

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
WILLIAMSBURG, IOWA

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

JUNE 30, 2014

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WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2013 election)		
Tom Claypool	President	2015
Dianne Foley	Vice President	2013
Darren Spenler	Board Member	2013
Matt Blythe	Board Member	2013
Mark Armstrong	Board Member	2015
(After September 2013 election)		
Tom Claypool	President	2015
Matt Blythe	Vice President	2017
Mark Armstrong	Board Member	2015
Darren Spenler	Board Member	2017
Brian Phillips	Board Member	2017
<u>School Officials</u>		
Dr. Carol Montz	Superintendent	2014
Cynthia Gingerich	District Secretary/Treasurer and Business Manager	2014
Tom Buchanan	Attorney	Indefinite
Andrew Bracken	Attorney	Indefinite

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Williamsburg 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 Williamsburg Community School District, Williamsburg Iowa, 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 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. 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 Williamsburg Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other*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 54 through 56 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 Williamsburg 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 7, including the Schedule of Expenditures and 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2014 on our consideration of Williamsburg 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. 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 Williamsburg Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa
October 28, 2014

Hunt & Associates, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$11,251,413 in fiscal 2013 to \$11,289,414 in fiscal 2014, while General Fund expenditures increased from \$11,591,995 in fiscal 2013 to \$12,069,640 in fiscal 2014. The District's General Fund balance decreased from \$2,354,040 in fiscal 2013 to \$1,787,558 in fiscal 2014.
- The increase in General Fund revenues was attributable to an increase in State of Iowa funding for 2014.
- The increase in General Fund expenditures was attributable to the regular increase in negotiated salary and benefits for all employee groups, additional staffing needs and additional technology expenditures.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts: management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *District-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the district’s operations in more detail than the district-wide statements.
- The statements for *governmental funds* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- The statements for *proprietary funds* offer short-term and long-term financial information about the activities the district operates like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

