

OELWEIN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

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Oelwein Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Candace King	President	2015
Charlene Stocker	Vice-President	2017
David Eick	Board Member	2015
David Schmidt	Board Member	2017
Dana Bostian	Board Member	2017
Erin Ryan	Board Member	2015
Robert Kalb	Board Member	2017
<u>School Officials</u>		
Steve Westerberg	Superintendent	2014
Joan Loew	District Sec/Treas & Business Manager	2014
Ahlers Law Firm	Attorney	Indefinite

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.
Jeremy P. Lockard, C.P.A.

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Oelwein, IA, 50662
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Fax (319)283-2799

Independent Auditor's Report

To the Board of Education of
Oelwein Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oelwein Community School District, Oelwein, Iowa, 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 listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oelwein 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 conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 16 and 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

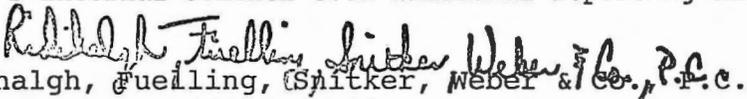
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oelwein Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the ten years ended June 30, 2013 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with the Government Auditing Standards, we have also issued our report dated November 24, 2014 on our consideration of Oelwein Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Oelwein Community School District's internal control over financial reporting and compliance.


Ridihalgh, Faeelling, Spitzer, Weber & Co., P.C.
Certified Public Accounts

November 24, 2014

Oelwein Community School District
Management Discussion and Analysis

Management Discussion and Analysis

Oelwein Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 Financial Highlights

- The District decreased its tax levy rate from \$16.18 (per thousand of taxable valuation) in fiscal year 2013 to \$13.80 for fiscal year 2014 a decrease of \$2.38 (per thousand of taxable valuation). This was due mainly to a decrease in the General Fund taxes.
- General Fund revenues decreased \$1,020,497 from \$14,711,733 in fiscal year 2013 to \$13,691,236 in fiscal year 2014, while General Fund expenditures increased \$688,958 from \$13,381,657 in fiscal year 2013 to \$14,070,615 in fiscal year 2014. The decrease in revenues was due to lower property taxes, lower tuition-in income and lower state aid. Expenditure increases were made in the areas of instruction, student support services and administration.
- The District experienced a decline of 12 in student enrollment for a total of 1,272 students as of the October 1, 2013 count date.
- The District ended fiscal year 2014 with a special education deficit due to a large decrease in special education weighting and increased special education expenditures in FY 2014.

Using This Annual Report

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Oelwein Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the district.

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

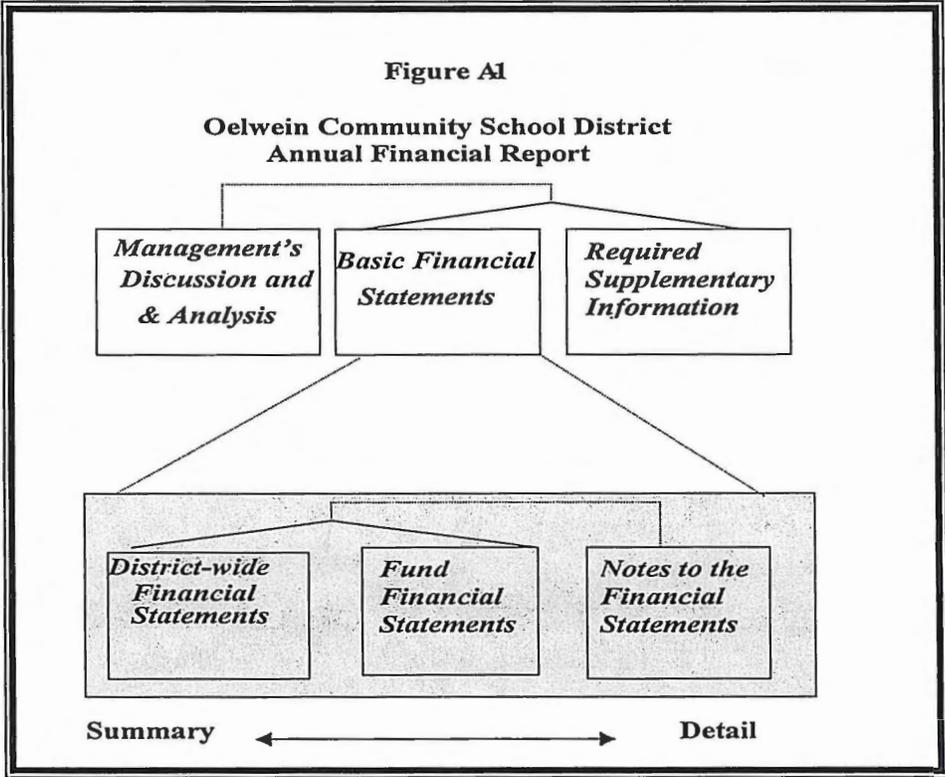


Figure A-2: Major Features of the District-Wide and Fund Financial Statements				
	<i>Government-wide Statements</i>	<i>Fund Financial Statements</i>		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	<i>Entire District (except fiduciary funds)</i>	<i>The activities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

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

Reporting The District's Financial Activities

Government-wide Financial Statements

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

The two government-wide financial statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- 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 building and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a

detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business-type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District chooses not to use any internal service funds.

The required financial statements for proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

