

WEST DELAWARE COUNTY 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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West Delaware County Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Steve Dudak	President	2015
Cheryl Stufflembeam	Vice President	2013
Elwyn Curtis	Board Member	2013
Linda Bessey	Board Member	2015
Angie Corcoran	Board Member	2015
(After September 2013 Election)		
Linda Bessey	President	2015
Angie Corcoran	Vice President	2015
Steve Dudak	Board Member	2015
Tom King	Board Member	2017
Dr. John Tyrell	Board Member	2017
School Officials		
Dr. Kristen Rickey	Superintendent	2014
Kelly Jared	Director of Finance/ Board Secretary	2014
Ahler's Law Firm	Attorney	2014

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the West Delaware County 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 West Delaware County Community School District, Manchester, 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 West Delaware County Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Delaware County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, 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 Government Auditing Standards, we have also issued our report dated February 13, 2015, on our consideration of West Delaware County Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Delaware County Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

February 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Delaware County Community School District provides this Management's Discussion and Analysis of its financial statements to assist in the viewer's comprehension of the overall document. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. The reader is encouraged to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$15,468,793 in fiscal 2013 to \$15,522,536 in fiscal 2014, while General Fund expenditures increased from \$15,008,596 in fiscal 2013 to \$15,216,980 in fiscal 2014. Revenues still outpaced expenditures resulting in an increase in the District's General Fund balance from \$2,967,039 at June 30, 2013 to a balance of \$3,272,595 at June 30, 2014.
- The solvency ratio improved from 17.44% for fiscal 2013 to 19.11% for fiscal 2014. The District has taken steps to increase the solvency ratio, providing an adequate General Fund balance to weather unanticipated revenue reductions such as seen in FY10.
- The District sold \$5,800,000 of General Obligation Bonds in February 2008 and \$2,075,000 of PPEL Capital Loan Notes in January 2006. The outstanding obligation totals \$6,280,000 as of June 30, 2014.
- Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of West Delaware County 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 West Delaware County Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Delaware County Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

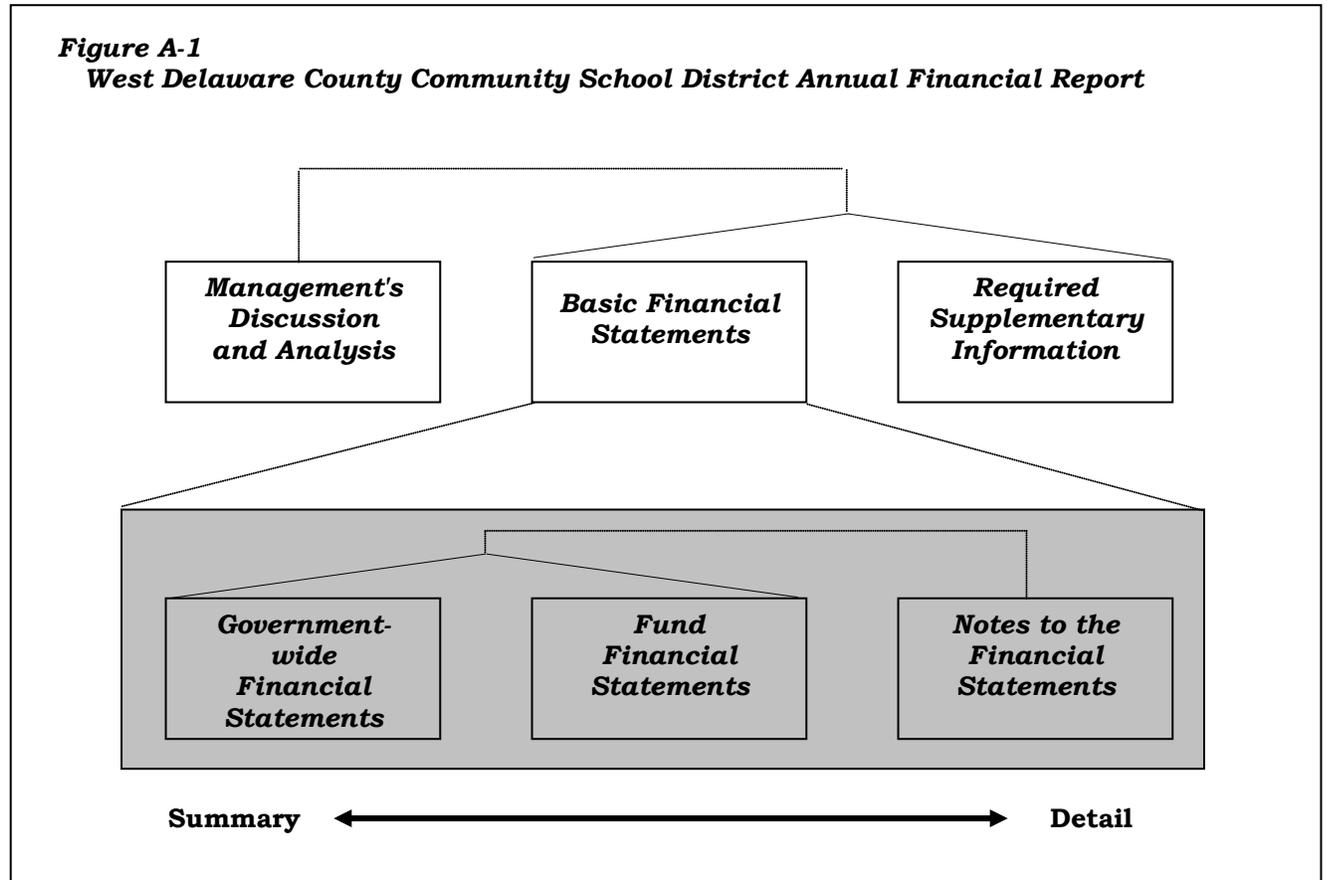


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private Purpose Trust Fund and Agency Funds.

- Private Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain revenues collected for District employee purchases of pop, academic boosters and related expenditures.

The District is responsible for ensuring that the assets reported in the fiduciary 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.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliation between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2014.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 13,416,414	12,177,761	410,760	362,543	13,827,174	12,540,304	10.26%
Capital assets	18,258,884	18,033,638	161,189	190,411	18,420,073	18,224,049	1.08%
Total assets	<u>31,675,298</u>	<u>30,211,399</u>	<u>571,949</u>	<u>552,954</u>	<u>32,247,247</u>	<u>30,764,353</u>	<u>4.82%</u>
Long-term obligations	6,870,376	6,935,326	9,051	6,562	6,879,427	6,941,888	-0.90%
Other liabilities	433,526	296,881	15,493	17,920	449,019	314,801	42.64%
Total liabilities	<u>7,303,902</u>	<u>7,232,207</u>	<u>24,544</u>	<u>24,482</u>	<u>7,328,446</u>	<u>7,256,689</u>	<u>0.99%</u>
Deferred Inflows of Resources	6,205,032	6,136,310	-	-	6,205,032	6,136,310	1.12%
Net position:							
Net investment in capital assets	11,979,904	11,523,638	161,189	190,411	12,141,093	11,714,049	3.65%
Restricted	3,280,268	2,596,006	-	-	3,280,268	2,596,006	26.36%
Unrestricted	2,906,192	2,723,238	386,216	338,061	3,292,408	3,061,299	7.55%
Total net position	<u>\$ 18,166,364</u>	<u>16,842,882</u>	<u>547,405</u>	<u>528,472</u>	<u>18,713,769</u>	<u>17,371,354</u>	<u>7.73%</u>