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

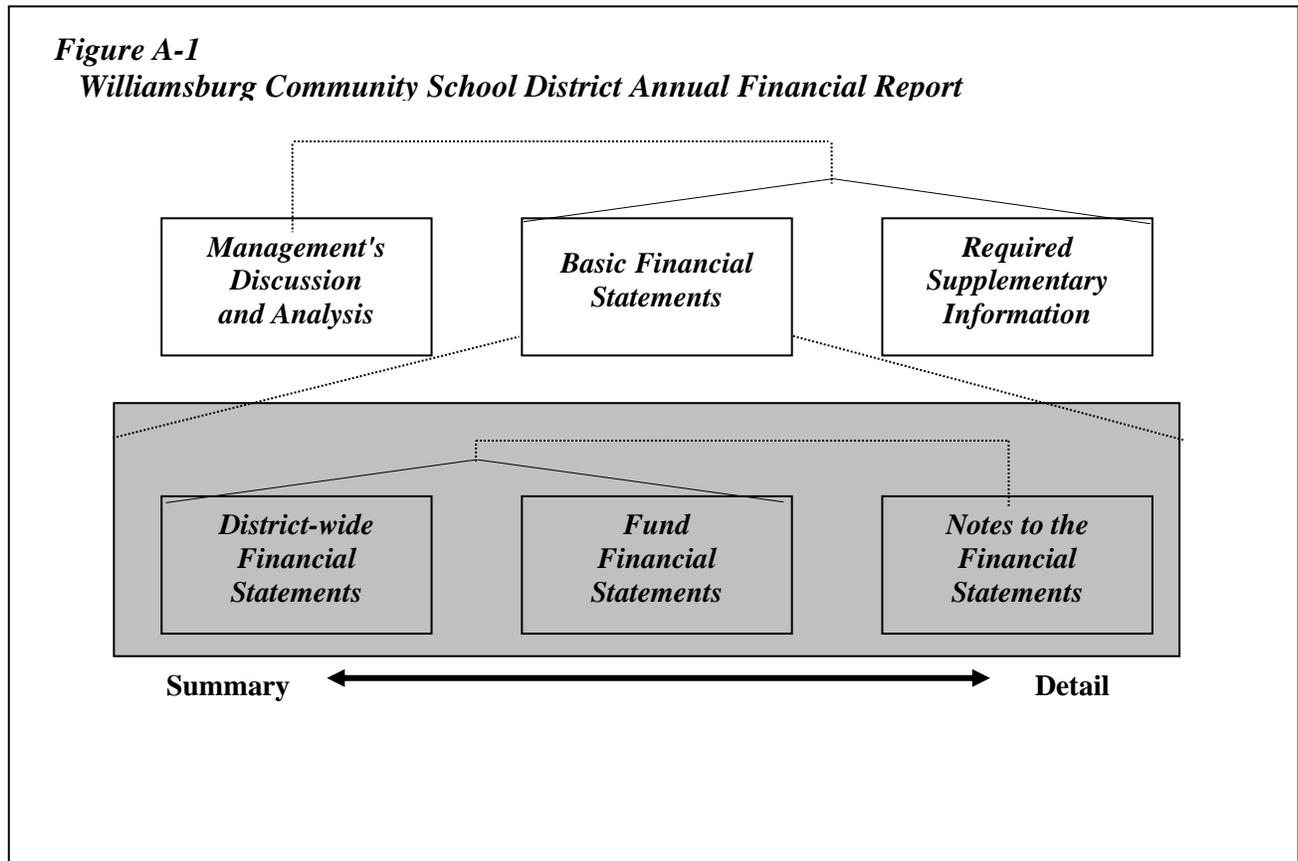


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has 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, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

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

2) *Proprietary Funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition. The required financial statements for 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 and Agency Funds. Private-Purpose Trust Fund is when the District accounts for outside donations for scholarships for individual students according to the terms of the donor's request. Agency Funds are funds for which the District administers and accounts for certain federal and/or state grants as a fiscal agent. The District currently has no Agency Funds.

The District is responsible for ensuring 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-3	Condensed Statement of Net Position						<u>Total Change</u>
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total School District</u>		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
Current and other assets	\$ 9,749,171	\$10,794,473	\$ 84,711	\$ 89,926	\$ 9,833,882	\$10,884,399	-9.65%
Capital assets	<u>24,878,199</u>	<u>24,773,412</u>	<u>41,835</u>	<u>52,992</u>	<u>24,920,034</u>	<u>24,826,404</u>	0.37%
Total assets	<u>34,627,370</u>	<u>35,567,885</u>	<u>126,546</u>	<u>142,918</u>	<u>34,753,916</u>	<u>35,710,803</u>	-2.67%
Long-term obligations	13,227,364	13,925,802	-	-	13,227,364	13,925,802	-5.01%
Other liabilities	<u>330,766</u>	<u>342,689</u>	<u>12,070</u>	<u>10,933</u>	<u>342,836</u>	<u>353,622</u>	-3.05%
Total liabilities	<u>13,558,130</u>	<u>14,268,491</u>	<u>12,070</u>	<u>10,933</u>	<u>13,570,200</u>	<u>14,279,424</u>	-4.97%
Deferred Inflows of Resources	<u>4,748,152</u>	<u>4,585,699</u>	-	-	<u>4,748,152</u>	<u>4,585,699</u>	3.54%
Net Position							
Invested in capital assets, net of related debt	12,897,574	11,909,662	41,835	52,992	12,939,409	11,962,654	8.16%
Restricted	2,861,355	3,388,834	-	-	2,861,355	3,388,834	-15.56%
Unrestricted	<u>562,159</u>	<u>1,415,199</u>	<u>72,641</u>	<u>78,993</u>	<u>634,800</u>	<u>1,494,192</u>	-57.51%
Total net position	<u>\$ 16,321,088</u>	<u>\$16,713,695</u>	<u>\$ 114,476</u>	<u>\$ 131,985</u>	<u>\$ 16,435,564</u>	<u>16,845,680</u>	-2.43%

The largest portion of the District's net position is the invested in capital assets portion (land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how the resources can be used.

Unrestricted net position represents 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.