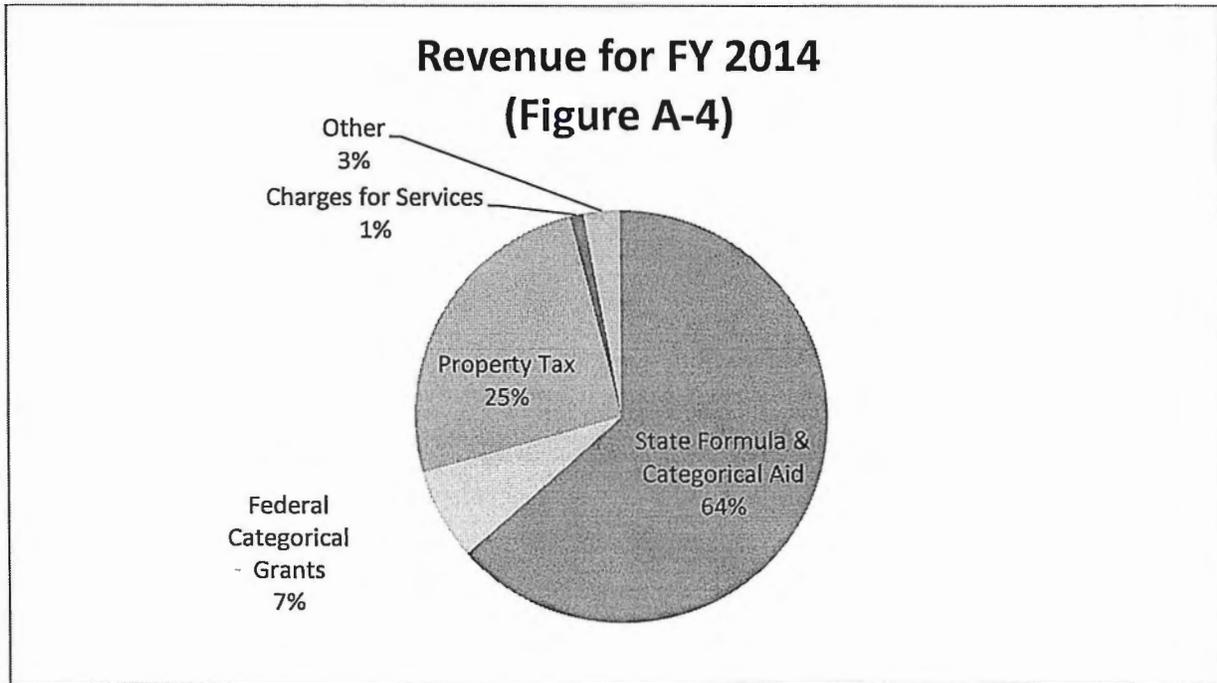
Net assets. Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2014 compared to June 30, 2013.

Figure A-3
Condensed Statement of Net Assets (in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	14,063	14,437	137	151	14,200	14,588
Capital assets	13,188	13,206	37	35	13,226	13,241
Total assets	27,251	27,643	174	186	27,426	27,829
Long-term debt outstanding	1,555	1,509	48	45	1,604	1,554
Other liabilities	5,991	6,287	20	5	6,011	6,292
Total liabilities	7,546	7,796	68	50	7,615	7,846
Net assets						
Invested in capital assets, net of related debt	12,188	12,206	37	35	12,221	12,241
Restricted	3,590	3,390	-	-	3,590	3,390
Unrestricted	3,931	4,251	69	101	4,000	4,352
Total net assets	19,705	19,847	106	136	19,811	19,983

Note: totals may not add due to rounding.

General Fund revenues decreased in FY 2014 over FY 2013. (Figure A-4)



Total General Fund categories increased expenditures from \$13,381,657 in FY 13 to \$14,070,615 in FY 14. Instruction and pupil instructional services percentage totaled 74%. (Figure A-5)

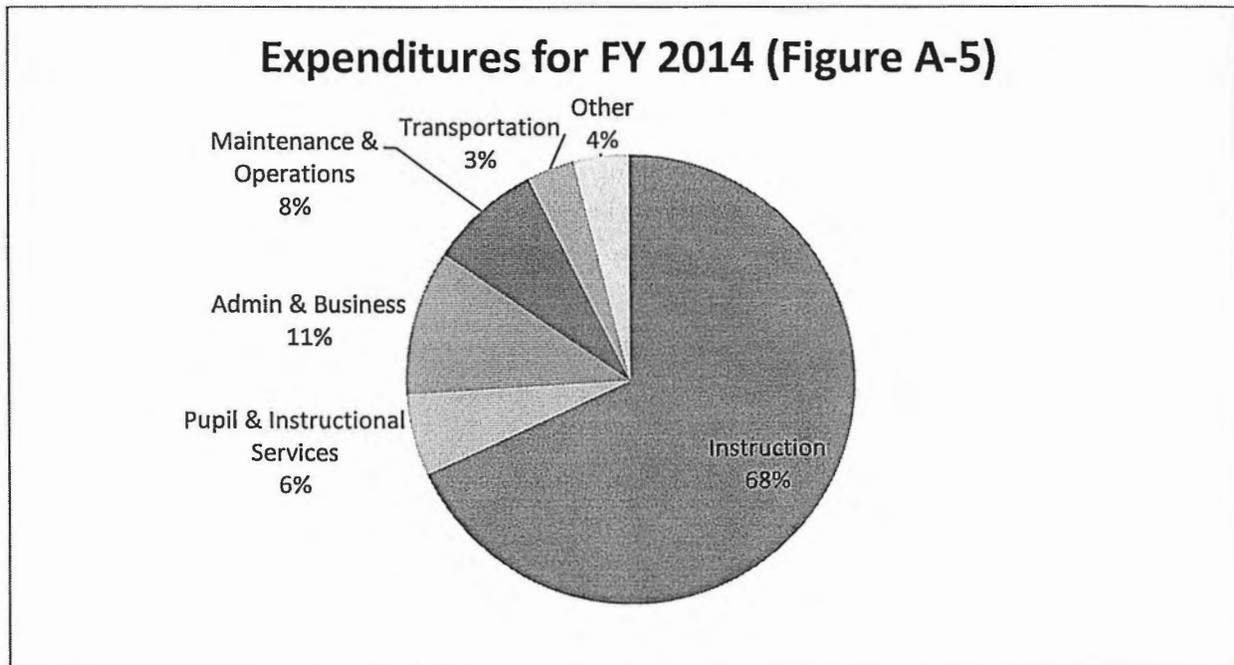


Figure A-6 presents the cost of the District’s major activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other as compared to FY 2013 costs.

Figure A-6
Net Cost of Governmental Activities

	Total Cost of Services <u>2014</u>	Total Cost Of Services <u>2013</u>
Instruction	11,343,811	10,601,328
Pupil & Instructional Services	829,563	740,061
Administrative & Business	1,705,966	1,577,135
Maintenance & operations	1,360,867	1,413,572
Transportation	687,843	462,585
Other	562,988	552,188
Total	16,491,038	15,346,869

Note: totals may not add due to rounding.

- The cost of all governmental activities this year was \$16,491,038.
- The Federal governments subsidized certain programs with grants and contributions of \$979,449. The non-federal portion of governmental activities was financed with property tax, state aid based on the statewide finance formula and the remainder with state grants, contributions, tuitions and other revenues.
- Most of the District’s costs, however, were financed by District property tax payers and state taxpayers.

Business-Type Activities

Revenues of the District’s business-type activities during the year ended June 30, 2014 were \$796,436 and expenses were \$826,766. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. Expenditures increased \$34,164 due to increased food costs associated with a change in federal nutrition guidelines and increased participation in the summer food service program .

