169	(38,983)	65,186
OTHER FINANCING SOURCES (USES)			
Operating transfers in		106,449	106,449
Operating transfers (out)	(19,757)	(106,449)	(126,206)
	(19,757)	-	(19,757)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND FINANCING USES	84,412	(38,983)	45,429
FUND BALANCE, beginning of year	19,365	201,254	220,619
FUND BALANCE, end of year	$ 103,777	$ 162,271	$ 266,048

See Notes to Financial Statements.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES				
Net change in fund balances - total governmental funds			$	45,429
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, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceed capital outlays in the period.				
Depreciation	$	(124,353)		
Capital outlays		119,988		(4,365)
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.				96,623
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, however, interest expense is recognized as the interest accrues, regardless of when it is due.				631
Early retirement payments and OPEB are expenditures in governmental funds when paid, but reduce long-term liabilities in the statement of net position and affect the statement of activities as accrued.				
Early retirement		(1,238)		
Other postemployment benefits		(10,234)		(11,472)
Change in net position of governmental activities per Exhibit B			$	126,846

See Notes to Financial Statements.

EXHIBIT E

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014

	School Nutrition Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 3,368
Inventories	5,625
Total current assets	8,993
NONCURRENT ASSETS	
Furniture and equipment	97,095
Less accumulated depreciation	(91,890)
Total noncurrent assets	5,205
Total assets	$ 14,198
LIABILITIES	
CURRENT LIABILITIES	
Salaries and benefits payable	$ 5,865
Due to other funds	27,146
Total liabilities	33,011
DEFERRED INFLOWS OF RESOURCES	
Unspent hot lunch proceeds	1,003
NET POSITION	
Net investment in capital assets	5,205
Unrestricted deficit	(25,021)
Total net position (deficit)	(19,816)
Total liabilities, deferred inflows of resources and net position	$ 14,198

See Notes to Financial Statements.

EXHIBIT F

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2014

	School Nutrition Fund
OPERATING REVENUES	
Local sources	
Charges for services	$ 43,495
OPERATING EXPENSES	
Non-instructional programs	
Food service operations	
Salaries	69,919
Supplies	45,914
Depreciation	3,823
Total operating expenses	119,656
Operating loss	(76,161)
NONOPERATING REVENUES	
State sources	689
Federal sources	46,943
Transfer in	19,757
Total nonoperating revenues	67,389
Change in net position	(8,772)
Net position (deficit), beginning of year	(11,044)
Net position (deficit), end of year	$ (19,816)

See Notes to Financial Statements.

EXHIBIT G

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2014

	School Nutrition Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sale of lunches and breakfasts	$ 42,271
Cash received from miscellaneous operating activities	1,059
Cash payments paid on behalf of employees	(15,989)
Cash payments to employees for services	(53,768)
Cash payments to suppliers for goods and services	(36,563)
Net cash used in operating activities	(62,990)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from other funds	27,146
State grants and federal grants received	38,555
Net cash provided by noncapital financing activities	65,701
Net increase in cash equivalents	2,711
CASH, beginning of year	657
CASH, end of year	$ 3,368
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (76,161)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	3,823
Commodities used	9,077
Decrease in inventories	274
Increase in salaries payable	139
Increase in benefits payable	23
Decrease in deferred inflows of resources	(165)
Net cash used in operating activities	$ (62,990)

Non-cash, noncapital financing activities:
During the year ended June 30, 2014, the District received commodities valued at $9,077.

See Notes to Financial Statements.

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

The North Winneshiek Community School District is a political subdivision of the State of Iowa. The District's primary purpose is to provide education from grades kindergarten through twelve. The geographic area served includes the Cities of Burr Oak, Bluffton, and Highlandville, Iowa, and the predominately agricultural territory in a portion of Winneshiek County. It is supported financially by local property taxes, state aid and state and federal grants for special projects. The District is governed by a five-member Board of Education whose members are elected on a non-partisan basis. The District has taxing authority and fund raising capabilities of its own. Final approval of the District's annual program and budget plans rests with the local Board of Education.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, North Winneshiek 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; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature or significance of their relationship with the District should be included in the financial statements as component units. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Joint Venture

The District participates in a jointly governed organization that provides services to the District and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments. The District is a member of the Northeast Iowa Conference Schools 28E Retention Pool Trust.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does 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 Winneshiek County Assessor's Conference Board.

District-wide Financial Statements

The statement of net position and the statement of activities report information on all non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are 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.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The major funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund is the general operating fund of the District. All general tax revenues and other revenues 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 expenditures, including instructional, support and other costs.

Proprietary Fund

Enterprise Fund

The District's proprietary fund is the school nutrition fund. This fund is used to account for the food service operations of the District.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements.

On the District-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the "economic resources" measurement focus as defined below in item b.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental fund financial statements are accounted for on current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

b. The District-wide statements and proprietary fund financial statements are accounted for on economic resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with its activity are included on the statement of net position. In reporting the financial activity on the proprietary fund statements, the District applies all applicable GASB pronouncements.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide and proprietary fund financial statements are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and the expenses are recognized when they are incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the District-wide statements and the statements for governmental funds.

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

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue (shared revenues, grants, and reimbursements from other governments) and interest revenue. Revenues from miscellaneous sources are generally recognized when they are received in cash, as they are generally not measurable until actually received (tuition, fees and sale of services).

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

The District maintains its financial records on the modified cash basis (also referred to as cash basis or cash transactions). The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Equity

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. All investment activity is carried on by the District in each individual fund. 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 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, have a maturity date no longer than three months.

Property Tax Receivable

Property taxes in the governmental fund 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 year 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 District-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 1/2% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Interfund Transactions

During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the District-wide statements.

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 the proprietary fund are recorded as expenses when consumed rather than purchased or received.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Capital Assets

Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business-type activities columns in the District-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets in the proprietary fund are capitalized in the fund in which they are utilized. 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	$ 500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	25,000
Furniture and equipment:	
School nutrition fund equipment	500
Other furniture and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	5-20 years
Intangibles	5-10 years
Furniture and equipment	3-15 years

Salaries and Benefits Payable

Payroll and related expenditures or expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2014 was used to calculate the salaries payable.

Deferred Inflows of Resources

In the fund financial statements certain revenues are measurable, however they are not available. Deferred inflows of resources represents 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 inflows of resources consist of the succeeding year property tax receivable and unspent hot lunch proceeds. Deferred inflows of resources 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 and unspent hot lunch proceeds.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Equity (Continued)

Long-term Obligation

In the District-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. Early retirement liability has been paid primarily by the nonmajor governmental management fund.

Compensated Absences

District employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use. Employees are not paid for unused vacation and sick benefits when employment with the District ends.

Fund Balance

In the governmental fund financial statements:

Restrictions of fund balance are reported for 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 fund balance is the remaining fund balance which is only reported in the general fund.

Net Position

Net investment in capital assets, consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets.

Restricted net positions consists of net positions with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net positions are used first when an expense is incurred for purposes for both restricted and unrestricted net positions.

Unrestricted net positions represent the difference between assets and liabilities that are not restricted and can be used for future obligations of the District.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information.

2. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2014 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; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

2. **Deposits and Pooled Investments (Continued)**

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified portfolio	$ 85,371

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

Credit Risk

The investments in the Iowa Schools Joint Investment Trust were rated AAAm by Standard & Poor's Financial Services.

3. **Due from Other Governments**

Due from other governments consist of the following at June 30, 2014:

Governmental	
General fund	
Title I	$ 10,006
Special education	13,242
	23,248
Capital project	
Local option sales tax	40,345
	$ 63,593

This space intentionally left blank

4. Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities				
Land	$ 10,000			$ 10,000
Capital assets being depreciated				
Improvements	446,609	$ 30,352		476,961
Buildings	2,002,661			2,002,661
Furniture and equipment	1,579,483	89,636	$ 30,334	1,638,785
Total capital assets being depreciated	4,028,753	119,988	30,334	4,118,407
Less accumulated depreciation for:				
Improvements	348,684	13,325		362,009
Buildings	1,191,432	40,065		1,231,497
Furniture and equipment	892,137	70,963	30,334	932,766
Total accumulated depreciation	2,432,253	124,353	30,334	2,526,272
Total capital assets being depreciated, net	1,596,500	(4,365)	None	1,592,135
Governmental activities				
Capital assets	$ 1,606,500	$ (4,365)	$ None	$ 1,602,135
Business-type activities				
Furniture and equipment	$ 97,095			$ 97,095
Less accumulated depreciation	88,067	$ 3,823	$ None	91,890
Business-type activities				
Capital assets, net	$ 9,028	$ (3,823)	$ None	$ 5,205

Depreciation expense was charged to the governmental functions of the District as follows:

Governmental activities	
Instruction	
Regular	$ 4,338
Support services	
Student support services	3,027
Operation and maintenance	711
Transportation	44,015
	52,091
Unallocated depreciation	72,262
Total depreciation expense-governmental activities	$ 124,353
Business-type activities	
Food services	$ 3,823

5. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Governmental activities					
Bonds					
General obligation	$ 180,000		$ 90,000	$ 90,000	$ 90,000
Other liabilities					
Capital leases	13,526		6,623	6,903	6,903
Early retirement	42,953	$ 30,000	28,762	44,191	15,441
	56,479	30,000	35,385	51,094	22,344
Governmental activities Long-term liabilities	$ 236,479	$ 30,000	$ 125,385	$ 141,094	$ 112,344

a. Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

One new early retirement benefit was offered as of June 30, 2014.

At June 30, 2014, the District has obligations to three participants with a total liability of $44,191. Actual early retirement expenditures for the year ended June 30, 2014 totaled $28,762.

b. Bonded Indebtedness

$90,000 1998 General Obligation Serial Bonds, due May 1, 2015 plus interest semi-annually with interest rate of the bonds of 5.05%.

A summary of the bond principal and interest maturities is as follows:

Year Ending June 30,	Principal	Interest
2015	$ 90,000	$ 4,545

At June 30, 2014, the debt issued by the District did not exceed its legal debt margin compiled as follows:

Total assessed valuation	$ 118,520,095
Debt limit – 5% of total assessed valuation	$ 5,926,005
Debt applicable to debt limit	
Capital leases	(6,903)
General obligation bonded debt outstanding	(90,000)
Legal debt margin	$ 5,829,102

5. Long-term Debt Obligations (Continued)

c. Capital Leases

The District has leased one handicapped bus under capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2014.

	Year Ending June 30,	Amount
	2015	$ 7,195
Minimum lease payments		7,195
Less amount representing interest		292
Present value of minimum lease payments		$ 6,903

6. Due to/from Other Funds

As of June 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General fund	$ 77,116	
Nonmajor governmental funds		
Management - special revenue fund		$ 49,970
Nutrition - enterprise fund		27,146
Total	$ 77,116	$ 77,116

7. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

	Transfers In	Transfers Out
General fund		$ 19,757
Capital project fund		
Statewide sales, services and use tax		106,449
Debt service fund	$ 106,449	
Nutrition-enterprise fund	19,757	
Total	$ 126,206	$ 126,206

Transfers are to move resources from the capital project fund to the debt service fund to help pay bond obligations. Due to the referendum voted by the public, the proceeds from the local option sales tax will help pay bond obligations. The transfer from general fund to school nutrition fund is to help pay for salaries and benefits in the school nutrition fund.

8. Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by an annual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the fiscal year. Bankers Trust Co. NA is the trustee for the program.

The District pledges its state foundation aid payments and general fund receipts as security for warrants issued. Repayments must be made when general fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The Series 2013-2014 ONE included taxable warrants only. The interest rates on the Series 2013-2014 ONE are variable rates, calculated daily, based on the one-month LIBOR rate plus 105 basis points. The LIBOR rate at June 30, 2014 was .1524%. A summary of the District's ISCAP activity for the year ended June 30, 2014 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning Year	Advances Received	Advances Repaid	Balance End of Year
2013-14 ONE	06/26/13	12/1/14	$ None	$ 200,000	$ 200,000	$ None

During the year ended June 30, 2014, the District paid $739 of interest on the ISCAP warrants.

9. 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 5.95%, 5.78%, and 5.38% of their annual covered salary and the District is required to contribute 8.93%, 8.67%, and 8.07% of annual covered salary for the years ended June 30, 2014, 2013, and 2012, respectively. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were $116,827, $108,351, and $106,792, respectively, equal to the required contributions for each year.

10. Other Postemployment Benefits (OPEB)

Plan Description

As explained in Note 11, the District is a member of the Northeast Iowa Schools Insurance Trust (trust) which provides medical and prescription drug benefits for retirees and their spouses. North Winneshiek Community School District has 28 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through the trust. Retirees under age 65 pay the same premium for the medical/prescription drug benefits 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.

10. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	$ 27,399
Interest on net OPEB obligation	2,731
Adjustment to annual required contribution	(11,837)
Annual OPEB cost	18,293
Contributions made	(8,059)
Increase in net OPEB obligation	10,234
Net OPEB obligation beginning of year	109,238
Net OPEB obligation end of year	$ 119,472

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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 end June 30, 2014.

For the year ended June 30, 2014, the District contributed $8,059 to the medical plan for the OPEB obligation. Plan members eligible for benefits contributed none of the premium costs for the OPEB obligation.

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, 2014 are summarized below as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	$ 19,221	52.20%	$ 61,402
June 30, 2013	27,619	32.77%	109,238
June 30, 2014	27,399	29.41%	119,472

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was $160,702 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $160,702. The covered payroll (annual payroll of active employees covered by the plan) was approximately $1.123 million, and the ratio of the UAAL to covered payroll was 14.2%. As of June 30, 2014, 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 future employment, mortality and the 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provide 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 actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

As of July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are $559 to $762, depending on the type of coverage, per month for retirees less than age 65 and the plan coverage terminates upon reaching Medicare eligibility (age 65). The salary increase rate was assumed to be 0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

11. Employee Insurance Plan

Monthly payments of service fees and plan contributions are recorded as expenditures in the general fund at the time of payment to the Northeast Iowa Schools Insurance Trust (trust) maintained by Midwest Group Benefits Consultants, Inc. The trust's Board of Directors decided to terminate the self-funded health plans, effective July 1, 2009, and change to partially self-funded plans using fully insured health plans through Wellmark Blue Cross/Blue Shield. There were three new plans offered to the schools. The trust assumes liability for claims on its three plans as follows:

- Plan 1-between $500 and $5,000 for single coverage and $1,000 and $10,000 for family coverage,
- Plan 2-between $1,000 and $5,000 for single coverage and $2,000 and $10,000 for family coverage,
- Plan 3-between $2,000 and $5,000 for single coverage and $4,000 and $10,000 for family coverage.