The District's total net position increased by \$1,342,415, or 7.73%, over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

The District's restricted net position increased \$684,262, or 26.36%, from the prior year. The increase in restricted net position was primarily due to the increase in the Capital Projects: Statewide Sales, Services and Use Tax Fund balance due to a decrease in transfers needed for payments on the District's revenue bonds as they were called in full during fiscal 2013.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$231,109, or 7.55%. The increase in unrestricted net position was due primarily to the increase in unassigned General Fund balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 1,151,204	1,244,157	428,584	418,913	1,579,788	1,663,070	-5.01%
Operating grants and contributions and restricted interest	1,181,327	1,239,083	382,995	376,398	1,564,322	1,615,481	-3.17%
General revenues:							
Property tax	6,147,089	6,379,470	-	-	6,147,089	6,379,470	-3.64%
Income surtax	455,929	377,766	-	-	455,929	377,766	20.69%
Statewide sales, services and use tax	1,382,891	1,337,358	-	-	1,382,891	1,337,358	3.40%
Unrestricted state grants	8,175,317	7,810,514	-	-	8,175,317	7,810,514	4.67%
Unrestricted investment earnings	61,678	65,403	3,909	3,523	65,587	68,926	-4.84%
Other general revenues	125,715	159,557	2,854	2,288	128,569	161,845	-20.56%
Total revenues	<u>18,681,150</u>	<u>18,613,308</u>	<u>818,342</u>	<u>801,122</u>	<u>19,499,492</u>	<u>19,414,430</u>	<u>0.44%</u>
Program expenses:							
Instruction	11,043,867	11,083,160	-	-	11,043,867	11,083,160	-0.35%
Support services	4,926,181	4,994,819	16,708	20,992	4,942,889	5,015,811	-1.45%
Non-instructional programs	28,556	16,857	782,701	798,607	811,257	815,464	-0.52%
Other expenses	1,359,064	1,345,641	-	-	1,359,064	1,345,641	1.00%
Total expenses	<u>17,357,668</u>	<u>17,440,477</u>	<u>799,409</u>	<u>819,599</u>	<u>18,157,077</u>	<u>18,260,076</u>	<u>-0.56%</u>
Change in net position	1,323,482	1,172,831	18,933	(18,477)	1,342,415	1,154,354	16.29%
Net position beginning of year	<u>16,842,882</u>	<u>15,670,051</u>	<u>528,472</u>	<u>546,949</u>	<u>17,371,354</u>	<u>16,217,000</u>	<u>7.12%</u>
Net position end of year	<u>\$ 18,166,364</u>	<u>16,842,882</u>	<u>547,405</u>	<u>528,472</u>	<u>18,713,769</u>	<u>17,371,354</u>	<u>7.73%</u>

In fiscal 2014, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 86.51% of the revenues from governmental activities while charges for service and sales and operating grants and contributions account for 99.17% of the revenue from business type activities.

The District's total revenues were \$19,499,492, of which \$18,681,150 was for governmental activities and \$818,342 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.44% increase in revenues and a 0.56% decrease in expenses. Unrestricted state grant revenue increased by \$364,803 to help fund the increase in expenditures. The increase in expenses was related to increases in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$18,681,150 and expenses were \$17,357,668 for the year ended June 30, 2014.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 11,043,867	11,083,160	-0.35%	9,475,404	9,298,795	1.90%
Support services	4,926,181	4,994,819	-1.37%	4,810,923	4,917,600	-2.17%
Non-instructional programs	28,556	16,857	69.40%	28,556	16,857	69.40%
Other expenses	1,359,064	1,345,641	1.00%	710,254	723,985	-1.90%
Totals	<u>\$ 17,357,668</u>	<u>17,440,477</u>	<u>-0.47%</u>	<u>15,025,137</u>	<u>14,957,237</u>	<u>0.45%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$1,151,204.
- Federal and state governments subsidized certain programs with grants along with contributions from local sources totaling \$1,181,327.
- The net cost of governmental activities was financed with \$6,147,089 in property tax, \$455,929 in income surtax, \$1,382,981 in statewide sales, services and use tax, \$8,175,317 in unrestricted state grants, \$61,678 in interest income and \$125,715 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$818,342 and expenses were \$799,409. The District's business type activities include the School Nutrition Fund. Revenues of these activities were primarily comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the West Delaware County Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$6,252,486, an increase from last year's ending fund balance of \$5,256,955. The primary reason for the increase in combined fund balance in fiscal 2014 is due to the increase in fund balances of the District's Capital Projects Funds.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. The state's student enrollment driven funding formula has not provided much "new money" over the course of the last several years, yet the District maintains a competitive hiring salary for each of its job classifications. However, this was the fifth time in eight years that General Fund revenues exceeded expenses. This resulted in the General Fund fund balance increasing by \$305,556 or 10.30%.
- The Management Levy Fund balance increased from \$542,068 at June 30, 2013 to \$712,926 at June 30, 2014. The primary reason for this increase in fund balance is an increase in local tax revenue received as compared to the prior year. Revenues also outpaced expenditures ensuring an increase in fund balance.
- The Capital Projects Fund balance increased from \$1,431,040 at June 30, 2013 to \$1,946,757 at June 30, 2014. This increase in fund balance was primarily a result of a decrease in statewide sales, services and use tax revenue used for the repayment of debt, as the District's revenue bonded indebtedness was paid off in full during fiscal 2013.

Proprietary Fund Highlights

The Proprietary Fund net position increased from \$528,472 at June 30, 2012 to \$547,405 at June 30, 2014, representing an increase of 3.58%. The increase was due to decreased program costs during fiscal year 2014. Nutrition Fund revenues increased 2.15% when compared with the prior year and expenses decreased 2.46% when compared with the prior year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$404,866 more than budgeted revenues, a variance of 2.12%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$18,420,073, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, furnishings athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.08% from the prior year. More detailed information about the District's capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$714,284.

The original cost of the District's capital assets was \$27,213,701. Governmental funds account for \$26,760,538 with the remainder of \$453,163 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2013, compared to \$103,794 reported at June 30, 2014. This increase is due to the District beginning construction of a new bus barn during fiscal 2014. This project will be capitalized as part of the District's capital asset listing upon completion.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 245,750	245,750	-	-	245,750	245,750	0.00%
Construction in progress	103,794	-	-	-	103,794	-	100.00%
Buildings	16,799,511	16,623,949	-	-	16,799,511	16,623,949	1.06%
Land improvements	142,681	143,368	-	-	142,681	143,368	-0.48%
Machinery and equipment	967,148	1,020,571	161,189	190,411	1,128,337	1,210,982	-6.82%
Total	<u>\$ 18,258,884</u>	<u>18,033,638</u>	<u>161,189</u>	<u>190,411</u>	<u>18,420,073</u>	<u>18,224,049</u>	<u>1.08%</u>

Long-Term Debt

At June 30, 2014, the District had \$6,879,427 in bonded and other long-term debt outstanding. This represents a decrease of 0.90% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had general obligations bonds payable of \$5,800,000 at June 30, 2014 payable from the Debt Service Fund.