Individual Fund Analysis

As noted earlier, the Oelwein Community Schools uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$8,071,920 a slight decrease of \$77,598 over last year’s ending fund balance of \$8,149,518. The majority of the combined fund balance decrease was in the General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. Revenues decreased and expenditures increased from the previous year. The District's General Fund expenditures exceeded revenues which resulted in a decrease in the General Fund balance from \$5,534,892 in FY 13 to \$5,155,513 in FY 14. The majority of the decrease was due to lesser property tax received.
- The District ended fiscal 2014 with a Capital Projects Fund balance of \$2,007,808 compared to a fiscal year 2013 balance of \$1,702,553. These revenues were used for the repayment of the QZAB bond, completion of the new softball field, Wings Park addition, and the implementation of 1:1 laptops and furniture for 7-12th graders.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$195,590 at June 30, 2012 to \$186,349 at June 30, 2013, representing a decrease of \$10,061 or 5%. The district monitors the cost of food and production versus the governmental reimbursement received to determine the appropriate price of meals. Additional revenue and expenses were attributed to the increased participation in the summer food service program which was provided at three locations in the summer of 2014.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust fund. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on an accrual basis. A schedule showing the original amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Legal Budgetary Highlights

The District's total actual receipts were less than the total budgeted receipts. The most significant change resulted in receiving less revenue from local property tax sources due to the decreased property tax rate.

Total expenditures were less than budgeted due primarily to the District's budget for Instruction and Support Services in the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should not exceed the actual expenditures during the year. District expenditures did not exceed the certified budget.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the District had invested over \$13 million, net of accumulated depreciation, in a broad range of assets, including school buildings, administrative office, athletic facilities, transportation equipment, computer and audio-visual equipment.

(See Figure A-7) Total depreciation expense for the year was \$977,284.

Figure A-7

Capital Assets (net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District	
	2014	2013	2014	2013	2014	2013
Land	879	879			879	879
Buildings	10,925	11,248			10,925	11,283
Equipment & Furniture	1,384	1,079	37	35	1,421	1,114
Total	13,188	13,206	37	35	13,225	13,276

Long-Term Debt

At year-end, the District had \$1,555,614 in QZAB bonds and other post-employment benefits (OPEB) outstanding. This represents an increase from the previous fiscal year as can be seen in Figure A-8 below. Updated OPEB calculations were provided by the District's insurance trust actuary. More detailed information about the District's long-term liabilities is available in the notes to the financial statements.

Figure A-8

Outstanding Long-Term Debt (expressed in thousands)

	2014	Total School District 2013
General Obligation Bonds	0	0
Notes Payable	0	0
Revenue Bonds	0	0
Revenue Bonds-QZAB	1,000	1,000
Net OPEB Liability	556	509
Total	1,556	1,509

The District had outstanding indebtedness at June 30, 2014 of \$1,000,000 for a Qualified Zone Academy revenue bonds issued to fund a geothermal system at the Wings Park Elementary School in November 2007.

As of June 30, 2014 the District did not exceed its legal debt margin.

Economic Factors Bearing on the District's Future

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

- District enrollment in fiscal year 2014-2015 increased approximately 31 students to 1,304 students in total budgeted enrollment. Under Iowa's school funding formula, District funding is highly dependant upon District enrollments. This equates to an approximate increase of \$206,000 for fiscal year 2015-2016 based on four percent allowable growth.
- District special education weighted enrollment in fiscal year 2013-2014 decreased by nearly 11 students. This reduction amounts to approximately \$70,000 in decreased funding. The District will continue to file for Federal Medicaid reimbursement and monitor special education expenditures.
- The District spends approximately 76% of its General Fund expenditures on staffing. IPERS employer contribution rates will remain at 8.93% for fiscal year 2016. The District anticipates a slight increase in insurance premiums for 2015/16. Fiscal year 2015 will be the first year of a two-year contract with the Oelwein Community Education Association (OCEA). Settlements in excess of "new money" or supplemental state aid will have an adverse effect on the District's General Fund budget and related fund balance.
- The District added 3 full time positions as a result of receiving the new Teacher Leadership Grant in the amount of \$393,000 in additional state revenue for fiscal year 2015. This grant will provide additional staff professional development and provide stipends to model teachers and curriculum leaders.
- The District has evaluated the condition of its transportation vehicles and determined, one new vehicle will be replaced during fiscal 2015. This vehicle will be paid from the physical plant and equipment fund.
- Future District capital project fund (CPF) expenditures will include a new maintenance building and concession stand.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Joan Loew, SBO, Business Manager, Oelwein Community School District, 307 Eighth Avenue S.E., Oelwein, IA 50662.

Oelwein Community School District
Statement of Net Position
June 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents:			
Other	\$ 9,085,793	96,622	9,182,415
Receivables:			
Property tax:			
Delinquent	60,366	-	60,366
Succeeding year	4,183,616	-	4,183,616
Accounts	362,238	28,952	391,190
Due from other governments	370,551	-	370,551
Inventories	-	11,554	11,554
Capital assets, net of accumulated depreciation (note 4)	13,188,682	37,299	13,225,981
Total assets	27,251,246	174,427	27,425,673
Liabilities			
Accounts payable	515,804	19,736	535,540
Salaries and benefits payable	1,291,224	-	1,291,224
Long-term liabilities (note 5):			
Portion due after one year:			
Revenue bonds payable	1,000,000	-	1,000,000
Net OPED liability	555,614	48,643	604,257
Total Liabilities	3,362,642	68,379	3,431,021
Deferred Inflows of Resources			
Unavailable property tax revenue	4,183,616	-	4,183,616
Net Position			
Invested in net assets, net of related debt	12,188,682	37,299	12,225,981
Restricted for:			
Categorical funding	668,655	-	668,655
Debt service	556,877	-	556,877
Management levy purposes	361,656	-	361,656
Student Activities	546,861	-	546,861
School infrastructure	1,213,695	-	1,213,695
Physical plant and equipment	237,236	-	237,236
Unrestricted	3,931,326	68,749	4,000,075
Total net position	\$ 19,704,988	106,048	19,811,036