All plans include coinsurance and plan 2 includes copayments. Claims in excess of the deductible are insured through the purchase of insurance. The District may be contingently liable for any claims in excess of funds available at June 30, 2014, since the pool arrangement allows the trust to make additional assessments to members. The District's share of the trust's liability for any unreported claim or assessment at June 30, 2014 was unavailable as of October 14, 2014. The District contributions to the trust for the years ended June 30, 2014, 2013, and 2012 were $271,597, $262,597 and $272,833, respectively, which equaled the required contributions each year. The employees paid $5,360 in dental insurance for the year ended June 30, 2014.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the District's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance company coverage.

12. Risk Management

North Winneshiek 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.

13. 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 $121,067 for the year ended June 30, 2014 and is recorded in the general fund by making a memorandum adjusting entry to the cash basis financial statements.

14. Contingencies

a. Grant Funding

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2014 significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

b. Insurance Plan

As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the insurance pool.

15. Commitments

The District has entered into two 28E agreements for high school education services. The first agreement is with Decorah Community School District for one-way whole grade sharing of grades 9-12, payment is 82% of the District's regular program cost per pupil. If the billed amount for 9-12 students who attend the regular education alternative high school exceeds 82%, then Decorah Community School District will bill the District the extra costs over the said 82% per pupil. The agreement expires June 30, 2017. The second agreement is student enrollment with Mabel-Canton Independent School District for students in grades 9-12 in the amount of tuition charged by the non-resident district.

The total outstanding construction and purchase commitments of the District at June 30, 2014 amount to $104,220 and commitments to be reimbursed is $None.

16. Categorical Funding

The District's ending fund balance for categorical funding as of June 30, 2014 is for successful progression for early readers.

17. Fund Balance/Net Position Deficits

The management levy nonmajor special revenue fund has a deficit fund balance as of June 30, 2014. The District plans to eliminate this deficit through property taxes. The school nutrition proprietary fund has a deficit net position as of June 30, 2014. The District is working on eliminating this deficit through raising fees.

18. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued one statement not yet implemented by the District. The statement which might impact the District is as follows:

GASB Statement 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, issued June 2012, will be effective for the fiscal year ended June 30, 2015. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions which are provided by other entities. In addition, the statement of net position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

The District's management has not yet determined the effect this statement will have on the District's financial statements.

19. Accounting Change

GASB Statement 65, *Items Previously Classified as Assets and Liabilities*; and No. 66 *Technical Corrections – 2012, an amendment of GASB Statements 10 and 62*, were implemented during fiscal year 2014.

20. Subsequent Events

Management has evaluated subsequent events through October 14, 2014, the date on which the financial statements were available to be issued.

Required Supplementary Information

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE OF
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
For the Year Ended June 30, 2014

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual
REVENUES			
Local sources	$ 2,380,842	$ 43,495	$ 2,424,337
State sources	1,587,839	689	1,588,528
Federal sources	109,471	46,943	156,414
Total revenues	4,078,152	91,127	4,169,279
EXPENDITURES/EXPENSES			
Instruction	2,679,053		2,679,053
Support services	1,051,021		1,051,021
Non-instructional	5,365	119,656	125,021
Other	277,527		277,527
Total expenditures/expenses	4,012,966	119,656	4,132,622
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	65,186	(28,529)	36,657
OTHER FINANCING SOURCES, NET	(19,757)	19,757	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES/EXPENSES AND OTHER FINANCING USES	45,429	(8,772)	36,657
FUND BALANCE (deficit), beginning of year	220,619	(11,044)	209,575
FUND BALANCE (deficit), end of year	$ 266,048	$ (19,816)	$ 246,232

See Notes to Required Supplementary Information.

Budget Amounts Original Final	Final to Actual Variance- Positive (Negative)
$ 2,486,610	$ (62,273)
1,505,178	83,350
170,500	(14,086)
4,162,288	6,991
2,737,150	58,097
1,081,650	30,629
129,000	3,979
330,084	52,557
4,277,884	145,262
(115,596)	152,253
-	-
(115,596)	152,253
307,283	(97,708)
$ 191,687	$ 54,545

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
June 30, 2014

This budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards 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. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

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

See Independent Auditor's Report.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(in thousands)

Fiscal 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)
2009	July 1, 2008	-	$ 225	$ 225	0.0%	$ 1,179	19.1%
2010	July 1, 2008	-	$ 219	$ 219	0.0%	$ 1,139	19.2%
2011	July 1, 2010	-	$ 161	$ 161	0.0%	$ 1,105	14.6%
2012	July 1, 2010	-	$ 152	$ 152	0.0%	$ 1,119	13.6%
2013	July 1, 2012	-	$ 165	$ 165	0.0%	$ 1,055	15.6%
2014	July 1, 2012	-	$ 160	$ 160	0.0%	$ 1,123	14.2%

See Note 10 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 Independent Auditor's Report.

Other Supplementary Information

SCHEDULE 1

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue	Capital Project	Debt Service	Total Nonmajor Funds
ASSETS				
Cash and pooled investments	$ 58,886	$ 111,724	$ 178	$ 170,788
Receivables				
Property tax				
Delinquent	728	380		1,108
Succeeding year	95,000	43,418		138,418
Due from other governments		40,345		40,345
Total assets	$ 154,614	$ 195,867	$ 178	$ 350,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 49,970			$ 49,970
Total liabilities	49,970	$ -	$ -	49,970
Deferred inflows of resources				
Unavailable revenues				
Succeeding year property tax	95,000	43,418		138,418
Total deferred inflows of resources	95,000	43,418	-	138,418
Fund balances				
Restricted	10,130	152,449	178	162,757
Unassigned	(486)			(486)
Total fund balances	9,644	152,449	178	162,271
Total liabilities, deferred inflows of resources and fund balances	$ 154,614	$ 195,867	$ 178	$ 350,659

See Independent Auditor's Report.

SCHEDULE 2

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Special Revenue	Capital Project	Debt Service	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	$ 75,071	$ 39,149		$ 114,220
Other	13,020	255,028		268,048
State sources	36	19		55
Total revenues	88,127	294,196	$ -	382,323
EXPENDITURES				
Current				
Instruction				
Regular instruction	30,376	62,813		93,189
Other instruction	12,065			12,065
Support services				
Instructional staff services		27,000		27,000
Operation and maintenance plant services	51,673	80,919		132,592
Other				
Facilities acquisition		50,011		50,011
Long-term debt				
Principal			96,623	96,623
Interest and fiscal charges			9,826	9,826
Total expenditures	94,114	220,743	106,449	421,306
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(5,987)	73,453	(106,449)	(38,983)
OTHER FINANCING SOURCES (USES)				
Transfers in			106,449	106,449
Transfers (out)		(106,449)		(106,449)
Total expenditures	-	(106,449)	106,449	-
(DEFICIENCY) EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) OVER EXPENDITURES AND FINANCING USES	(5,987)	(32,996)	-	(38,983)
FUND BALANCE, beginning of year	15,631	185,445	178	201,254
FUND BALANCE, end of year	$ 9,644	$ 152,449	$ 178	$ 162,271

See Independent Auditor's Report.