The District had capital loan notes payable from the Capital Projects: Physical Plant and Equipment Levy Fund of \$480,000 at June 30, 2014.

The District had termination benefits payable from the Special Revenue, Management Levy Fund of \$128,329 at June 30, 2014.

The District had compensated absences payable from the General Fund of \$36,045 at June 30, 2014.

The District had a total net OPEB liability of \$435,143 at June 30, 2014. Governmental activities account for \$426,092 of this total while Business Type activities account for the remaining \$9,051.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
General obligation bonds	\$ 5,800,000	5,800,000	-	-	5,800,000	5,800,000	0.00%
Capital loan notes	480,000	710,000	-	-	480,000	710,000	-32.39%
Termination benefits	128,239	72,688	-	-	128,239	72,688	76.42%
Compensated absences	36,045	43,200	-	-	36,045	43,200	-16.56%
Net OPEB liability	426,092	309,438	9,051	6,562	435,143	316,000	37.70%
Totals	<u>\$ 6,870,376</u>	<u>6,935,326</u>	<u>9,051</u>	<u>6,562</u>	<u>6,879,427</u>	<u>6,941,888</u>	<u>-0.90%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Additional wind turbines are being considered within the West Delaware district. The turbines, if built, will add to future valuations.
- A dramatic reduction in agricultural commodity prices may lead to a reduction in agricultural property valuations. The decline may also reduce the amount of money flowing through the community and could potentially lead to an increase in delinquent property tax.
- Tourism may increase as the completion of a white-water rafting park utilizing the Maquoketa River nears completion.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kelly Jared, Director of Finance/Board Secretary, West Delaware County Community School District, 701 New Street, Manchester, Iowa, 52057.

BASIC FINANCIAL STATEMENTS

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 6,017,143	382,434	6,399,577
Receivables:			
Property tax:			
Delinquent	84,662	-	84,662
Succeeding year	6,122,918	-	6,122,918
Income surtax	380,552	-	380,552
Accounts	81,028	-	81,028
Due from other governments	730,111	-	730,111
Inventories	-	28,326	28,326
Capital assets, net of accumulated depreciation	18,258,884	161,189	18,420,073
Total assets	31,675,298	571,949	32,247,247
Liabilities			
Accounts payable	327,320	2,540	329,860
Salaries and benefits payable	64,726	1,457	66,183
Advances from grantors	340	-	340
Accrued interest payable	41,140	-	41,140
Unearned revenue	-	11,496	11,496
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	345,000	-	345,000
Capital loan notes payable	235,000	-	235,000
Termination benefits payable	128,239	-	128,239
Compensated absences	36,045	-	36,045
Portion due after one year:			
General obligation bonds payable	5,455,000	-	5,455,000
Capital loan notes payable	245,000	-	245,000
Net OPEB liability	426,092	9,051	435,143
Total Liabilities	7,303,902	24,544	7,328,446
Deferred Inflows of Resources			
Unavailable Property Tax Revenue	6,122,918	-	6,122,918
Other	82,114	-	82,114
Total Deferred Inflows of Resources	6,205,032	-	6,205,032
Net Position			
Net investment in capital assets	11,979,904	161,189	12,141,093
Restricted for:			
Categorical funding	429,636	-	429,636
Management levy purposes	584,687	-	584,687
Student activities	320,208	-	320,208
School infrastructure	1,421,197	-	1,421,197
Physical plant and equipment	524,540	-	524,540
Unrestricted	2,906,192	386,216	3,292,408
Total Net Position	\$ 18,166,364	547,405	18,713,769

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 7,181,852	381,353	131,739	(6,668,760)	-	(6,668,760)
Special	1,878,573	114,337	145,316	(1,618,920)	-	(1,618,920)
Other	1,983,442	615,666	180,052	(1,187,724)	-	(1,187,724)
	<u>11,043,867</u>	<u>1,111,356</u>	<u>457,107</u>	<u>(9,475,404)</u>	<u>-</u>	<u>(9,475,404)</u>
Support services:						
Student	457,713	-	-	(457,713)	-	(457,713)
Instructional staff	761,612	-	12,233	(749,379)	-	(749,379)
Administration	1,370,049	-	-	(1,370,049)	-	(1,370,049)
Operation and maintenance of plant	1,503,500	-	-	(1,503,500)	-	(1,503,500)
Transportation	833,307	39,848	63,177	(730,282)	-	(730,282)
	<u>4,926,181</u>	<u>39,848</u>	<u>75,410</u>	<u>(4,810,923)</u>	<u>-</u>	<u>(4,810,923)</u>
Non-instructional programs:						
Food service operations	28,556	-	-	(28,556)	-	(28,556)
Long-term debt interest	261,384	-	-	(261,384)	-	(261,384)
Other expenditures:						
AEA flowthrough	648,810	-	648,810	-	-	-
Depreciation(unallocated)*	448,870	-	-	(448,870)	-	(448,870)
	<u>1,097,680</u>	<u>-</u>	<u>648,810</u>	<u>(448,870)</u>	<u>-</u>	<u>(448,870)</u>
Total governmental activities	<u>17,357,668</u>	<u>1,151,204</u>	<u>1,181,327</u>	<u>(15,025,137)</u>	<u>-</u>	<u>(15,025,137)</u>
Business Type activities:						
Support services:						
Operation and maintenance of plant	16,708	-	-	-	(16,708)	(16,708)
Non-instructional programs:						
Food service operations	782,701	428,584	382,995	-	28,878	28,878
Total business type activities	<u>799,409</u>	<u>428,584</u>	<u>382,995</u>	<u>-</u>	<u>12,170</u>	<u>12,170</u>
Total	<u>\$ 18,157,077</u>	<u>1,579,788</u>	<u>1,564,322</u>	<u>(15,025,137)</u>	<u>12,170</u>	<u>(15,012,967)</u>
General Revenues:						
Property tax for:						
General purposes				\$ 5,673,923	-	5,673,923
Capital outlay				473,166	-	473,166
Income surtax				455,929	-	455,929
Statewide sales, services and use tax				1,382,891	-	1,382,891
Unrestricted state grants				8,175,317	-	8,175,317
Unrestricted investment earnings				61,678	3,909	65,587
Other general revenues				125,715	2,854	128,569
Total general revenues				<u>16,348,619</u>	<u>6,763</u>	<u>16,355,382</u>
Change in net position				1,323,482	18,933	1,342,415
Net position beginning of year				16,842,882	528,472	17,371,354
Net position end of year				<u>\$ 18,166,364</u>	<u>547,405</u>	<u>18,713,769</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Management Levy	Capital Projects	Nonmajor: Student Activity	Total
Assets					
Cash and pooled investments	\$ 3,248,284	703,976	1,565,724	313,201	5,831,185
Receivables:					
Property tax:					
Delinquent	69,225	8,950	6,487	-	84,662
Succeeding year	4,954,055	680,002	488,861	-	6,122,918
Income surtax	380,552	-	-	-	380,552
Accounts	53,503	-	-	27,525	81,028
Due from other governments	229,803	-	498,631	1,677	730,111
Total Assets	\$ 8,935,422	1,392,928	2,559,703	342,403	13,230,456
Liabilities, Deferred Inflow of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 210,319	-	94,806	22,195	327,320
Salaries and benefits payable	64,726	-	-	-	64,726
Advances from grantors	340	-	-	-	340
Total liabilities	275,385	-	94,806	22,195	392,386
Deferred inflows of resources:					
Unavailable revenue:					
Succeeding year property tax	4,954,055	680,002	488,861	-	6,122,918
Income surtax	380,552	-	-	-	380,552
Other	52,835	-	29,279	-	82,114
Total deferred inflows of resources	5,387,442	680,002	518,140	-	6,585,584
Fund balances:					
Restricted for:					
Categorical funding	429,636	-	-	-	429,636
Management levy purposes	-	712,926	-	-	712,926
Student activities	-	-	-	320,208	320,208
School infrastructure	-	-	1,422,217	-	1,422,217
Physical plant and equipment	-	-	524,540	-	524,540
Unassigned	2,842,959	-	-	-	2,842,959
Total fund balances	3,272,595	712,926	1,946,757	320,208	6,252,486
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,935,422	1,392,928	2,559,703	342,403	13,230,456