See notes to financial statements

Oelwein Community School District
Statement of Activities
Year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Governmental activities:			
Instruction:			
Regular instruction	7,112,761	-	-
Special instruction	3,071,341	-	-
Other instruction	1,159,709	-	-
	<u>11,343,811</u>	<u>-</u>	<u>-</u>
Support services:			
Student services	453,245	-	-
Instructional staff services	376,318	-	-
Administration services	548,122	-	-
School Administration	697,861	-	-
Business	459,983	-	-
Operation and maintenance of plant services	1,360,867	-	-
Transportation services	687,843	-	-
	<u>4,584,239</u>	<u>-</u>	<u>-</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Long-term debt interest	-	-	-
AEA flowthrough	562,988	-	562,988
	<u>562,988</u>	<u>-</u>	<u>562,988</u>
Total governmental activities	<u>16,491,038</u>	<u>-</u>	<u>562,988</u>
Business-Type activities:			
Non-instructional programs:			
Nutrition services	826,766	257,801	538,635
Total	<u>17,317,804</u>	<u>257,801</u>	<u>1,101,623</u>
General Revenues:			
Property tax levied for:			
General purposes			
Debt service			
Special revenue			
Tuition			
Unrestricted state grants			
Federal grants			
Other			
Total general revenues			
Change in net position			
Net position beginning of year			
Net position beginning of year			

See notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type activities	Total
(7,112,761)	-	(7,112,761)
(3,071,341)	-	(3,071,341)
(1,159,709)	-	(1,159,709)
(11,343,811)	-	(11,343,811)
-	-	-
(453,245)	-	(453,245)
(376,318)	-	(376,318)
(548,122)	-	(548,122)
(697,861)	-	(697,861)
(459,983)	-	(459,983)
(1,360,867)	-	(1,360,867)
(687,843)	-	(687,843)
(4,584,239)	-	(4,584,239)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(15,928,050)	-	(15,928,050)
-	(30,330)	(30,330)
(15,928,050)	(30,330)	(15,958,380)
5,479,617	-	5,479,617
-	-	-
-	-	-
149,532	-	149,532
8,143,022	-	8,143,022
979,449	-	979,449
1,034,544	-	1,034,544
15,786,164	-	15,786,164
(141,886)	(30,330)	(172,216)
19,846,865	136,378	19,983,243
19,704,979	106,048	19,811,027

See notes to financial statements

Oelwein Community School District

Balance Sheet
Governmental Funds

June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	6,379,309	82	1,728,977	977,425	9,085,793
Receivables:					
Property tax:					
Delinquent	49,150	-	6,513	4,703	50,366
Succeeding year	3,328,145	-	355,472	499,999	4,183,616
Accounts	362,238	-	-	-	362,238
Accrued Interest	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	370,551	-	370,551
Total assets	10,118,842	82	2,461,513	1,482,127	14,062,564
Liabilities, Deferred Inflows of Resource and Fund Balances					
Liabilities:					
Accounts payable	417,560	-	98,233	11	515,804
Salaries and benefits payable	1,217,624	-	-	73,600	1,291,224
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	1,635,184	-	98,233	73,611	1,807,028
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,328,145	-	355,472	499,999	4,183,616
Other	-	-	-	-	-
Total deferred inflows of resource	3,328,145	-	355,472	499,999	4,183,616
Fund balances:					
Reserved for:					
Categorical funding	668,655	-	-	-	668,655
Debt service	-	-	556,877	-	556,877
Management levy purposes	-	-	-	361,656	361,656
Student Activities	-	-	-	546,861	546,861
School infrastructure	-	-	1,213,695	-	1,213,695
Physical plant and equipment	-	-	237,236	-	237,236
Committed for future equipment purchases	-	-	-	-	-
Unassigned	4,486,858	82	-	-	4,486,940
Total fund balances	5,155,513	82	2,007,808	908,517	8,071,920
Total liabilities, deferred inflows of resources and fund balances	\$ 10,118,842	82	2,461,513	1,482,127	14,062,564

See notes to financial statements

Oelwein Community School District

Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position

June 30, 2014

Total fund balances of governmental funds (page 20)	\$ 8,071,920
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	13,188,682
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(1,555,614)</u>
Net position of governmental activities (page 17)	<u>\$ 19,704,988</u>

See notes to financial statements

Oelwein Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$3,464,614	-	1,716,380	298,623	5,479,617
Tuition	149,532	-	-	-	149,532
Other	392,258	-	121,170	521,116	1,034,544
State sources	8,705,383	-	364	263	8,706,010
Federal sources	979,449	-	-	-	979,449
Total revenues	13,691,236	-	1,837,914	820,002	16,349,152
Expenditures:					
Current:					
Instruction:					
Regular instruction	5,808,500	-	338,491	70,927	6,217,918
Special instruction	3,070,701	-	-	-	3,070,701
Other instruction	703,978	-	-	455,731	1,159,709
	9,583,179	-	338,491	526,658	10,448,328
Support services:					
Student services	453,245	-	-	-	453,245
Instructional staff services	376,318	-	-	-	376,318
General administration services	273,771	-	75,581	197,047	546,399
School administration	737,811	-	-	-	737,811
Business	459,983	-	-	-	459,983
Operation and maintenance of plant services	1,138,386	-	103,238	99,771	1,341,395
Transportation services	484,934	-	95,459	-	580,393
	3,924,448	-	274,278	296,818	4,495,544
Non-instructional programs					
	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	919,890	-	919,890
Long-term debt:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
AEA flowthrough	562,988	-	-	-	562,988
	562,988	-	919,890	-	1,482,878
Total expenditures	14,070,615	-	1,532,659	823,476	16,426,750
Excess (deficiency) OF revenues over (under) expenditures	(379,379)	-	305,255	(3,474)	(77,598)
Other financing sources (uses):					
Revenue bonds issued	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(379,379)	-	305,255	(3,474)	(77,598)
Fund balances beginning of year	5,534,892	82	1,702,553	911,991	8,149,518
Fund balances end of year	\$5,155,513	82	2,007,808	908,517	8,071,920

See notes to financial statements

Oelwein Community School District

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances-Governmental Funds
to the Statement of Activities

Year ended June 30, 2014

Net change in fund balances-total governmental funds (page 22)	\$ (77,598)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay in the current year as follows:

Expenditures for capital assets	959,840	
Depreciation expense	<u>(977,284)</u>	(17,444)

Other postemployment benefit	<u>(46,844)</u>
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Change in net position of governmental activities (page 19)	<u><u>\$ (1,41,886)</u></u>
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See notes to financial statements

Oelwein Community School District

Statement of Net Position
Proprietary Fund

June 30, 2014

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 96,622
Accounts Receivable	28,952
Inventories	11,554
Capital assets, net of accumulated depreciation	<u>37,299</u>
Total assets	<u><u>174,427</u></u>
Liabilities	
Accounts payable	19,736
Net OPED liability	<u>48,643</u>
Total liabilities	<u>68,379</u>
Net Position	
Invested in capital assets, net of related debt	37,299
Unrestricted	<u>68,749</u>
Total net position	<u><u>\$ 174,427</u></u>