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

Figure A-4

Change in Net Position

	Governmental		Business-type		Total School		Total Change
	Activities		Activities		District		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
Revenues							
Program revenues							
Charges for service and sales	\$ 1,270,043	\$1,301,600	\$ 392,655	\$ 366,745	\$1,662,698	\$1,668,345	-0.33%
Operating grants, contrib. and restricted int.	1,219,706	1,151,564	210,208	200,323	1,429,914	1,351,887	5.77%
Capital grants, contrib. and restricted int.	1,137,964	1,844,320	-	-	1,137,964	1,844,320	-38.29%
General revenues							
Property tax	4,521,620	4,454,235	-	-	4,521,620	4,454,235	1.51%
Income Surtax	108,638	171,427	-	-	108,638	171,427	-36.62%
Local Options Sales and Services Tax	991,809	963,110	-	-	991,809	963,110	3.07%
Unrestricted state grants	5,719,186	5,310,101	-	-	5,719,186	5,310,101	7.70%
Unrestricted investment earnings	9,368	22,868	156	230	9,524	23,098	-58.77%
Loss on Disposal of Building	-	(324,000)	-	-	-	(324,000)	100%
Other	<u>75,366</u>	<u>67,942</u>	<u>-</u>	<u>-</u>	<u>75,366</u>	<u>67,942</u>	10.92%
Total revenues	<u>15,053,700</u>	<u>14,963,167</u>	<u>603,019</u>	<u>567,298</u>	<u>15,656,719</u>	<u>15,530,465</u>	.81%
Program expenses							
Governmental activities							
Instruction	9,051,537	8,739,031	-	-	9,051,537	8,739,031	3.57%
Support services	3,865,733	3,476,067	13,380	9,875	3,879,113	3,485,942	11.27%
Non-instructional programs	-	-	607,148	591,449	607,148	591,449	2.65%
Other expenses	<u>2,529,037</u>	<u>1,329,298</u>	<u>-</u>	<u>-</u>	<u>2,529,037</u>	<u>1,329,298</u>	90.25%
Total expenses	<u>15,446,307</u>	<u>13,544,396</u>	<u>620,528</u>	<u>601,324</u>	<u>16,066,835</u>	<u>14,145,720</u>	13.58%
Change in net position	<u>\$(392,607)</u>	<u>1,418,771</u>	<u>\$(17,509)</u>	<u>\$(34,026)</u>	<u>\$(410,116)</u>	<u>\$1,384,745</u>	129.62%

Property tax and unrestricted state grants account for 65% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 80% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$15,053,700 and expenses were \$15,446,307.

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.

Figure A-5

	<u>Total and Net Cost of Governmental Activities</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 9,051,537	\$ 7,188,244
Support services	3,865,733	3,688,997
Other expenses	<u>2,529,037</u>	<u>941,353</u>
Total expenses	<u>\$ 15,446,307</u>	<u>\$ 11,818,594</u>

- The cost financed by users of the District's programs was \$1,270,043.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,219,706. Construction activities were subsidized with capital grants and contributions from individuals and businesses totaling \$1,137,964.
- The net cost of governmental activities was financed with \$4,521,620 in property taxes, \$5,719,186 in unrestricted state grants, \$108,638 in income surtax, \$9,368 in unrestricted interest, \$991,809 in local option sales and services taxes, and \$75,366 in other general revenues.

Business Type Activities

Revenues for business type activities for the year ended June 30, 2014 were \$603,019, while expenses were \$620,528. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Williamsburg 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 a combined fund balance of \$4,728,226.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. A decrease in the budgeted income surtax and the unexpected decrease in property tax contributed to the decrease in revenues. The increase in General Fund expenditures required the District to use carryover fund balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$2,354,040 to \$1,787,558, due in part to the negotiated salary and benefits settlement and existing expenditure commitments of the District.
- The Capital Projects Fund balance decreased from \$2,777,435 to \$1,660,386 due primarily to using resources that had been accumulated for building construction projects for current year construction.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$131,985 at June 30, 2013 to \$114,476 at June 30, 2014, representing a decrease of \$17,509. For fiscal 2014, the District increased meal prices slightly, resulting in a small increase in revenues. Food costs were up slightly from the previous year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Williamsburg Community School District amended its budget one time to reflect additional expenditures associated with building projects and repair activities. Total expenditures were less than budgeted, due 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 ASSETS AND DEBT ADMINISTRATION

At June 30, 2014, the District had invested 24,920,034, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$731,009.

Figure A-6

	Capital Assets, Net of Depreciation					
	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 255,800	\$ 255,800			\$ 255,800	\$ 255,800
Construction in Progress	39,713	11,840,425			39,713	11,840,425
Buildings and improvements	24,036,481	12,214,908		-	24,036,481	12,214,908
Furniture and equipment	<u>546,205</u>	<u>462,279</u>	<u>41,835</u>	<u>52,992</u>	<u>588,040</u>	<u>515,271</u>
Totals	<u>\$24,878,199</u>	<u>\$24,773,412</u>	<u>\$ 41,835</u>	<u>\$ 52,992</u>	<u>\$24,920,034</u>	<u>\$24,826,404</u>

Long-Term Liabilities

At June 30, 2014, the District had \$11,980,625 in revenue bonds and notes payable, \$911,000 for net OPEB liability and \$335,739 in early retirement benefits long-term liabilities outstanding. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Revenue Bonds/Notes Payable	\$11,980,625	\$12,863,750	\$ (883,125)
Net OPEB	911,000	789,000	122,000
Early retirement	<u>335,739</u>	<u>273,052</u>	<u>62,687</u>
Total	<u>\$13,227,364</u>	<u>\$13,925,802</u>	<u>\$ (698,438)</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 significantly affect its financial health in the future:

- The district enrollment decreased by 3.30 students in the 2014-2015 school year.
- The district needs to replace several special education buses in the 2014-2015 school year due to current buses having substantial repair issues.
- The Iowa State Legislature has not yet set allowable growth (supplemental state aid) for the 2015-2016 school year.