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY 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)	\$	6,252,486
 <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.		18,258,884
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		185,958
Accounts receivable income surtax, are not yet available to finance current year expenditures, and therefore is recognized as a deferred inflow of resources in the governmental funds.		380,552
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(41,140)
Long-term liabilities, including general obligation bonds payable, capital loan notes payable, termination benefits payable, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(6,870,376)</u>
Net position of governmental activities(page 18)	\$	<u>18,166,364</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Management Levy	Capital Projects	Nonmajor: Student Activity	Nonmajor: Debt Service	Total
Revenues:						
Local sources:						
Local tax	\$ 5,466,479	640,749	473,166	-	-	6,580,394
Tuition	417,374	-	-	-	-	417,374
Other	335,021	16,030	14,611	620,806	-	986,468
Intermediate sources	2,430	-	-	-	-	2,430
State sources	8,915,162	-	1,382,891	-	-	10,298,053
Federal sources	373,807	-	-	-	-	373,807
Total revenues	15,510,273	656,779	1,870,668	620,806	-	18,658,526
Expenditures:						
Current:						
Instruction:						
Regular	6,912,914	226,362	-	-	-	7,139,276
Special	1,888,064	9,704	-	-	-	1,897,768
Other	1,395,297	-	-	617,406	-	2,012,703
	10,196,275	236,066	-	617,406	-	11,049,747
Support services:						
Student	459,282	6,914	-	-	-	466,196
Instructional staff	588,173	1,074	173,725	-	-	762,972
Administration	1,310,457	20,797	19,332	-	-	1,350,586
Operation and maintenance of plant	1,342,852	136,568	10,423	-	-	1,489,843
Transportation	671,131	55,946	102,587	-	-	829,664
	4,371,895	221,299	306,067	-	-	4,899,261
Non-instructional programs:						
Food service operations	-	28,556	-	-	-	28,556
Capital outlay	-	-	554,591	-	-	554,591
Long-term debt:						
Principal	-	-	-	-	230,000	230,000
Interest and fiscal charges	-	-	-	-	264,293	264,293
	-	-	-	-	494,293	494,293
Other expenditures:						
AEA flowthrough	648,810	-	-	-	-	648,810
Total expenditures	15,216,980	485,921	860,658	617,406	494,293	17,675,258
Excess(Deficiency) of revenues over(under)expenditures	293,293	170,858	1,010,010	3,400	(494,293)	983,268
Other financing sources(uses):						
Transfer in	-	-	-	-	494,293	494,293
Transfer out	-	-	(494,293)	-	-	(494,293)
Compensation for loss of assets	11,205	-	-	-	-	11,205
Sale of capital assets	1,058	-	-	-	-	1,058
Total other financing sources(uses)	12,263	-	(494,293)	-	494,293	12,263
Change in fund balances	305,556	170,858	515,717	3,400	-	995,531
Fund balances beginning of year	2,967,039	542,068	1,431,040	316,808	-	5,256,955
Fund balances end of year	\$ 3,272,595	712,926	1,946,757	320,208	-	6,252,486

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY 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

Change in fund balances - total governmental funds(page 22) \$ 995,531

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlays	\$ 910,308	
Depreciation expense	<u>(685,062)</u>	225,246

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 12,222

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 230,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,909

Income surtax account receivable is not considered available revenue and is recognized as a deferred inflow of resources in the governmental funds. 22,624

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	7,155	
Termination benefits	(55,551)	
Other postemployment benefits	<u>(116,654)</u>	<u>(165,050)</u>

Change in net position of governmental activities(page 19) \$ 1,323,482

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business Type	
	Enterprise Fund	Governmental Activities:
	School Nutrition	Internal Service Funds
Assets		
Cash and pooled investments	\$ 382,434	185,958
Inventories	28,326	-
Capital assets, net of accumulated depreciation	161,189	-
Total assets	571,949	185,958
Liabilities		
Accounts payable	2,540	-
Salaries and benefits payable	1,457	-
Unearned revenue	11,496	-
Net OPEB liability	9,051	-
Total liabilities	24,544	-
Net Position		
Net investment in capital assets	161,189	-
Unrestricted	386,216	185,958
Total net position	\$ 547,405	185,958

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business Type	
	Enterprise Fund	Governmental Activities:
	School Nutrition	Internal Service Funds
Operating revenues:		
Local sources:		
Charges for service	\$ 428,584	-
Miscellaneous	2,854	116,964
Total operating revenues	<u>431,438</u>	<u>116,964</u>
Operating expenses:		
Support services:		
Operation and maintenance of plant:		
Services	16,708	-
Non-instructional programs:		
Food service operations:		
Salaries	274,845	-
Benefits	54,967	-
Services	2,269	-
Supplies	417,068	-
Other	4,330	-
Depreciation	29,222	-
	<u>782,701</u>	<u>-</u>
Other enterprise operations:		
Benefits	-	104,742
Total operating expenses	<u>799,409</u>	<u>104,742</u>
Operating income(loss)	(367,971)	12,222
Non-operating revenues:		
State sources	7,051	-
Federal sources	375,944	-
Interest on investments	3,909	-
Total non-operating revenues	<u>386,904</u>	<u>-</u>
Change in net position	18,933	12,222
Net position beginning of year	<u>528,472</u>	<u>173,736</u>
Net position end of year	<u>\$ 547,405</u>	<u>185,958</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business Type	
	Enterprise	Governmental
	Fund	Activities:
	School	Internal
	Nutrition	Service Funds
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 428,992	-
Cash received from miscellaneous	2,854	116,964
Cash payments to employees for services	(332,343)	-
Cash payments to suppliers for goods or services	(368,702)	(104,742)
Net cash provided by(used in) operating activities	(269,199)	12,222
Cash flows from non-capital financing activities:		
State grants received	7,051	-
Federal grants received	304,977	-
Net cash provided by non-capital financing activities	312,028	-
Cash flows from investing activities:		
Interest on investments	3,909	-
Net increase in cash and cash equivalents	46,738	12,222
Cash and cash equivalents beginning of year	335,696	173,736
Cash and cash equivalents end of year	\$ 382,434	185,958
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (367,971)	12,222
Adjustments to reconcile operating gain(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	70,967	-
Depreciation	29,222	-
Increase in inventories	(1,479)	-
Increase in accounts payable	2,185	-
Decrease in salaries and benefits payable	(5,020)	-
Increase in unearned revenue	408	-
Increase in other postemployment benefits	2,489	-
Net cash provided by(used in) operating activities	\$ (269,199)	12,222

Non-cash investing, capital and related financing:

During the year ended June 30, 2014, the District received \$70,967 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Private Purpose Trust	Agency
	Scholarship	
Assets		
Cash and pooled investments	\$ 31,975	14,147
Liabilities		
Due to other groups	-	14,147
Net Position		
Restricted for scholarships	\$ 31,975	-

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 3,110
Interest income	332
Total additions	<u>3,442</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>4,850</u>
Change in net position	(1,408)
Net position beginning of year	<u>33,383</u>
Net position end of year	<u>\$ 31,975</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) Summary of Significant Accounting Policies

The West Delaware County 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. The geographic area served includes the cities of Manchester, Ryan, Dundee, Greeley, and Masonville, Iowa, and the predominate agricultural territory in Delaware 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, West Delaware County Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The West Delaware County Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Delaware and Buchanan Counties Assessors' Conference Board.