See notes to financial statements

Oelwein Community School District

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund

Year ended June 30, 2014

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for service	\$ 257,801
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	395,129
Purchased services	6,511
Supplies	417,339
Depreciation	7,787
Total operating expenses	<u>826,766</u>
Operating loss	<u>(568,965)</u>
Non-operating revenues:	
State sources	7,571
Federal sources	530,929
Interest income	135
Total non-operating revenues	<u>538,635</u>
Decrease in net position	(30,330)
Net position beginning of year	<u>136,378</u>
Net position end of year	<u>\$ 106,048</u>

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 257,801
Cash payments to employees for services	(391,028)
Cash payments to suppliers for goods or services	(352,648)
Net cash used in operating activities	<u>(485,875)</u>
Cash flows from non-capital financing sources:	
State grants received	7,571
Federal grants received	460,620
Net cash provided by non-capital financing activities	<u>468,191</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(10,032)</u>
Net cash used by capital and related financing activities	<u>(10,032)</u>
Cash flows from investing activities:	
Interest on investments	<u>135</u>
Net increase in cash and cash equivalents	(27,581)
Cash and cash equivalents at beginning of year	<u>124,203</u>
Cash and cash equivalents at end of year	<u>\$ 96,622</u>

See notes to financial statements

Oelwein Community School District

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

School
Nutrition

**Reconciliation of operating loss to net cash used in
operating activities:**

Operating loss	\$ (568,965)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	56,383
Depreciation	7,787
Decrease in inventory	512
Increase in OPED liability	4,101
Increase in accounts payable	<u>14,307</u>
Net cash used in operating activities	<u>\$ (485,875)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received \$56,383
of federal commodities.

See notes to financial statements

Oelwein Community School District
Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2014

	<u>Private Purpose Trust Scholarships</u>
Assets	
Cash and pooled investments	\$ 18,084
Accrued interest receivable	- 94
Due from other governments	-
	<hr/>
Total assets	18,178
Liabilities	
Accounts payable	-
Due to other governments	-
	<hr/>
Total liabilities	-
Net Position	
Reserved for scholarships	<u>\$ 18,178</u>

See notes to financial statements

Oelwein Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2014

	Private Purpose Trust Scholarships
Additions:	
Local sources:	
Contributions	\$ 1,875
Interest	750
Total additions	2,625
Deductions:	
Support services:	
Scholarships awarded	3,000
Change in net position	(375)
Net position beginning of year	18,553
Net position end of year	\$ 18,178

See notes to financial statements

Notes to Financial Statement

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Oelwein Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served include the Cities of Oelwein, Hazleton, and Stanley, Iowa, and agricultural territory in Fayette and Buchanan Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oelwein Community School 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. Oelwein Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but 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 Fayette and Buchanan County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position, and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

B. Basis of Presentation (continued)

revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position are reported in the following categories:

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the capital project fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

B. Basis of Presentation (continued)

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the district's general long-term debt.

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

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on the net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

C. Measurement Focus and Basis of Accounting (continued)

All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflow of Resources and Fund 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. Investments are stated at fair value.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

D. Assets, Liabilities, Deferred Inflow of Resources and Fund Equity
(continued)

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% 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.

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

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity
(continued)

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.

Capital Assets (continued)

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvement other than buildings	2,500
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital Assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 Years
Improvements other than buildings	20-50 Years
Intangibles	5-10 Years
Furniture and equipment	5-15 Years

Salaries and Benefits Payable – Payable and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity
(continued)

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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in 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.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

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

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

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

Education though resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action if employed to commit those amounts

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash, Cash Equivalents 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-ended management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Due From and Due to Other Funds

There were no interfund receivable or payable balances at June 30, 2014.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End Of Year
Governmental activities				
Capital assets not being Depreciated				
Land	\$ 879,013	-	-	879,013
Total capital assets not Being depreciated	879,013	-	-	879,013
Capital assets being Depreciated				
Buildings	17,719,895	259,544	-	17,979,439
Furniture & equipment	3,342,621	700,305	(273,502)	3,769,424
Total capital assets Being depreciated	21,062,516	959,849	(273,502)	21,748,863
Less accumulated Depreciation for:				
Buildings	6,471,439	582,671	-	7,054,110
Total accumulated Depreciation	2,263,973	394,613	(273,502)	2,385,084
8,735,412	977,284	(273,502)	9,439,194	
Total capital assets Being depreciated, net	12,327,104	(17,435)	-	12,309,669
Governmental activities Capital assets, net	\$ 13,206,117	(17,435)	-	13,188,682
	Balance Beginning of Year, as restated	Increase	Decrease	Balance End Of Year
Business-type activities:				
Furniture & Equipment	\$ 196,269	10,032	-	206,301
Less accumulated depreciation	161,214	7,787	-	169,001
Business-type activities Capital assets, net	\$ 35,055	2,245	-	37,300

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

(4) Capital Assets (continued)

Depreciation expense was charged by the District as follows:

Governmental activities		
Instruction:		
Regular		\$ 847,999
Special		640
Support Activities		
Administration		1,723
Operation and maintenance of plant		19,472
Transportation		107,450
Total governmental activities depreciation expense		<u>\$ 977,284</u>
Business-type activities:		
Food services		<u>\$ 7,787</u>

(5) Long-Term Liabilities

Changes in Long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Revenue bonds	\$1,000,000	-	-	1,000,000	-
Net OPED Liability	508,770	46,844	-	555,614	-
Total	\$1,508,770	46,844	-	1,555,614	-

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Business Type activities:					
Net OPEB liability	\$44,542	4,101	-	48,643	-

Early Retirement

The District offered a one-time voluntary early retirement plan to its certified employees for the 2011/2012 school year only. Eligible employees must have completed 15 fulltime equivalent years of teaching service to the District as a certified employee. The employee must have attained the age of fifty-five (55) as of the date of retirement, which must be no later than August 1, 2011. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee consists of \$600 per month for a maximum of 60 months or the attainment of age 65 to a health reimbursement account in the employee's name. Early retirement benefits paid during the year ended June 30, 2014 totaled \$70,927. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. The benefits payable at June 30, 2014 is estimated to be \$73,600.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

(5) Long-Term Liabilities (continued)

LOCAL OPTION SALES TAX REVENUE BONDS, SERIES 2007 (Qualified Zone Academy Bonds)
dated November 15, 2007