SCHEDULE 3

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2014

	Management Levy	Student Activity	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and pooled investments	$ 48,756	$ 10,130	$ 58,886
Receivables			
Property tax			
Delinquent	728		728
Succeeding year	95,000		95,000
Total assets	$ 144,484	$ 10,130	$ 154,614
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to other funds	$ 49,970		$ 49,970
Total liabilities	49,970	$ -	49,970
Deferred inflows of resources			
Unavailable revenues			
Succeeding year property tax	95,000		95,000
Total deferred inflows of resources	95,000	-	95,000
Fund balances			
Restricted		10,130	10,130
Unassigned (deficit)	(486)		(486)
Total fund balances (deficit)	(486)	10,130	9,644
Total liabilities, deferred inflows of resources and fund balances	$ 144,484	$ 10,130	$ 154,614

See Independent Auditor's Report.

SCHEDULE 4

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2014

	Management Levy	Student Activity	Total Nonmajor Special Revenue Funds
REVENUES			
Local sources			
Local property tax	$ 75,071		$ 75,071
Other	27	$ 12,993	13,020
State sources	36		36
Total revenues	75,134	12,993	88,127
EXPENDITURES			
Current			
Instruction			
Regular instruction	30,376		30,376
Other instruction		12,065	12,065
Support services			
Operation and maintenance plant services	51,673		51,673
Total expenditures	82,049	12,065	94,114
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(6,915)	928	(5,987)
FUND BALANCE, beginning of year	6,429	9,202	15,631
FUND BALANCE (deficit), end of year	$ (486)	$ 10,130	$ 9,644

See Independent Auditor's Report.

SCHEDULE 5

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
For the Year Ended June 30, 2014

	Balance June 30, 2013	Revenues	Expenditures	Balance June 30, 2014
Summer Recreation	$ 1,747	$ 5,191	$ 4,418	$ 2,520
Staff Activity	53	381	289	145
Athletics	501	1,564	742	1,323
Yearbook	2,235	1,515	1,144	2,606
Elementary Student Council	586	187	270	503
Middle Student Council	94	478	544	28
Clearing		879	879	-
Miscellaneous Student Activity	1,523	1,314	1,536	1,301
Box Tops/Milk Caps	1,346	683	1,058	971
Fifth Grade	109	101		210
Food and Fitness	1,008	700	1,185	523
	$ 9,202	$ 12,993	$ 12,065	$ 10,130

See Independent Auditor's Report.

SCHEDULE 6

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total Nonmajor Capital Project Funds
ASSETS			
Cash and pooled investments	$ 83,795	$ 27,929	$ 111,724
Receivables			
Property tax			
Delinquent		380	380
Succeeding year		43,418	43,418
Due from other governments	40,345		40,345
Total assets	$ 124,140	$ 71,727	$ 195,867
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred inflows of resources			
Unavailable revenues			
Succeeding year property tax		$ 43,418	$ 43,418
Total deferred inflows of resources	$ -	43,418	43,418
Fund balances			
Restricted	124,140	28,309	152,449
Total liabilities, deferred inflows of resources and fund balances	$ 124,140	$ 71,727	$ 195,867

See Independent Auditor's Report.

SCHEDULE 7

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total Nonmajor Capital Project Funds
REVENUES			
Local sources			
Local property tax		$ 39,149	$ 39,149
Other	$ 255,013	15	255,028
State sources		19	19
Total revenues	255,013	39,183	294,196
EXPENDITURES			
Current			
Instruction			
Regular instruction	36,499	26,314	62,813
Support services			
Instructional staff services	27,000		27,000
Operation and maintenance plant services	79,900	1,019	80,919
Other			
Facilities acquisition	35,456	14,555	50,011
Total expenditures	178,855	41,888	220,743
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	76,158	(2,705)	73,453
OTHER FINANCING (USES)			
Operating transfers out	(106,449)		(106,449)
(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND FINANCING USES	(30,291)	(2,705)	(32,996)
FUND BALANCE, beginning of year	154,431	31,014	185,445
FUND BALANCE, end of year	$ 124,140	$ 28,309	$ 152,449

See Independent Auditor's Report.