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 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, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is 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 results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often subject to constraints 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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

The Management Levy Fund is utilized to account for the revenues and expenses of unemployment benefits, termination benefits, and insurance agreements relating to such liabilities.

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

The District's proprietary funds are the School Nutrition Fund and the Internal Service Fund. The Nutrition Fund is used to account for the food service operations of the District. The Internal Service Fund is used to account for the self-funded insurance plan of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Position and the Statement of Activities.

The District also reports fiduciary funds which focus on 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.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

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. 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-restrictive classifications - restricted and then unassigned fund balances.

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

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

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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, machinery, equipment and intangibles are reported in the appreciable governmental or business type activates columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

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

Advances from grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

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. 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.

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.

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 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of unspent grant proceeds as well as property tax receivables 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.

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

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

Unassigned - All amounts not included in other spendable classifications.

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 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 and the Treasurer of the State of Iowa; prime

eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$44 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide, Sales, Services and Use Tax	\$ 237,900
Debt Service	Capital Projects: Physical Plant and Equipment Levy	256,393
Total		<u>\$ 494,293</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund were needed for principal and interest payments on the District's revenue bonded indebtedness.

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund were needed for principal and interest payments on the District's capital loan note indebtedness.

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 245,750	-	-	245,750
	-	103,794	-	103,794
Total capital assets not being depreciated	<u>245,750</u>	<u>103,794</u>	<u>-</u>	<u>349,544</u>
Capital assets being depreciated:				
Buildings	21,183,329	605,442	-	21,788,771
Land improvements	421,183	18,303	-	439,486
Machinery and equipment	4,034,721	182,769	34,753	4,182,737
Total capital assets being depreciated	<u>25,639,233</u>	<u>806,514</u>	<u>34,753</u>	<u>26,410,994</u>
Less accumulated depreciation for:				
Buildings	4,559,380	429,880	-	4,989,260
Land improvements	277,815	18,990	-	296,805
Machinery and equipment	3,014,150	236,192	34,753	3,215,589
Total accumulated depreciation	<u>7,851,345</u>	<u>685,062</u>	<u>34,753</u>	<u>8,501,654</u>
Total capital assets being depreciated, net	<u>17,787,888</u>	<u>121,452</u>	<u>-</u>	<u>17,909,340</u>
Governmental activities capital assets, net	<u>\$ 18,033,638</u>	<u>225,246</u>	<u>-</u>	<u>18,258,884</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 453,163	-	-	453,163
Less accumulated depreciation	262,752	29,222	-	291,974
Business type activities capital assets, net	\$ 190,411	(29,222)	-	161,189

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 81,900
Other		17,975
Support services:		
Administration		5,992
Operation and maintenance of plant		13,967
Transportation		116,358
		<u>236,192</u>
Unallocated depreciation		<u>448,870</u>
Total depreciation expense - governmental activities		<u>\$ 685,062</u>
Business type activities:		
Food service operations		<u>\$ 29,222</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	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,800,000	-	-	5,800,000	345,000
Capital loan notes	710,000	-	230,000	480,000	235,000
Termination benefits	72,688	128,239	72,688	128,239	128,329
Compensated absences	43,200	36,045	43,200	36,045	36,045
Net OPEB liability	309,438	116,654	-	426,092	-
Total	\$ 6,935,326	280,938	345,888	6,870,376	744,374
Business type activities:					
Net OPEB liability	\$ 6,562	2,489	-	9,051	-

Capital Loan Notes

Details of the District's June 30, 2014 capital loan notes indebtedness payable from the Capital Projects: Physical Plant and Equipment Levy Fund is as follows:

Year Ending June 30,	Note Issue of January 1, 2006			
	Interest Rates	Principal	Interest	Total
2015	3.70%	\$ 235,000	17,883	252,883
2016	3.75	245,000	9,187	254,187
Total		<u>\$ 480,000</u>	<u>27,070</u>	<u>507,070</u>

General Obligation Bonds

Details of the District’s June 30, 2014 general obligation indebtedness are as follows:

Year Ending June 30,	Bond Issue of February 1, 2008			
	Interest Rates	Principal	Interest	Total
2015	4.000%	\$ 345,000	237,900	582,900
2016	4.000	360,000	224,100	584,100
2017	4.000	375,000	209,700	584,700
2018	4.125	390,000	194,700	584,700
2019	4.125	405,000	178,614	583,614
2020-2024	4.125	2,300,000	628,030	2,928,030
2025-2027	4.125	1,625,000	135,919	1,760,919
Total		\$ 5,800,000	1,808,963	7,608,963

Termination Benefits

During fiscal 2014, The District offered a voluntary early retirement plan to its certified employees. Eligible employees had to be at least age fifty-five and employees must have completed nine years of continuous service to the District. Employees had to complete an application which was required to be approved by the Board of Education.

Early retirement benefits included \$43 per day of unused sick leave. A portion of the early retirement benefit associated with District contributions for retiree health insurance premiums is determined based on actuarial valuations and is reflected in the net OPEB liability.

At June 30, 2014, the District had obligations to fifteen participants with a total liability of \$128,239. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$72,688.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 204 active and 24 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. 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. The District also offers early retirement benefits in the form of health insurance benefits resulting in an explicit rate subsidy to the OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding 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 contribution	\$ 364,000
Interest on net OPEB obligation	14,220
Adjustment to annual required contribution	(12,077)
Annual OPEB cost (expense)	<u>366,143</u>
Contributions made	<u>(247,000)</u>
Increase in net OPEB obligation	119,143
Net OPEB obligation - beginning of year	<u>316,000</u>
Net OPEB obligation - end of year	<u><u>\$ 435,143</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$247,000 to the medical plan. Plan members eligible for benefits contributed \$197,000 or 44.4% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 276,117	102.1%	\$ 160,117
2013	364,883	57.3	316,000
2014	366,143	67.5	435,143

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$3,480,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,480,000. The covered payroll (annual payroll of active employees covered by the plan) was \$9,078,171, and the ratio of the UAAL to covered payroll was 38.3%. 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 projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a percentage each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Table projected to 2015, 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, 2012 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan are for the \$752 per month for retirees who have attained age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(7) Pension and Retirement Benefits

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

Plan members were required to contribute 5.95% of their annual covered salary and the District was required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$857,129, \$827,081 and \$745,741 respectively, equal to the required contributions for each year.