The Oelwein Community School District received proceeds of \$1,000,000 from the issue of revenue bonds dated 11/15/2007. This bond issue is being used for the purpose of defraying the cost of school infrastructure. The entire bond issue matures 11/17/2017 and to provide for the payment of the bonds at maturity there is established with the paying agent an irrevocable trust fund for the benefit of bond holders to be known as the "School Infrastructure Local Option Sales and Services Tax Revenue Bond Escrow Fund" to be invested at 3.88%. Annually, on July first of each year commencing July 1, 2008, there shall be deposited into the sinking fund \$82,530 to be invested in accordance with the rules of the Investment Agreement. The Escrow Fund is pledged to the payment of the bonds at maturity.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$732,041, \$676,836, \$591,951, respectively, and were equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description: The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 149 active and 29 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Midwest Benefits Group. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

(7) Other Postemployment Benefits (OPEB) (continued)

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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contributions	\$ 143,881
Interest on net OPEB obligation	13,883
Adjustment to annual required contribution	(64,131)
Annual OPEB cost	<u>93,633</u>
Contributions made	(42,688)
Increase in net OPEB obligation	50,945
Net OPEB obligation beginning of year	<u>553,312</u>
Net OPEB obligation end of year	<u>\$ 604,257</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

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 as follows:

Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$156,832	0	\$156,832
June 30, 2010	156,832	0	313,663
June 30, 2011	94,635	32.94%	408,298
June 30, 2012	92,214	36.09%	500,512
June 30, 2013	104,541	49.49%	553,312
June 30, 2014	93,633	45.59%	604,257

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

(7) Other Postemployment Benefits (OPEB) (continued)

Funded Status and Funding Program-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 \$793,265, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$793,265. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$8,308,295, and the ratio of the UAAL to covered payroll was 9.55%. 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 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 Projected to 2000, 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 \$423 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Oelwein Community School District

Notes to Financial Statements

June 30, 2014

(8) Risk Management

Oelwein 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 the risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$562,988 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.

Required Supplementary Information

Oelwein Community School District
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses
 and Changes in Balances—Budget and Actual —All
 Governmental Funds and Proprietary Fund
 Required Supplementary Information
 Year ended June 30, 2014

	Governmental Fund Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	6,663,693	257,936
State sources	8,706,010	7,571
Federal sources	979,449	530,929
Total receipts	16,349,152	796,436
Expenditures:		
Instruction	10,448,328	-
Support services	4,495,544	-
Non-instructional programs	-	826,766
Other expenditures	1,482,878	-
Total expenditures	16,426,750	826,766
Excess (deficiency) of revenues over (under) expenditures	(77,598)	(30,330)
Other financing sources, net	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(77,598)	(30,330)
Balances beginning of year	8,149,518	136,378
Balances end of year	8,071,920	106,048

See accompanying independent auditor's report

Total Actual	Budgeted Amounts		Final to Actual Variance- Positive Negative
	Original	Final	
6,921,629	6,925,470	6,925,470	(3,841)
8,713,581	8,807,838	8,807,838	(94,257)
1,510,378	1,125,000	1,125,000	385,378
<u>17,145,588</u>	<u>16,858,308</u>	<u>16,858,308</u>	<u>287,280</u>
10,448,328	14,100,000	14,100,000	3,651,672
4,495,544	5,320,000	5,320,000	824,456
826,766	950,000	950,000	123,234
1,482,878	2,695,128	2,695,128	1,212,250
<u>17,253,516</u>	<u>23,065,128</u>	<u>23,065,128</u>	<u>5,811,612</u>
(107,928)	(6,206,820)	(6,206,820)	6,098,892
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(107,928)	(6,206,820)	(6,206,820)	6,098,892
8,285,896	7,613,829	7,613,829	672,067
<u>8,177,968</u>	<u>1,407,009</u>	<u>1,407,009</u>	<u>6,770,959</u>

See accompanying independent auditor's report

Oelwein Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2014

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust Fund. 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.

During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted.

Oelwein Community School District
Schedule of Funding Progress for the
Retiree Health Plan

Year ended June 30, 2014

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
2011	July 1, 2010		\$ 960,316	\$ 960,316	0.00	\$ 7,984,518	12.02%
2012	July 1, 2010		-	909,929	0.00	7,539,299	12.07%
2013	July 1, 2012		-	833,388	0.00	7,993,050	10.43%
2014	July 1, 2012		793,265	793,265	0.00	8,308,295	9.55%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPED Cost and Net OPED Obligation, funded status and funding progress.

Supplementary Information

Oelwein Community School District

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 430,564	546,861	977,425
Receivable:			
Property tax:			
Delinquent	4,703	-	4,703
Succeeding year	499,999	-	499,999
Total assets	935,266	546,861	1,482,127
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	11	-	11
Salaries and benefits payable	73,600	-	73,600
Total liabilities	73,611	-	73,611
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	499,999	-	499,999
Other	-	-	-
Total deferred inflows of resources	499,999	-	499,999
Fund balances:			
Restricted for:			
Management levy purposes	361,656	-	361,656
Student activities	-	546,861	546,861
Total Fund Balances	361,656	546,861	908,517
Total liabilities, deferred inflows of resources and fund balances	\$ 935,266	546,861	1,482,127

See accompanying independent auditor's report

Oelwein Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 298,623	-	298,623
Other	11,037	510,079	521,116
State sources	263	-	263
Total revenues	<u>309,923</u>	<u>510,079</u>	<u>820,002</u>
Expenditures:			
Current:			
Instruction:			
Regular	70,927	-	70,927
Special	-	-	-
Other	-	455,731	455,731
Support services:			
Administration	197,047	-	197,047
Operation and maintenance of plant	99,771	-	99,771
Total expenditures	<u>367,745</u>	<u>455,731</u>	<u>823,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,822)</u>	<u>54,348</u>	<u>(3,474)</u>
Fund balances beginning of year	<u>419,478</u>	<u>492,513</u>	<u>911,991</u>
Fund balances end of year	<u>\$ 361,656</u>	<u>546,861</u>	<u>908,517</u>

See accompanying independent auditor's report

Oelwein Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 1,424,228	304,749	1,728,977
Receivable:			
Property tax:			
Delinquent	-	6,513	6,513
Succeeding year	-	355,472	355,472
Due from other governments	370,551	-	370,551
Total assets	1,794,779	666,734	2,461,513
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	24,207	74,026	98,233
Total liabilities	24,207	74,026	98,233
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	355,472	355,472
Other	-	-	-
Total deferred inflows of resources	-	355,472	355,472
Fund balances:			
Restricted for:			
Debt service	556,877		556,877
School infrastructure	1,213,695	-	1,213,695
Physical plant and equipment	-	237,236	237,236
Total fund balances	1,770,572	237,236	2,007,808
Total liabilities, deferred inflows of resources and fund balances	\$ 1,794,779	666,734	2,461,513