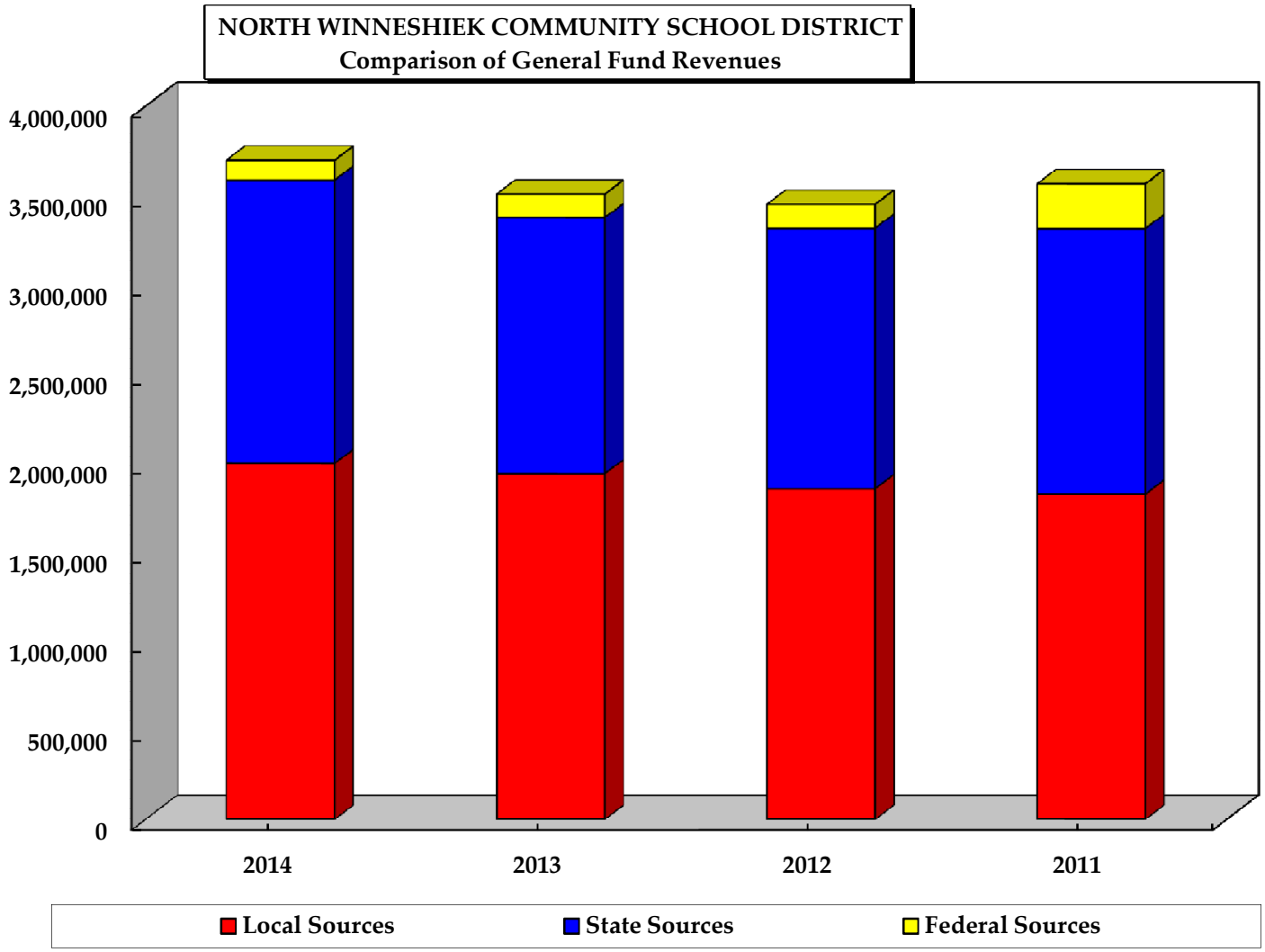
This Page Intentionally Left Blank

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GOVERNMENTAL FUNDS
For the Years Ended June 30,

	2014	2013	2012	2011
REVENUES				
Local sources				
Local tax	$ 1,874,799	$ 1,788,752	$ 1,664,815	$ 1,585,311
Tuition	159,181	187,056	216,526	241,025
Other	346,862	325,913	369,194	373,243
Intermediate sources				
State sources	1,587,839	1,438,202	1,460,705	1,488,768
Federal sources	109,471	130,021	135,872	251,368
Total revenues	$ 4,078,152	$ 3,869,944	$ 3,847,112	$ 3,939,715
EXPENDITURES				
Current				
Instruction				
Regular instruction	$ 1,824,550	$ 1,797,902	$ 1,769,813	$ 1,688,538
Special instruction	604,029	615,034	582,257	507,819
Other instruction	250,474	249,355	248,623	321,376
Support services				
Student services	67,280	75,737	79,953	87,726
Instructional staff services	55,826	76,919	132,118	132,746
Administration services	333,319	292,658	294,293	300,873
Operation and maintenance plant services	320,431	235,217	308,516	325,113
Transportation services	274,165	241,079	254,305	194,654
Non-instructional	5,365	5,502	6,463	7,291
Other				
Facilities acquisition	50,011	67,740	103,923	86,666
Long-term debt				
Principal	96,623	91,355	86,097	91,566
Interest and fiscal charges	9,826	14,173	18,271	21,071
AEA flowthrough	121,067	115,390	114,219	130,898
Total expenditures	$ 4,012,966	$ 3,878,061	$ 3,998,851	$ 3,896,337

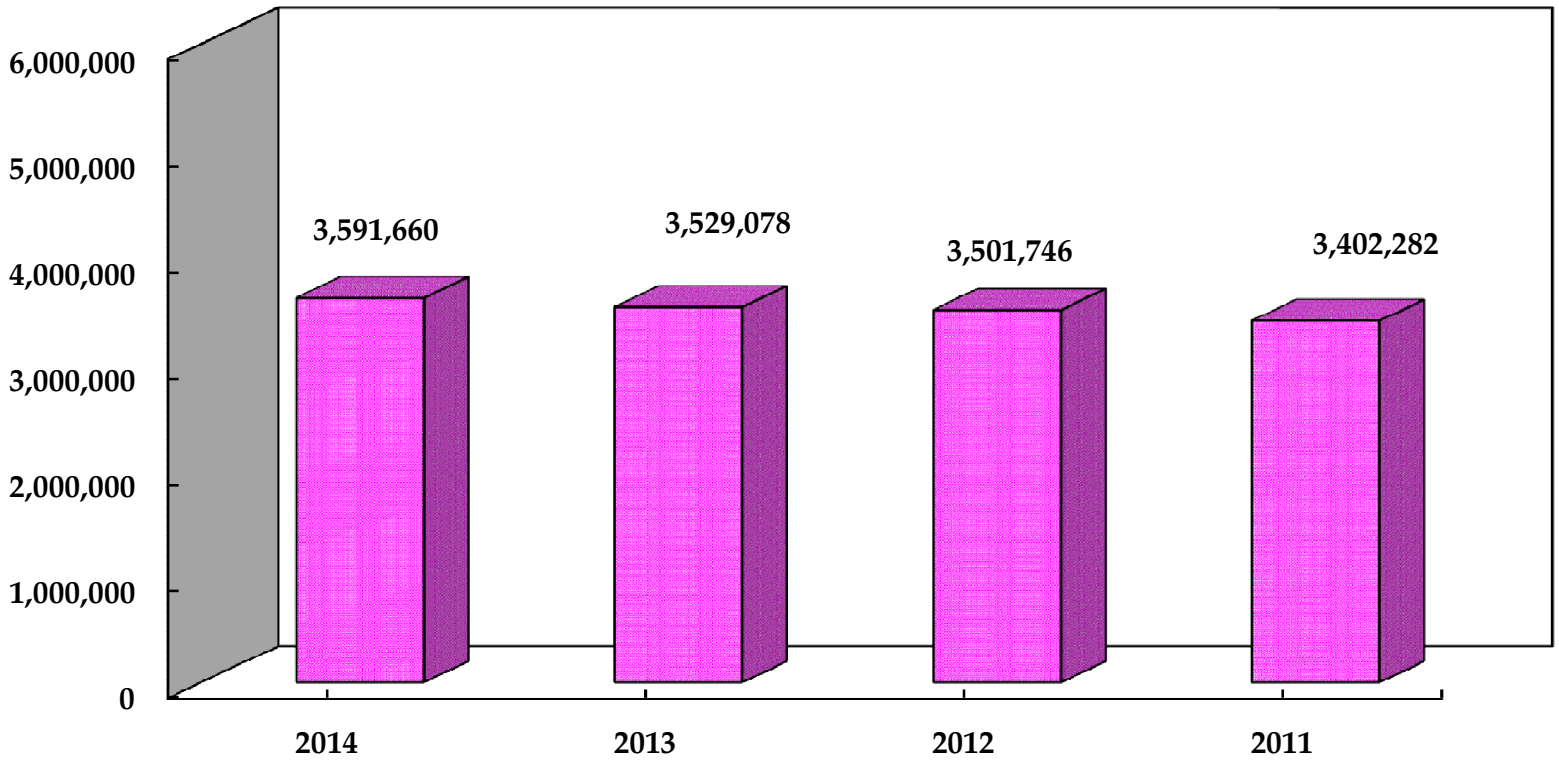
See Independent Auditor's Report.