(8) Risk Management

The District has a self-funded health insurance plan. The District purchases commercial insurance to provide for aggregate stop-loss coverage for the excess of 125% of estimated claims for the plan year and specific stop-loss reinsurance coverage for the excess \$50,000 in insured claims for any one covered individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$648,810 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.

(10) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Gifted and Talented Programs	\$ 34,189
Returning Dropouts and Dropout Prevention Programs	149,019
Beginning Teacher Mentoring and Induction Program	2,307
Teacher Salary Supplement	188,492
Textbook Aid for Nonpublic Students	9
Successful Progression for Early Readers	23,064
Professional Development for Model Core Curriculum	12,090
Professional Development	19,021
Teacher Leadership Grants	1,445
Total	<u>\$ 429,636</u>

(11) Street Assessment

During the year ended June 30, 2013, the District entered into a street assessment agreement with Delaware County. The county agreed to provide parking spots in exchange for the District making annual payments to the county to cover some of the costs. Annual payments are listed below. The District made \$7,658 in payments towards this agreement during the year ended June 30, 2014.

<u>Year Ended June 30,</u>	<u>Annual Payments</u>
2015	\$ 7,510
2016	7,361
2017	7,212
2018	7,063
2019	6,916
2020	6,766
Total	<u>\$ 42,828</u>

(12) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is the following:

	<u>Invested in Capital Assets</u>	<u>Management Levy</u>	<u>School Infrastructure</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	712,926	1,422,217	2,842,959
Invested in capital assets, net of accumulated depreciation	18,258,884	-	-	-
General obligation bond capitalized indebtedness	(5,798,980)	-	-	-
Unspent general obligation bond proceeds	-	-	(1,020)	-
Capital loan note capitalized indebtedness	(480,000)	-	-	-
Termination benefits	-	(128,239)	-	-
Accrued interest payable	-	-	-	(41,140)
Income Surtax	-	-	-	380,552
Internal service fund	-	-	-	185,958
Compensated absences	-	-	-	(36,045)
Net OPEB liability	-	-	-	(426,092)
Net position (Exhibit A)	<u>\$ 11,979,904</u>	<u>584,687</u>	<u>1,421,197</u>	<u>2,906,192</u>

(13) Construction Commitment

The District's has entered into contracts for the construction of a new bus barn totaling \$959,890. As of June 30, 2014 costs of \$103,794 have been incurred against the contracts. The balance remaining at June 30, 2014 will be paid as work on the project progresses.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68 Accounting and Financial Reporting for Pensions - an Amendment to GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY 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	Proprietary	Total			Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual	Actual			
Revenues:						
Local sources	\$ 7,984,236	435,347	8,419,583	9,611,850	9,611,850	(1,192,267)
Intermediate sources	2,430	-	2,430	5,000	5,000	(2,570)
State sources	10,298,053	7,051	10,305,104	8,690,152	8,690,152	1,614,952
Federal sources	373,807	375,944	749,751	765,000	765,000	(15,249)
Total revenues	18,658,526	818,342	19,476,868	19,072,002	19,072,002	404,866
Expenditures/Expenses:						
Instruction	11,049,747	-	11,049,747	11,494,367	11,494,367	444,620
Support services	4,899,261	16,708	4,915,969	4,978,835	4,978,835	62,866
Non-instructional programs	28,556	782,701	811,257	911,000	911,000	99,743
Other expenditures	1,697,694	-	1,697,694	2,334,567	2,334,567	636,873
Total expenditures/expenses	17,675,258	799,409	18,474,667	19,718,769	19,718,769	1,244,102
Excess(Deficiency) of revenues over(under) expenditures/expenses	983,268	18,933	1,002,201	(646,767)	(646,767)	1,648,968
Other financing sources, net	12,263	-	12,263	5,000	5,000	7,263
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	995,531	18,933	1,014,464	(641,767)	(641,767)	1,656,231
Balances beginning of year	5,256,955	528,472	5,785,427	5,132,168	5,132,168	653,259
Balances end of year	\$ 6,252,486	547,405	6,799,891	4,490,401	4,490,401	2,309,490

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY 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 Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	-	\$ 2,601,000	2,601,000	0.0%	\$ 6,621,408	39.3%
2010	July 1, 2008	-	2,601,000	2,601,000	0.0	8,543,080	30.4
2011	July 1, 2010	-	3,005,000	3,005,000	0.0	9,125,124	32.9
2012	July 1, 2010	-	3,005,000	3,005,000	0.0	9,237,562	32.5
2013	July 1, 2012	-	3,480,000	3,480,000	0.0	8,951,218	38.9
2014	July 1, 2012	-	3,480,000	3,480,000	0.0	9,078,171	38.3

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2014

	Capital Projects			
	Statewide Sales, Services and Use Tax	Gymnasium Construction	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments	\$ 1,003,368	1,020	561,336	1,565,724
Receivables:				
Property tax:				
Delinquent	-	-	6,487	6,487
Succeeding year	-	-	488,861	488,861
Due from other governments	469,352	-	29,279	498,631
Total Assets	\$ 1,472,720	1,020	1,085,963	2,559,703
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 51,523	-	43,283	94,806
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	488,861	488,861
Other	-	-	29,279	29,279
Total deferred inflows of resources	-	-	518,140	518,140
Fund balances:				
Restricted for:				
School infrastructure	1,421,197	1,020	-	1,422,217
Physical plant and equipment	-	-	524,540	524,540
Total fund balances	1,421,197	1,020	524,540	1,946,757
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,472,720	1,020	1,085,963	2,559,703

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Gymnasium Construction	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	473,166	473,166
Other	7,766	-	6,845	14,611
State sources	1,382,891	-	-	1,382,891
Total revenues	<u>1,390,657</u>	<u>-</u>	<u>480,011</u>	<u>1,870,668</u>
Expenditures:				
Current:				
Support services:				
Instructional staff	173,725	-	-	173,725
Administration	8,933	-	10,399	19,332
Operation and maintenance of plant	10,423	-	-	10,423
Transportation	3,652	-	98,935	102,587
Capital outlay	460,610	-	93,981	554,591
Total expenditures	<u>657,343</u>	<u>-</u>	<u>203,315</u>	<u>860,658</u>
Excess of revenues over expenditures	733,314	-	276,696	1,010,010
Other financing uses:				
Transfer out	(237,900)	-	(256,393)	(494,293)
Change in fund balances	495,414	-	20,303	515,717
Fund balances beginning of year	925,783	1,020	504,237	1,431,040
Fund balances end of year	<u>\$ 1,421,197</u>	<u>1,020</u>	<u>524,540</u>	<u>1,946,757</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
<u>District-wide:</u>				
General Activity	\$ 712	-	-	712
Special Programs Learning Aids	635	-	-	635
Special Programs Special Olympics	7,325	55	412	6,968
District-Wide Destination Imagination	224	669	-	893
	<u>8,896</u>	<u>724</u>	<u>412</u>	<u>9,208</u>
<u>Elementary:</u>				
Elem Vocal Music	737	-	-	737
Elem Activity	48,473	448	12,591	36,330
Elem Yearbook	2,441	2,184	2,223	2,402
	<u>51,651</u>	<u>2,632</u>	<u>14,814</u>	<u>39,469</u>
<u>Middle School:</u>				
MS Drama	91	-	91	-
MS Vocal Music	1,869	4,903	3,240	3,532
MS Band	3,231	2,296	1,172	4,355
MS Boys Basketball	-	1,634	1,634	-
MS Football	-	2,668	2,668	-
MS Boys Track	60	1,415	1,261	214
MS Boys Cross Country	482	227	467	242
MS Wrestling	129	3,493	2,609	1,013
MS Girls Basketball	-	1,758	1,758	-
MS Volleyball	605	1,773	818	1,560
MS Girls Track	60	5,063	5,123	-
MS Girls Cross Country	-	198	198	-
MS Activity	105,983	1,906	2,016	105,873
MS 8th Grade Field Trip	5,016	-	5,016	-
MS Rivers Day Activity	471	-	-	471
MS Peer Helpers	630	-	-	630
MS Student Council	92	-	-	92
MS Behavior Support	1,457	931	435	1,953
MS Yearbook	684	2,698	2,975	407
MS Concessions	8,501	16,944	19,811	5,634
	<u>129,361</u>	<u>47,907</u>	<u>51,292</u>	<u>125,976</u>
<u>High School:</u>				
HS Drama	3,770	29,313	23,781	9,302
HS Thespians	1,279	2,359	2,285	1,353
HS Speech	-	10,598	9,439	1,159
HS Vocal Music	-	38,892	38,892	-
HS Band	-	5,253	4,880	373
HS Band Fundraisers	5,329	-	-	5,329
HS Music Trip	1,343	-	-	1,343
HS Wrestling Cheerleading	-	8,054	5,869	2,185
HS Football Cheerleading	2,124	2,539	2,729	1,934
HS Basketball Cheerleading	529	1,795	838	1,486
HS Boys Basketball	2,635	20,760	20,459	2,936
HS Football	-	49,050	49,050	-