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 Cynthia Gingerich, District Secretary and Business Manager, Williamsburg Community School District, 810 West Walnut, Williamsburg, IA 52361.

Basic Financial Statements

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 4,454,036	\$ 74,470	\$ 4,528,506
Receivables:			
Property tax:			
Current year	43,993	-	43,993
Succeeding year	4,748,152	-	4,748,152
Income surtax	66,378	-	66,378
Accounts	46,102	-	46,102
Due from other governments	371,698	-	371,698
Inventories	-	10,241	10,241
Prepaid expenses	18,812	-	18,812
Capital assets, net of accumulated depreciation (note 4)	24,878,199	41,835	24,920,034
Total assets	34,627,370	126,546	34,753,916
Liabilities			
Accounts payable	57,096	205	57,301
Salaries and benefits payable	4,240	-	4,240
Due to other governments	69,775	-	69,775
Advances from grantors	75,304	-	75,304
Unearned revenue	-	11,865	11,865
Accrued interest payable	124,351	-	124,351
Long-term liabilities (note 5):			
Portion due within one year:			
Early retirement	92,019	-	92,019
Bonds payable	523,125	-	523,125
Notes payable	375,000	-	375,000
Portion due after one year:			
Early retirement	243,720	-	243,720
Bonds payable	9,092,500	-	9,092,500
Notes payable	1,990,000	-	1,990,000
Net OPEB liability	911,000	-	911,000
Total liabilities	13,558,130	12,070	13,570,200
Deferred Inflows of Resources			
Unavailable property tax revenue	4,748,152	-	4,748,152

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 12,897,574	\$ 41,835	\$ 12,939,409
Restricted for:			
Categorical funding	380,777	-	380,777
Debt service	899,521	-	899,521
Capital projects	1,132,809	-	1,132,809
Physical plant and equipment levy purposes	165,310	-	165,310
Management levy purposes	98,451	-	98,451
Student activities	184,487	-	184,487
Unrestricted	<u>562,159</u>	<u>72,641</u>	<u>634,800</u>
Total net position	<u>\$ 16,321,088</u>	<u>\$ 114,476</u>	<u>\$ 16,435,564</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 9,051,537	\$ 1,263,292	\$ 600,001	\$ -
Support services:				
Student	212,094	-	20,040	-
Instructional staff	299,703	-	109,357	-
Administration	1,422,084	-	-	-
Operation and maintenance of plant	1,238,242	6,751	-	-
Transportation	693,610	-	40,588	-
	<u>3,865,733</u>	<u>6,751</u>	<u>169,985</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	1,161,695	-	-	1,137,964
Long-term debt interest and fiscal charges	294,924	-	-	-
AEA flowthrough	449,720	-	449,720	-
Depreciation (unallocated) *	622,698	-	-	-
	<u>2,529,037</u>	<u>-</u>	<u>449,720</u>	<u>1,137,964</u>
Total governmental activities	<u>15,446,307</u>	<u>1,270,043</u>	<u>1,219,706</u>	<u>1,137,964</u>

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (7,188,244)	\$ -	\$ (7,188,244)
(192,054)	-	(192,054)
(190,346)	-	(190,346)
(1,422,084)	-	(1,422,084)
(1,231,491)	-	(1,231,491)
(653,022)	-	(653,022)
(3,688,997)	-	(3,688,997)
(23,731)	-	(23,731)
(294,924)	-	(294,924)
-	-	-
(622,698)	-	(622,698)
(941,353)	-	(941,353)
(11,818,594)	-	(11,818,594)

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Food service operations	\$ 13,380	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	607,148	392,655	210,208	-
Total business-type activities	620,528	392,655	210,208	-
Total	\$ 16,066,835	\$ 1,662,698	\$ 1,429,914	\$ 1,137,964

General revenues:

Property tax levied for:
 General purposes
 Capital outlay
Income surtax
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ -	\$ (13,380)	\$ (13,380)
-	(4,285)	(4,285)
-	(17,665)	(17,665)
(11,818,594)	(17,665)	(11,836,259)
\$ 3,902,239	\$ -	\$ 3,902,239
619,381	-	619,381
108,638	-	108,638
991,809	-	991,809
5,719,186	-	5,719,186
9,368	156	9,524
75,366	-	75,366
11,425,987	156	11,426,143
(392,607)	(17,509)	(410,116)
16,713,695	131,985	16,845,680
\$ 16,321,088	\$ 114,476	\$ 16,435,564

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 1,681,992	\$ 1,483,433	\$ 1,288,611	\$ 4,454,036
Receivables:				
Property tax:				
Current year	33,745	6,698	3,550	43,993
Succeeding year	3,707,635	630,518	409,999	4,748,152
Income surtax	66,378	-	-	66,378
Accounts	5,969	39,714	419	46,102
Due from other governments	214,671	157,027	-	371,698
Prepaid expenses	18,812	-	-	18,812
	<hr/>			
Total assets	<u>\$ 5,729,202</u>	<u>\$ 2,317,390</u>	<u>\$ 1,702,579</u>	<u>\$ 9,749,171</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 18,312	\$ 26,486	\$ 12,298	\$ 57,096
Salaries and benefits payable	4,240	-	-	4,240
Due to other governments	69,775	-	-	69,775
Advances from grantors	75,304	-	-	75,304
Total liabilities	<u>167,631</u>	<u>26,486</u>	<u>12,298</u>	<u>206,415</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,707,635	630,518	409,999	4,748,152
Other	66,378	-	-	66,378
Total deferred inflows of resources	<u>3,774,013</u>	<u>630,518</u>	<u>409,999</u>	<u>4,814,530</u>
Fund balances:				
Nonspendable:				
Prepaid expenses	18,812	-	-	18,812
Restricted for:				
Categorical funding (note 10)	380,777	-	-	380,777
Debt service	-	-	661,605	661,605
Revenue bonds reserve fund	-	353,500	-	353,500
Other capital projects	-	429,350	-	429,350
School infrastructure	-	703,459	-	703,459
Physical plant and equipment	-	174,077	-	174,077
Management levy purposes	-	-	434,190	434,190
Student activities	-	-	184,487	184,487
Unassigned	1,387,969	-	-	1,387,969
Total fund balances	<u>1,787,558</u>	<u>1,660,386</u>	<u>1,280,282</u>	<u>4,728,226</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,729,202</u>	<u>\$ 2,317,390</u>	<u>\$ 1,702,579</u>	<u>\$ 9,749,171</u>

See notes to financial statements.

WILLIAMSBURG 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	\$ 4,728,226
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	24,878,199
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	66,378
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(124,351)
Long-term liabilities, including early retirement, bonds payable, capital loan notes payable and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(13,227,364)</u>
Net position of governmental activities	<u>\$ 16,321,088</u>
See notes to financial statements.	

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,683,794	\$ 619,142	\$ 377,653	\$ 4,680,589
Tuition	511,560	-	-	511,560
Other	163,376	1,144,010	679,824	1,987,210
Intermediate sources	7,699	-	-	7,699
State sources	6,592,549	992,049	171	7,584,769
Federal sources	330,436	-	-	330,436
Total revenues	<u>11,289,414</u>	<u>2,755,201</u>	<u>1,057,648</u>	<u>15,102,263</u>
Expenditures:				
Current:				
Instruction	<u>8,077,865</u>	<u>19,553</u>	<u>808,265</u>	<u>8,905,683</u>
Support services:				
Student	197,712	-	-	197,712
Instructional staff	299,703	-	-	299,703
Administration	1,405,455	-	-	1,405,455
Operation and maintenance of plant	1,037,503	5,198	187,211	1,229,912
Transportation	601,682	123,250	24,334	749,266
	<u>3,542,055</u>	<u>128,448</u>	<u>211,545</u>	<u>3,882,048</u>
Other expenditures:				
Facilities acquisition	-	1,834,032	-	1,834,032
Long term debt:				
Principal	-	-	883,125	883,125
Interest and fiscal charges	-	-	299,757	299,757
AEA flowthrough	449,720	-	-	449,720
	<u>449,720</u>	<u>1,834,032</u>	<u>1,182,882</u>	<u>3,466,634</u>
Total expenditures	<u>12,069,640</u>	<u>1,982,033</u>	<u>2,202,692</u>	<u>16,254,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(780,226)</u>	<u>773,168</u>	<u>(1,145,044)</u>	<u>(1,152,102)</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Other financing sources (uses):				
Sale of equipment	\$ 3,744	\$ -	\$ -	\$ 3,744
Interfund transfers in (note 3)	210,000	-	1,180,217	1,390,217
Interfund transfers out (note 3)	-	(1,390,217)	-	(1,390,217)
Total other financing sources (uses)	<u>213,744</u>	<u>(1,390,217)</u>	<u>1,180,217</u>	<u>3,744</u>
Net change in fund balances	(566,482)	(617,049)	35,173	(1,148,358)
Fund balances beginning of year	<u>2,354,040</u>	<u>2,277,435</u>	<u>1,245,109</u>	<u>5,876,584</u>
Fund balances end of year	<u>\$ 1,787,558</u>	<u>\$ 1,660,386</u>	<u>\$ 1,280,282</u>	<u>\$ 4,728,226</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (1,148,358)