Modified Accrual					
2010	2009	2008	2007	2006	2005
$ 1,406,581	$ 1,346,276	$ 1,265,229	$ 1,156,908	$ 1,051,110	$ 1,073,996
245,949	256,721	275,148	302,360	251,262	217,594
367,279	386,371	369,488	365,150	411,699	384,591
				593	719
1,269,700	1,551,870	1,630,503	1,459,772	1,478,799	1,485,245
358,466	199,856	172,083	179,185	188,080	123,443
$ 3,647,975	$ 3,741,094	$ 3,712,451	$ 3,463,375	$ 3,381,543	$ 3,285,588
$ 1,734,694	$ 1,599,614	$ 1,535,079	$ 1,731,983	$ 1,614,585	$ 1,671,552
491,741	620,954	588,889	536,354	472,837	456,109
325,785	293,878	201,442	213,416	232,265	82,900
99,303	69,838	106,128	116,984	75,622	47,476
75,417	67,753	40,082	68,502	60,146	47,342
273,572	298,561	279,909	237,164	226,694	217,775
324,585	261,088	233,406	178,646	146,214	158,425
203,889	207,208	232,682	227,234	252,560	216,795
8,145	5,608	5,972	7,443	8,480	18,804
69,400	104,688	26,780	223,334	246,909	142,780
83,909	70,400	93,323	115,242	83,319	77,747
23,350	27,088	30,678	34,430	36,923	39,942
128,700	118,943	117,281	111,326	110,110	108,509
$ 3,842,490	$ 3,745,621	$ 3,491,651	$ 3,802,058	$ 3,566,664	$ 3,286,156



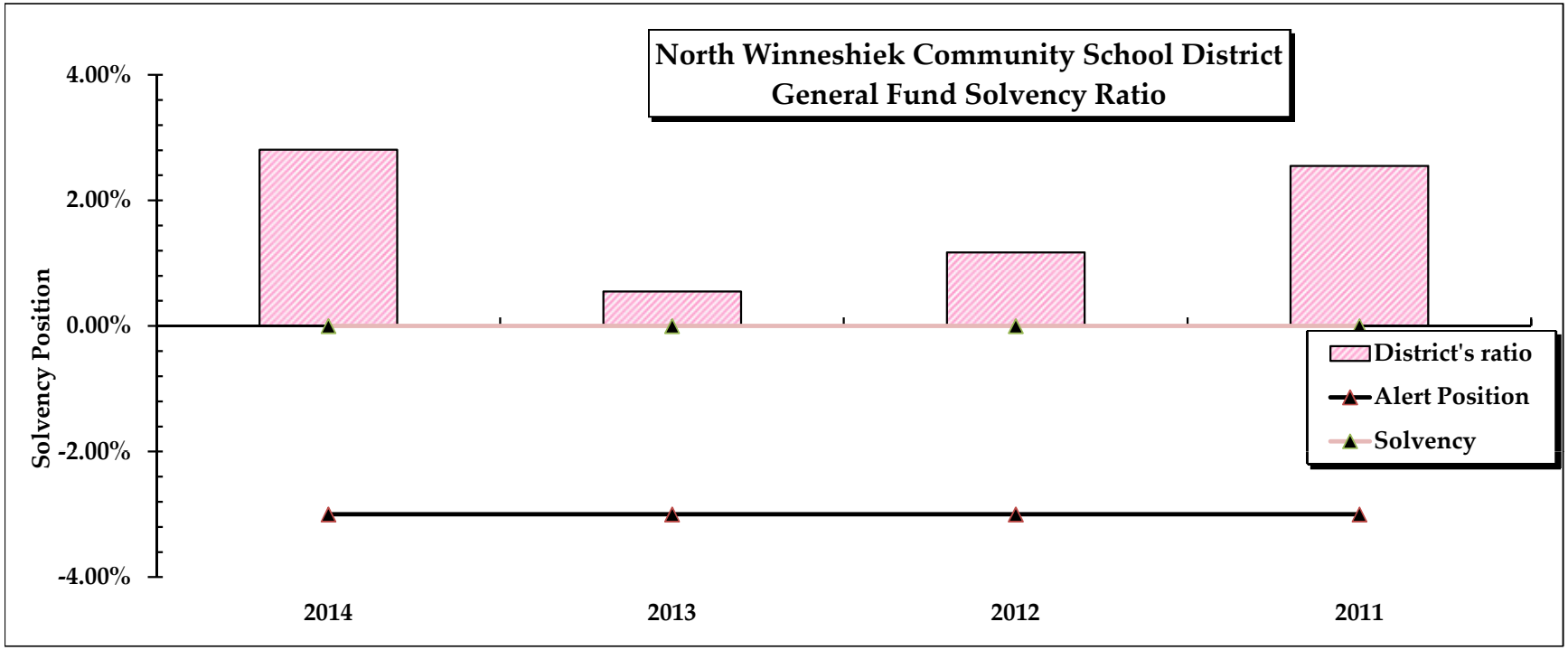
See Independent Auditor's Report.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
Comparison of General Fund Expenditures