See accompanying independent auditor's report

Oelwein Community School District
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Service and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 1,013,393	702,987	1,716,380
Other	115,662	5,508	121,170
State sources	-	364	364
Federal sources	-	-	-
Total revenues	<u>1,129,055</u>	<u>708,859</u>	<u>1,837,914</u>
Expenditures:			
Instruction:			
Regular instruction	312,628	25,863	338,491
Support services:			
Administration	-	75,581	75,581
Operation and maintenance of plant services	-	103,238	103,238
Transportation	-	95,459	95,459
Other expenditures:			
Facilities acquisition	417,178	502,712	919,890
Total expenditures	<u>729,806</u>	<u>802,853</u>	<u>1,532,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>399,249</u>	<u>(93,994)</u>	<u>305,255</u>
Other financing sources (uses)			
Operating transfers out	-	-	-
Excess of revenues and other financing sources over expenditures and other financing sources	<u>399,249</u>	<u>(93,994)</u>	<u>305,255</u>
Fund balances beginning of year	<u>1,371,323</u>	<u>331,230</u>	<u>1,702,553</u>
Fund balances end of year	<u>\$ 1,770,572</u>	<u>237,236</u>	<u>2,007,808</u>

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 Year ended June 30, 2014

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Central Office</u>					
Americorp	\$ -	-	-	-	-
Alternative School	771	-	50	330	491
Alternative School Activity	85	-	-	-	85
Food and Fitness	4,125	-	-	1,337	2,788
Miscellaneous Revolving Receipts	7,180	-	-	3,130	4,050
Whole Kids Grant	-	-	2,000	457	1,543
Elementary Building Account	72,743	-	59,458	45,216	86,985
K-1 Building Account	13,067	-	5,228	4,752	13,543
Old Creamery	1,521	-	4,678	4,443	1,756
Office Account	1,476	-	(66)	180	1,231
Safety Fair	-	-	595	319	276
Fuel Up To Play	2,640	-	995	3,635	-
Husky Hub Center	2,385	-	7,033	3,187	6,231
Transfers-Central Office	-	-	-	-	-
Total	105,994	-	79,970	66,985	118,979
<u>Senior High Activity</u>					
Ag Department	36,559	-	45,893	40,485	41,968
Athletic Equipment	25,918	-	14,796	23,415	17,299
General Activities	3,396	(1,326)	113,615	17,830	97,854
Annual	772	1,326	9,390	11,488	0
Band Club	6,536	(862)	7,500	7,804	5,371
Student Council	2,840	-	6,679	4,111	5,408
Distributive Ed. Club	996	50	25,282	24,381	1,947
Football Club	1,914	200	10,854	8,784	4,184
Band Trip	4,839	-	5,537	3,081	7,295
Baseball	5,500	3,078	-	8,578	-
Basketball - Boys	3,500	838	-	4,338	0
Basketball - Girls	3,500	-	-	3,490	10
First Tech Challenge	439	50	2,473	575	2,387
Boys Track	1,200	-	-	754	446
Newspaper Club	3,118	-	120	710	2,528
Drama Club	5,030	-	4,010	8,158	882
Vocal Music Club	1,893	-	2,986	2,633	2,246
Bowling Club	223	-	964	1,051	136
Band	3,500	862	-	4,362	-
Baseball Club	19,296	(3,078)	13,032	14,715	14,334

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 Year ended June 30, 2014

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Senior High Activity (Continued):</u>					
Basketball Club - Boys	2,780	(413)	15,440	17,181	625
Basketball Club - Girls	399	100	3,785	4,261	23
Concessions	76,905	(3,575)	27,608	20,532	80,405
Football	8,500	-	-	6,218	2,282
Cheerleader Club	1,649	50	2,914	754	3,859
Interest Revenue Account	32,268	-	1,326	-	33,594
Golf - Boys	1,100	-	-	995	105
Golf - Girls	1,100	-	-	995	105
Tournaments	13,055	-	4,167	3,324	13,899
Tournaments-Gates	160	-	17,326	17,322	164
Vocal Music	2,750	-	-	1,224	1,526
Class of 2014	1,630	-	-	532	1,099
Class of 2015	1,576	1,025	7,308	7,484	2,425
Class of 2016	-	300	3,165	1,673	1,793
Class of 2017	295	325	948	295	1,273
Wrestling Club	-	244	-	244	-
Volleyball Club	2,686	200	9,072	11,416	542
Softball Club	1,744	300	5,242	3,936	3,350
Track Club - Boys	3,290	100	1,312	652	4,050
Softball	4,000	-	-	3,849	151
Track - Girls	1,200	-	-	484	716
Wrestling	2,500	(44)	-	2,149	307
Cross Country Track - Girls & Boys	1,000	-	-	946	54
Cross Country Club	-	150	135	83	203
Tennis - Boys	350	-	-	-	350
Tennis Club-Boys	370	-	525	611	284
Boys Bowling	750	-	-	750	-
Golf Club	-	-	25	-	25
Newspaper	-	-	238	150	88
Speech	1,000	-	-	86	914
Uniforms	8,283	-	-	-	8,283
Post Prom	502	-	-	-	502
Cheerleading	600	-	-	-	600
F.F.A. Grant	9,333	-	63	-	9,396
Drama	4,000	-	-	2,675	1,325
Girls Track Club	3,787	100	5,427	6,547	2,767
Academic Decathlon	29,435	-	-	25,759	3,675
Art	32	-	-	-	32
Girls Bowling	750	-	-	750	-
Club Husky	1,355	-	-	45	1,310
Manufacturing Club	1,284	-	1,649	368	2,566
Tennis - Girls	350	-	-	50	300
Tennis Club-Girls	2,224	-	1,038	878	2,384
Volleyball	2,400	-	-	2,374	26
Total	358,361	0	371,843	338,335	391,869

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Changes in Special Revenue Fund
 Student Activity Accounts
 Year ended June 30, 2014