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance End of Year	Revenues	Expendi- tures	Balance End of Year
<u>High School(continued):</u>				
HS Boys Soccer	342	6,409	4,675	2,076
HS Baseball	-	17,410	17,410	-
HS Boys Track	7,310	3,086	6,953	3,443
HS Boys Cross Country	3,303	2,878	2,364	3,817
HS Boys Tennis	39	-	-	39
HS Boys Golf	-	2,028	2,028	-
HS Wrestling	-	40,286	40,286	-
HS Girls Basketball	586	14,840	15,426	-
HS Volleyball	3,986	19,611	19,137	4,460
HS Girls Soccer	7,221	13,902	13,832	7,291
HS Softball	-	27,325	26,635	690
HS Girls Track	3,833	5,499	7,110	2,222
HS Girls Cross Country	1,938	1,417	2,888	467
HS Girls Golf	1,196	780	957	1,019
HS Activity Tickets	7,348	25,484	24,157	8,675
HS Activity	9,490	7,172	2,461	14,201
HS Student Vending	-	78	-	78
HS After Prom	96	5,303	5,368	31
HS Art	1,790	3,301	2,257	2,834
HS SADD	1,306	-	-	1,306
HS Bowling	1,208	5,795	6,040	963
HS Prom	1,276	3,705	3,157	1,824
HS National Honor Society	3,218	3,760	3,033	3,945
HS Student Council	1,145	3,789	3,538	1,396
HS Dance Team	788	3,430	2,327	1,891
HS Show Choir	-	17,955	17,955	-
HS FBLA	-	14,609	14,609	-
HS FCCLA	3,502	5,504	4,446	4,560
HS Foreign Language Fundraising	2,229	10,357	10,078	2,508
HS Back to School Fundraiser	5,109	4,702	3,255	6,556
Class of 2013	384	-	384	-
Class of 2014	-	314	-	314
Class of 2015	-	403	403	-
Class of 2016	-	51	25	26
Class of 2017	-	19	19	-
HS FFA	12,552	41,793	39,577	14,768
Fodder FFA	-	169	97	72
Vegetables FFA	-	2,298	2,298	-
HS Athletic Equipment	5,941	1,182	5,682	1,441
HS Yearbook	19,799	22,781	24,143	18,437
HS Concessions	-	60,349	56,132	4,217
HS YADC	982	-	127	855
HY industrial Tech	1,557	1,141	1,282	1,416
HS Woods	417	15	115	317
	126,900	569,543	550,888	145,555
Total	\$ 316,808	620,806	617,406	320,208

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities: Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
	Assets		
Cash and pooled investments	\$ 153,482	32,476	185,958
Liabilities	-	-	-
Net Position			
Unrestricted	\$ 153,482	32,476	185,958

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2014

	Governmental Activities: Internal Service Funds		
	Self-funded Insurance	Tax Saver	Total
Operating revenues:			
Local sources:			
Miscellaneous	\$ 26,272	90,692	116,964
Operating expenses:			
Non-instructional programs:			
Other enterprise operations:			
Benefits	12,968	91,774	104,742
Change in net position	13,304	(1,082)	12,222
Net position beginning of year	140,178	33,558	173,736
Net position end of year	\$ 153,482	32,476	185,958

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

	Governmental Activities: Internal Service Funds		
	Self-funded	Tax	Total
	Insurance	Saver	
Cash flows from operating activities:			
Cash received from miscellaneous	\$ 26,272	90,692	116,964
Cash payments to suppliers for goods or services	(12,968)	(91,774)	(104,742)
Net cash provided by(used in) operating activities	<u>13,304</u>	<u>(1,082)</u>	<u>12,222</u>
Net increase(decrease) in cash and cash equivalents	13,304	(1,082)	12,222
Cash and cash equivalents beginning of year	<u>140,178</u>	<u>33,558</u>	<u>173,736</u>
Cash and cash equivalents end of year	<u>\$ 153,482</u>	<u>32,476</u>	<u>185,958</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ 13,304	(1,082)	12,222
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities	-	-	-
Net cash provided by(used in) operating activities	<u>\$ 13,304</u>	<u>(1,082)</u>	<u>12,222</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>ELEMENTARY FACULTY VENDING</u>				
Assets				
Cash and pooled investments	\$ -	20	20	-
Liabilities				
Due to other groups	\$ -	20	20	-
<u>MIDDLE SCHOOL FACULTY VENDING</u>				
Assets				
Cash and pooled investments	\$ 160	-	160	-
Liabilities				
Due to other groups	\$ 160	-	160	-
<u>HIGH SCHOOL FACULTY VENDING</u>				
Assets				
Cash and pooled investments	\$ 826	-	826	-
Liabilities				
Due to other groups	\$ 826	-	826	-
<u>ACADEMIC BOOSTER</u>				
Assets				
Cash and pooled investments	\$ 14,500	25,488	25,891	14,097
Liabilities				
Due to other groups	\$ 14,500	25,488	25,891	14,097
<u>CAMP INVENTION</u>				
Assets				
Cash and pooled investments	\$ -	50	-	50
Liabilities				
Due to other groups	\$ -	50	-	50
<u>SCHOOL TO WORK</u>				
Assets				
Cash and pooled investments	\$ -	2,500	2,500	-
Liabilities				
Due to other groups	\$ -	2,500	2,500	-
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and pooled investments	\$ 15,486	28,058	29,397	14,147
Liabilities				
Due to other groups	\$ 15,486	28,058	29,397	14,147