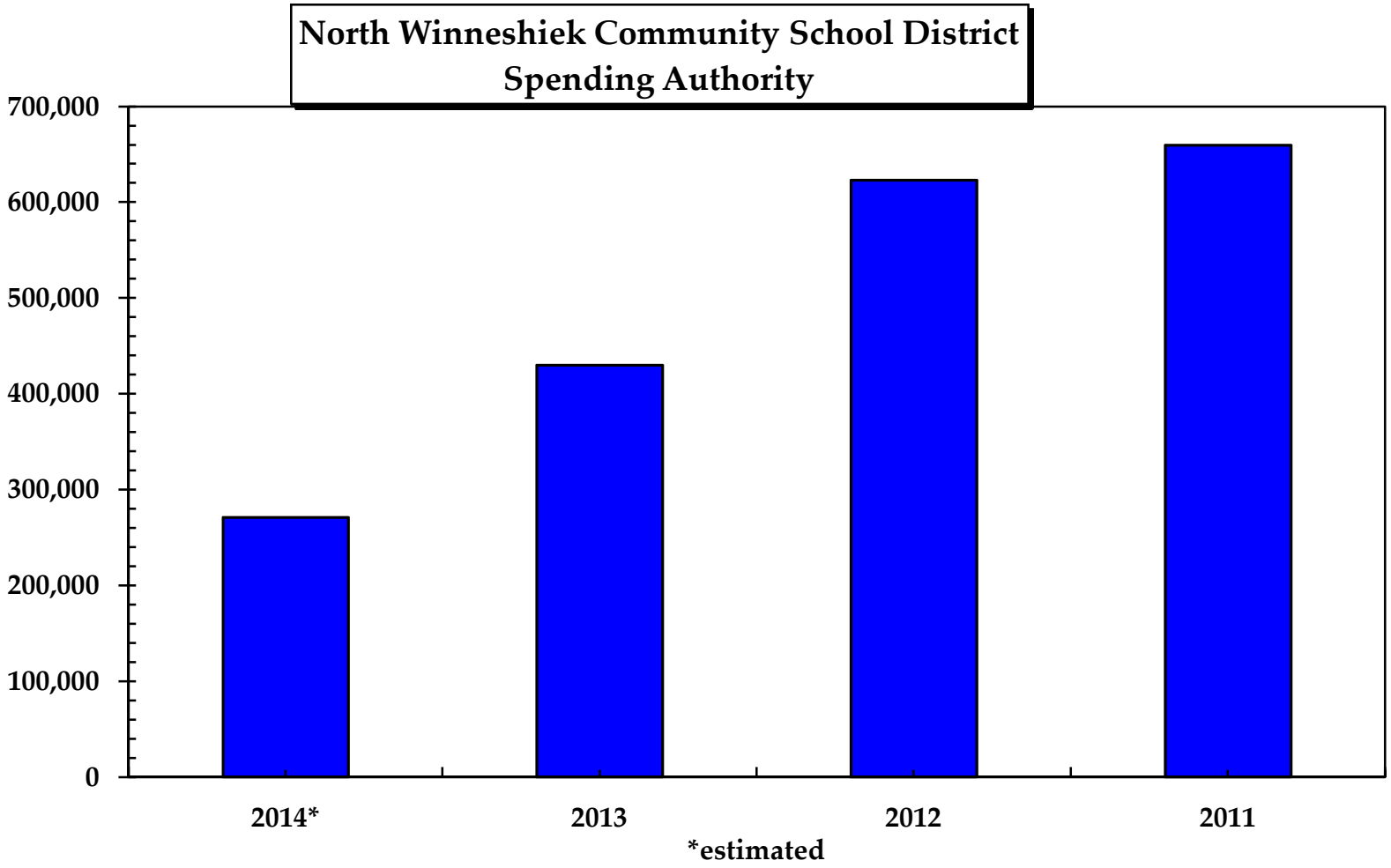


Totals By Year

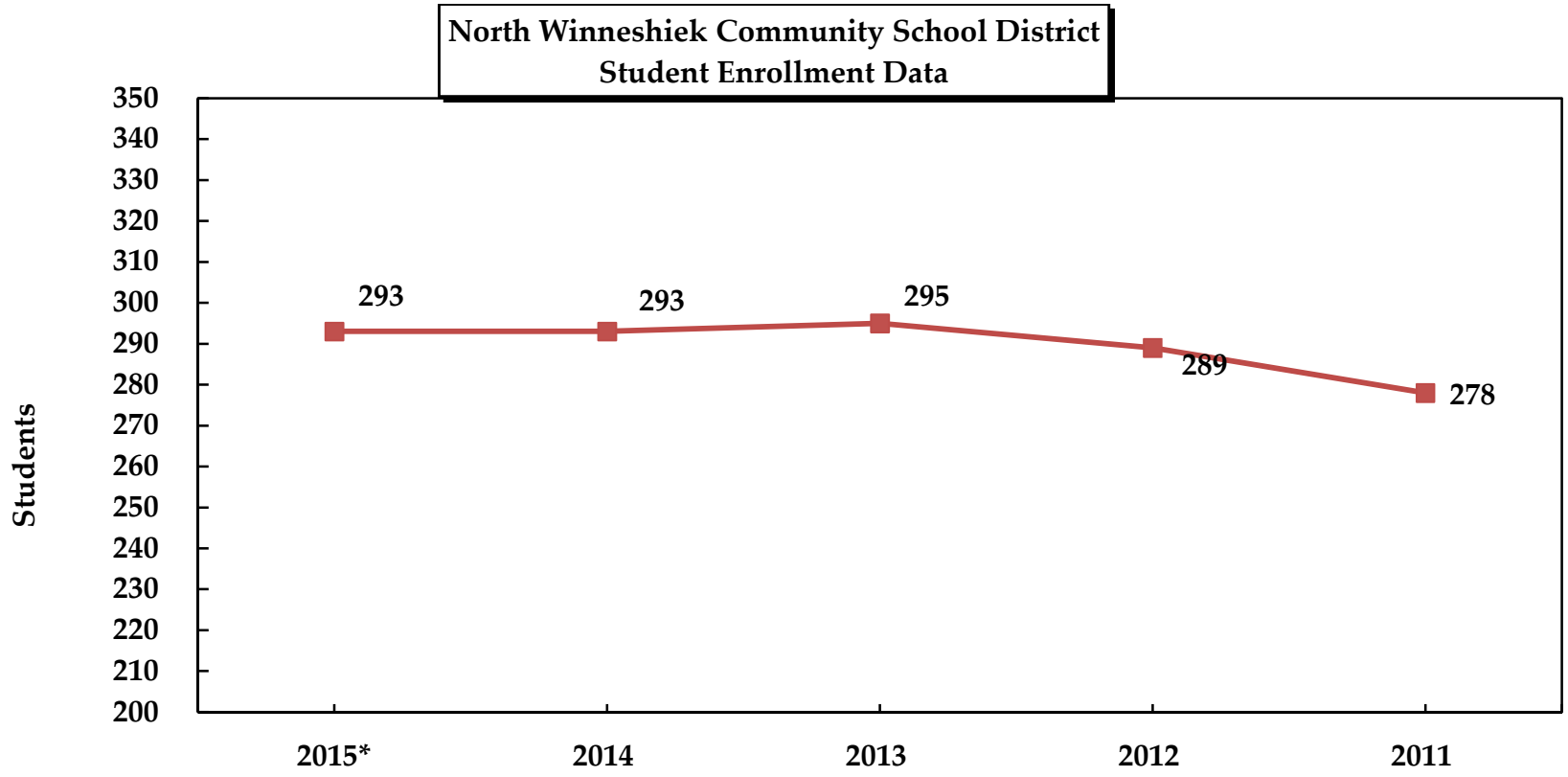
See Independent Auditor's Report.



See Independent Auditor's Report.



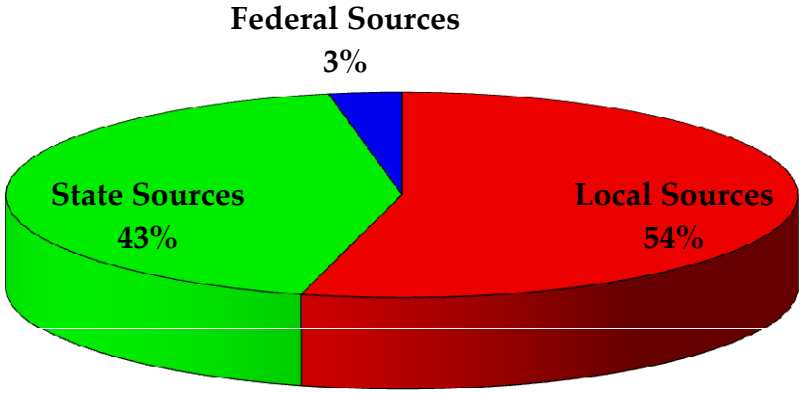
See Independent Auditor's Report.