	Balance Beginning of Year	Intra- Fund Transfers	Revenues	Expenditures	Balance End Year
<u>Middle School Activity</u>					
General Activities	-	-	31,838	26,457	5,381
Athletic Club	1,137	-	4,570	3,637	2,070
Drama	-	-	-	-	-
Activity Office	6,027	-	378	-	6,405
Annual	-	664	1,533	2,197	-
Band Club	53	649	8,313	9,015	0
Basketball	-	2,031	-	2,031	-
Football	-	1,078	-	1,078	-
Magazine Campaign	2,782	(5,646)	3,726	-	862
Interest Reserve Account	11,982	-	1,181	-	13,163
Student Council	682	-	-	-	682
Student Purchases	1,479	-	-	-	1,479
Track	-	350	-	350	-
Vocal Music	-	184	-	184	-
Wrestling	-	303	-	303	-
6-7-8 Club	-	-	1,000	572	428
Band	-	58	-	58	-
Fuel Up To Play	-	-	3,107	2,219	888
Donations	410	-	324	249	485
Vocal Music Club	3,607	-	2,295	1,732	4,170
Volleyball	-	330	-	330	-
Total	28,159	(0)	58,265	50,411	36,013
Total Student Activity	492,513	(0)	510,079	455,731	546,361

See accompanying independent auditor's report

Oelwein Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types

For the Last Five Years

	2014	2013	2012	Modified Accrual Basis	
				2011	2010
Revenues:					
Local sources:					
Local tax	\$ 5,479,617	\$ 6,309,211	\$ 5,897,913	\$ 5,545,934	\$ 5,270,409
Tuition	149,532	249,939	213,136	148,283	152,508
Other	1,034,544	1,044,489	1,068,252	877,715	921,754
State sources	8,706,010	9,093,165	8,732,900	8,456,138	7,710,706
Federal sources	979,449	998,589	1,179,413	1,061,070	1,582,359
Total	<u>\$ 16,349,152</u>	<u>\$ 17,695,393</u>	<u>\$ 17,091,614</u>	<u>\$ 16,089,140</u>	<u>\$ 15,637,736</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 6,217,918	\$ 5,483,152	\$ 5,202,123	\$ 5,310,052	\$ 5,420,514
Special instruction	3,070,701	2,860,445	2,895,567	3,058,804	3,000,309
Other instruction	1,159,709	1,537,268	1,286,307	1,242,834	1,207,140
Support services:					
Student services	453,245	366,161	278,264	268,869	285,839
Instructional staff services	376,318	373,900	347,111	377,731	408,606
Administration services	546,399	628,388	429,383	368,107	445,857
School administration	737,811	703,171	664,868	727,306	721,768
Business administration	459,983	464,023	336,025	448,200	304,697
Operation and maintenance of plant services	1,341,395	1,402,562	1,403,449	1,236,416	1,094,763
Transportation services	580,393	393,602	464,418	387,891	572,093
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	919,890	1,684,925	565,421	397,467	28,993
Long-term debt:					
Principal	-	530,000	250,000	425,000	704,224
Interest and other charges	-	13,972	23,820	43,187	75,049
AEA flowthrough	562,988	547,626	538,839	602,564	604,776
Total	<u>\$ 16,426,750</u>	<u>\$ 16,989,195</u>	<u>\$ 14,685,595</u>	<u>\$ 14,894,428</u>	<u>\$ 15,034,628</u>

See accompanying independent auditor's report

Oelwein Community School District
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2014

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Child Nutrition Cluster Programs			
School Breakfast Program	10.553	FY14	\$ 82,397
National School Lunch Program	10.555	FY14 *	381,192
Summer Food Service	10.559	FY14	28,725
Fresh Fruit & Veg	10.582	FY14	9,663
			501,977
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY14	390,164
Special Education-Grants to States	84.027	FY14	67,105
21st Century Program-Title IV B	84.287	FY14	145,928
Title IIA Federal Teacher Quality Program	84.367	FY14	76,319
Rural Education Achievement Program (REAP)	84.358	FY14	22,164
Title VIA	84.369	FY14	6,760
Safe and Drug-Free Schools	84.184	FY14	44,981
Title XIX Medicaid Direct	93.778	FY14	225,941
Total			\$ 1,481,339

*-Includes \$56,383 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oelwein Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.
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Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
Oelwein Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oelwein Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We noted no deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

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

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oelwein Community School District's Responses to Findings

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

Purpose of this Report

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

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

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
Certified Public Accountants

November 24, 2014

RESW Ridihalgh Fuelling
Snitker Weber & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance
for Each Major Federal Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

To the Board of Education of
Oelwein Community School District:

Report on Compliance for Each Major Federal Program

We have audited Oelwein Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Oelwein Community School District's major federal programs for the year ended June 30, 2014. Oelwein Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oelwein Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oelwein Community School District's compliance with those requirements and performing such other procedures as we considered necessary on the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oelwein Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Oelwein Community school District complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The management of Oelwein Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance

requirements referred to above. In planning and performing our audit of compliance, we considered Oelwein Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oelwein Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We noted no deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses.

Oelwein Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Oelwein Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., .C.
Certified Public Accountants

November 24, 2014

OELWEIN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements.
- b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - Child Nutrition Cluster:
 - CFDA Number 10.553 School Breakfast Program
 - CFDA Number 10.555 National School Lunch Program
 - CFDA Number 10.559 Summer Food Service
 - CFDA Number 10.582 Fresh Fruit and Vegetables
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Oelwein Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No reportable conditions.

OELWEIN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-14 Official Depositories – Official depositories have been approved by the District. The maximum deposit amounts were not exceeded during the year ended June 30, 2014.
- IV-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-14 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-14 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-14 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 ensure that the coverage is adequate for current operations.
- IV-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-14 Certified Enrollment – The following variances in the basic enrollment data certified to the Iowa Department of Education were noted: 1) A grade 12 student was funded but not enrolled in the Fall of 2012; 2) One grade 11 student was enrolled but not included in the official Fall 2013 count; and 3) One grade 11 student was funded but not enrolled in the official Fall 2013 count. These corrections result in a decrease of 1 FTE to the Fall 2012 certified enrollment.
- IV-H-14 Supplementary Weighting – Variances regarding the supplementary weighting certified to the Iowa Department of Education were noted and resulted in a decrease of 0.12 to the Fall 2013 reported FTEs.
- IV-I-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-14 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-14 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

OELWEIN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

IV-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2014, the District's financial activity and other required information for the statewide sales, services and use tax revenue are as follows:

Beginning balance	\$ 945,953
Statewide sales, services and use tax	1,438,763
Interest Income	13,475
Donations and Miscellaneous Revenues	102,186
Expenditures/Transfers Out	
School infrastructure	<u>(729,805)</u>
Ending balance	<u>\$1,770,572</u>

OELWEIN COMMUNITY SCHOOL DISTRICT

AUDIT STAFF

This audit was performed by:

Gene Fuelling, CPA
David L. Fox, CPA
Brent Waters, CPA
Donald Snitker, CPA