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS**

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 6,580,394	8,021,322	7,686,396	7,561,982	6,805,373	6,524,265	6,199,860	6,144,866	6,040,121	5,979,031
Tuition	417,374	425,320	437,213	467,462	520,630	588,931	530,119	475,862	469,363	424,314
Other	986,468	1,165,767	937,835	1,097,057	1,427,154	1,014,302	1,995,017	1,290,501	1,027,705	733,515
Intermediate sources	2,430	5,304	18,208	19,176	10,887	3,223	2,337	18,945	1,648	992
State sources	10,298,053	8,492,666	8,814,318	7,921,970	7,236,430	8,247,287	7,988,447	7,665,915	7,069,095	6,830,325
Federal sources	373,807	429,657	872,162	796,285	1,407,316	672,074	450,431	490,028	525,365	534,309
Total	\$ 18,658,526	18,540,036	18,766,132	17,863,932	17,407,790	17,050,082	17,166,211	16,086,117	15,133,297	14,502,486
Expenditures:										
Current:										
Instruction:										
Regular	\$ 7,139,276	6,859,211	6,789,004	6,580,516	6,653,142	6,814,274	6,761,292	6,245,118	5,876,112	5,507,524
Special	1,897,768	1,934,393	1,835,959	1,754,746	1,720,533	1,997,925	1,793,130	1,778,297	1,604,609	1,421,712
Other	2,012,703	2,207,661	1,954,790	2,035,421	1,921,074	1,788,129	1,740,027	1,791,278	1,668,535	1,687,515
Support services:										
Student	466,196	484,626	457,426	489,796	538,091	557,396	523,663	506,034	506,248	461,371
Instructional staff	762,972	737,555	688,408	618,515	514,011	577,663	587,147	627,900	637,959	606,391
Administration	1,350,586	1,357,696	1,299,678	1,245,175	1,335,154	1,327,736	1,244,674	1,231,530	1,655,746	1,139,647
Operation and maintenance of plant	1,489,843	1,399,508	1,339,023	1,296,930	1,253,102	1,224,170	1,201,451	1,295,088	1,119,330	919,307
Transportation	829,664	786,802	787,546	844,250	839,998	668,223	797,057	721,294	669,179	631,989
Non-instructional programs	28,556	22,426	26,908	18,565	16,129	14,077	12,588	12,005	10,773	8,177
Capital outlay	554,591	377,484	304,334	79,362	1,870,086	4,744,937	3,157,006	6,060,294	221,750	91,893
Long-term debt:										
Principal	230,000	1,270,000	710,000	690,000	665,000	640,000	620,000	555,000	22,428	273,056
Interest	264,293	306,043	345,521	370,886	396,786	481,196	207,975	261,468	52,292	7,306
Other expenditures:										
AEA flow-through	648,810	621,656	620,680	685,085	681,550	609,219	580,821	558,796	539,508	539,265
Total	\$ 17,675,258	18,365,061	17,159,277	16,709,247	18,404,656	21,444,945	19,226,831	21,644,102	14,584,469	13,295,153

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WEST DELAWARE COUNTY 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:			
IOWA DEPARTMENT OF EDUCATION:			
CHILD NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 14	\$ 39,050
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 14	336,894 *
			<u>375,944</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6950-GC	25,655
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6950-G	125,014
			<u>150,669</u>
FUNDS FOR THE IMPROVEMENT OF EDUCATION (IOWA DEMONSTRATION CONSTRUCTION GRANTS)	84.125	FY 14	<u>29,280</u>
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY12	<u>4,153</u>
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 14	<u>65,276</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VI A)	84.369	FY 14	<u>8,393</u>
KEYSTONE AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 14	<u>77,475</u>
TOTAL			<u>\$ 711,190</u>

* - Includes \$70,967 of non-cash awards

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the West Delaware County Community School District and is presented in conformity with 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.

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

To the Board of Education of the West Delaware County 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 West Delaware County 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 February 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Delaware County 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 West Delaware County Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Delaware County Community School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Delaware County Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-

compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part 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.

West Delaware County Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 13, 2015

NOLTE, CORNMAN & JOHNSON P.C.
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Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Board of Education of West Delaware County Community School District:

Report on Compliance for Each Major Federal Program

We have audited West Delaware County 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 its major federal programs for the year ended June 30, 2014. West Delaware County 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 West Delaware County 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 West Delaware County Community School District's compliance with those requirements and performing such other procedures as we considered necessary in 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 West Delaware County Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, West Delaware County 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 West Delaware County 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 West Delaware County 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 West Delaware County Community School District's internal control over compliance.

A deficiency in 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 is a deficiency, or a combination of deficiencies, 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



NOLTE, CORNMAN & JOHNSON, P.C.

February 13, 2015

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses or significant deficiencies in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program were as follows:
 - Child Nutrition Cluster
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Delaware County Community School District qualified as a low-risk auditee.

WEST DELAWARE COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

WEST DELAWARE COUNTY 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 Certified Budget - District disbursements for the year ended June 30, 2014, did not exceed the amounts budgeted.

IV-B-14 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in Attorney General’s opinion dated April 25, 1979.

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 - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Thomas King, Board Member Worked as Substitute Teacher	Services	\$1,650

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Board Member Thomas King do not appear to be a conflict of interest.

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 insure that the coverage is adequate for current operations.

IV-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-14 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was overstated by 1.0 students.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District’s auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted.

IV-H-14 Supplementary Weighting - We noted no variances regarding the supplementary weighting certified to the Iowa Department of Education.

IV-I-14 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-14 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely. We noted no significant deficiencies in the amounts reported.

IV-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-14 Statewide Sales, Services, and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 925,783
Revenues/transfers in:		
Sales tax revenues	\$ 1,382,891	
Other local revenues	7,766	1,390,657
		<u>2,316,440</u>
Expenditures/transfers out:		
School infrastructure construction	387,674	
Equipment	209,234	
Other	60,435	
Transfers to other funds:		
Debt service fund	237,900	895,243
		<u>895,243</u>
Ending balance		<u>\$ 1,421,197</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-14 Athletic Officials Contracts - We noted during our audit that contracts for athletic officials are not all signed by the Board President. According to 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District to be in compliance with 291.1 of the Code of Iowa.

Response - The district will ensure the Board President will sign all contracts entered into by the District including athletic officials contracts.

Conclusion - Response accepted.

IV-N-14 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. However, we noted expenditures which do not appear to be related to cocurricular or extracurricular activities.

Questionable Expenditures: We noted District purchased books out of the Elementary Activity account in the Student Activity Fund for the Elementary Fun Night. The purchasing of books would appear to be more instructional in nature, and would be more appropriately handled in the General Fund. We also noted the District purchased an appreciation plaque out of the FBLA account for a FBLA advisor who retired at the end of the school year. This expenditure does not appear to be extracurricular or cocurricular in nature.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund and ensure they are in cocurricular or extracurricular in nature.

Response - The district will review all revenues and expenditures approved in the Student Activity Fund and ensure they are cocurricular or extracurricular in nature.

Conclusion - Response accepted.

Scholarship awards: We noted that the District awards scholarships to students from proceeds generated from activities recorded in the HS National Honor Society and Student Council accounts.

Recommendation - Scholarship awards to students are most appropriately handled through the Private Purpose Trust Fund. The District should determine the amount of scholarships to be awarded to students and receipt the proceeds and record subsequent expenditures in the Private Purpose Trust Fund.

Response - Scholarship expenditures will be recorded in the Private Purpose Trust Fund.

Conclusion - Response accepted.