Resource: Total School Enrollment, Not Certified Enrollment, Line 11 of Certified Enrollment Form
*estimated enrollment

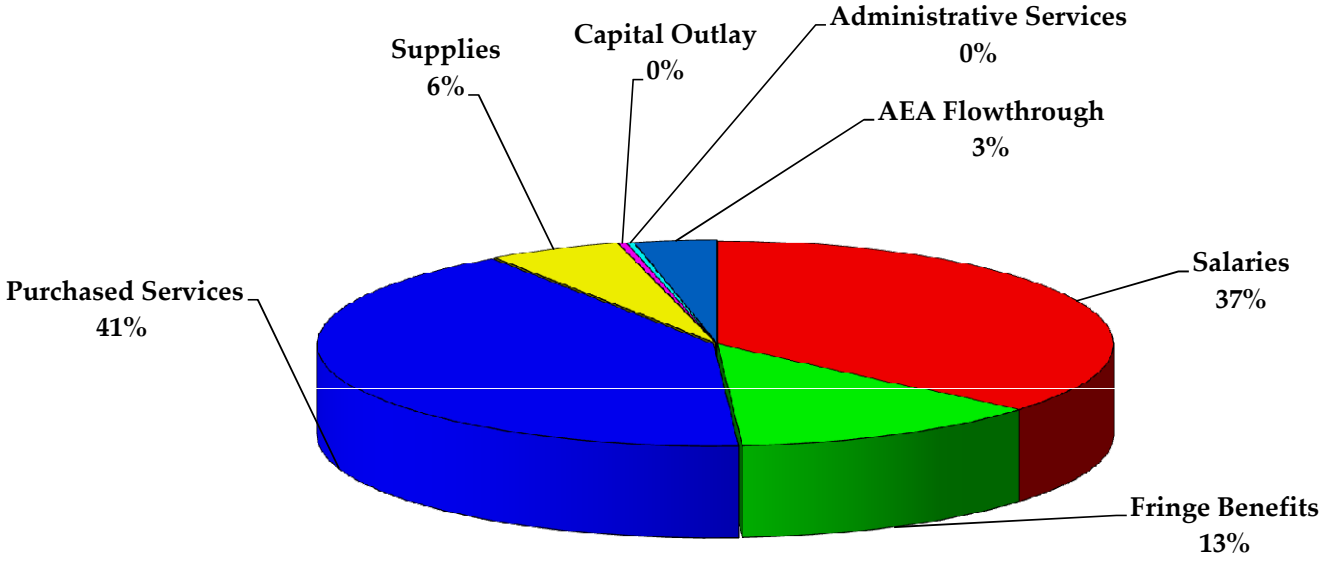
See Independent Auditor's Report.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Revenue Analysis Year Ended June 30, 2014



See Independent Auditor's Report.

NORTH WINNESHIEK COMMUNITY SCHOOL DISTRICT
General Fund Expenditure Analysis Year Ended June 30, 2014



See Independent Auditor's Report.

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

123 West Water Street
PO Box 507
Decorah, IA 52101
Telephone 563-382-3637
Fax 563-382-5797

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
North Winneshiek Community School District
Decorah, Iowa

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Winneshiek Community School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise North Winneshiek Community School District's basic financial statements and have issued our report thereon dated October 14, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Winneshiek Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are 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 North Winneshiek Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Winneshiek Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a 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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below that we consider to be a significant deficiency.

Overlapping Duties

The District's offices are not large enough to permit an adequate segregation of duties for effective internal controls. The concentration of closely related duties and responsibilities such as the recording and processing of cash receipts, preparing grant expenditure reports, preparing financial information for posting and analyzing financial information by a small staff makes it impossible to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records. Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

Criteria

A properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Recommendation

While we do recognize that the District is not large enough to permit a segregation of duties for effective internal controls, we believe it is important the Board be aware that this condition does exist.

Response and Corrective Action Planned

Management is cognizant of this limitation and will implement additional procedures whenever possible.

Conclusion

Response acknowledged.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Winneshiek Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Winneshiek Community School District's Response to Finding

North Winneshiek Community School District's response to the finding identified in our audit is described above. North Winneshiek Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 14, 2014

HACKER, NELSON & CO., P.C.
Certified Public Accountants
And Business Consultants

www.hackernelson.com

123 West Water Street
PO Box 507
Decorah, IA 52101
Telephone 563-382-3637
Fax 563-382-5797

MANAGEMENT LETTER

To the Board of Education
North Winneshiek Community School District
Decorah, Iowa

In planning and performing our audit of the financial statements of North Winneshiek Community School District for the year ended June 30, 2014, we considered the District's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control or state statutory compliance matters, accordingly, we provide no such assurance.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the District's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 13 below are compliance comments required by the Iowa Auditor of State. A separate report dated October 14, 2014 contains our report on the District's internal control over financial reporting. This letter does not affect our report dated October 14, 2014, on the financial statements of the North Winneshiek Community School District. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the District's responses and, accordingly, we express no opinion on them.

1. Certified Budget

Disbursements for the year ended June 30, 2014, did not exceed the amounts budgeted.

2. Questionable Expenditures

We noted no expenditures that may not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.

3. Travel Expense

No expenditures of District money for travel expenses of spouses of District officials and/or employees were noted. No travel advances to District officials or employees were noted.

4. Business Transactions

We noted no business transactions between the District and District officials and/or employees for the year ended June 30, 2014.

5. 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.

6. Board Minutes

We noted no transactions requiring Board approval, which had not been, approved by the Board. We also noted no minutes and bills that had not been published as required.

7. Certified Enrollment

No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

8. **Supplementary Weighting**

The District had two students that were missed in the supplementary weighting. Both students were attending Decorah Community School District through the whole grade sharing agreement and taking courses at Northeast Iowa Community College.

Recommendation

The District should make the changes on their program and notify the Department of Education. They will need to reimburse Decorah Community School District for the additional cost.

Response

The District will make the changes in their system and reimburse the other district.

Conclusion

Response accepted.

9. **Deposits and Investments**

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

10. **Certified Annual Report**

The Certified Annual Report (CAR) was certified to the Iowa Department of Education timely.

11. **Categorical Funding**

No instances were noted of categorical funding being used to supplant rather than supplement other funds.

12. **Student Activity Fund**

No instances of noncompliance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), for money in the student activity fund which should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program were noted.

13. **Statewide Sales, Services and Use Tax**

No instances of noncompliance 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 revenue. 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 154,431
Statewide sales, services and use tax	$ 255,008	
Other local revenue	5	255,013
Expenditures/transfers out:		
School infrastructure:		
Equipment	97,519	
Whole grade sharing	36,498	
Other	44,838	
Debt service for school infrastructure:		
General obligation debt	106,449	285,304
Ending balance		$ 124,140

13. Statewide Sales, Services and Use Tax (Continued)

For the year ended June 30, 2014, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Per $1,000 of Taxable Valuation	Property Tax Dollars
Debt service levy	$ 1.05	$ 99,253
Physical plant and equipment levy	1.34	155,760
		$ 255,013

14. Hot Lunch Claims

While performing the ticket test for hot lunch, it was noted that the breakfasts served in June was not reported to the State for reimbursement.

Recommendation

We recommend the corrected claim be filed in an attempt to correct the amount received for reimbursement. Also in order to prevent this from happening in the future all reports should be reviewed to verify all days are included in the reports.

Response and Corrective Action Planned

We will file a corrected form for state reimbursements for breakfasts served in June.

Conclusion

Response accepted.

15. Interfund Transactions

The general fund advanced funds to the nutrition fund to cover its deficit which may not be in compliance with Iowa Department of Education revised declaratory order.

Recommendation

We recommend the District review its policy and procedures as it relates to interfund loans and transfers for compliance with State Code and Iowa Department of Education provisions.

Response and Corrective Action Planned

We will review the policies and procedures.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of North Winneshiek 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.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
October 14, 2014