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

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

Capital outlays	\$ 822,777	
Depreciation expense	<u>(717,990)</u>	104,787

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (52,307)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 883,125

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 governmental funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 4,833

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, as follows:

Early retirement	(62,687)	
Net OPEB liability	<u>(122,000)</u>	<u>(184,687)</u>

Change in net position of governmental activities \$ (392,607)

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION
PROPRIETARY FUND

June 30, 2014

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 74,470
Inventories	10,241
Capital assets, net of accumulated depreciation (note 4)	<u>41,835</u>
Total assets	<u>126,546</u>
Liabilities	
Accounts payable	205
Unearned revenue	<u>11,865</u>
Total liabilities	<u>12,070</u>
Fund Net Position	
Net investment in capital assets	41,835
Unrestricted	<u>72,641</u>
Total fund net position	<u>\$ 114,476</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2014

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>392,655</u>
Operating expenses:	
Support services:	
Food service operations:	
Purchased services	<u>13,380</u>
Non-instructional programs:	
Food service operations:	
Salaries	239,621
Benefits	67,097
Purchased services	146
Supplies	287,265
Depreciation	<u>13,019</u>
	<u>607,148</u>
Total expenses	<u>620,528</u>
Operating loss	(227,873)
Non-operating revenues:	
Interest on investments	156
State sources	4,675
Federal sources	<u>205,533</u>
Total non-operating revenues	<u>210,364</u>
Change in fund net position	(17,509)
Fund net position beginning of year	<u>131,985</u>
Fund net position end of year	\$ <u><u>114,476</u></u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2014

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 386,855
Cash received from miscellaneous operating activities	6,732
Cash payments to employees for services	(306,718)
Cash payments to suppliers for goods or services	<u>(265,457)</u>
Net cash used by operating activities	<u>(178,588)</u>
Cash flows from non-capital financing activities:	
State grants received	4,675
Federal grants received	<u>171,344</u>
Net cash provided by non-capital financing activities	<u>176,019</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(1,862)</u>
Cash flows from investing activities:	
Interest on investments	<u>156</u>
Net decrease in cash and cash equivalents	(4,275)
Cash and cash equivalents beginning of year	<u>78,745</u>
Cash and cash equivalents end of year	<u>\$ 74,470</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2014

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (227,873)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	13,019
Commodities used	34,189
Decrease in inventories	1,057
Increase in accounts payable	205
(Decrease) in interfund payable	(117)
Increase in unearned revenue	<u>932</u>
Net cash used by operating activities	<u>\$ (178,588)</u>

Non-cash financing activities:

During the year ended June 30, 2014, the District received \$34,189 of federal commodities.

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2014

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Assets:		
Cash and pooled investments	\$ 54,551	
Land held in scholarship trust		<u>1,173,800</u>
Total assets		<u>1,228,351</u>
Fiduciary Net Position:		
Restricted for scholarships		<u>\$ 1,228,351</u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2014

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 42,878	
Interest	<u>566</u>	
Total additions		<u>43,444</u>
Deductions:		
Support services:		
Scholarships awarded		37,000
Supplies		2,902
Unrealized loss on land held in investment		<u>293,450</u>
Total expenditures		<u>333,352</u>
Change in fiduciary net position		(289,908)
Fiduciary net position beginning of year		<u>1,518,259</u>
Fiduciary net position end of year	\$	<u><u>1,228,351</u></u>

See notes to financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Williamsburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Williamsburg, Iowa, and agricultural territory in Iowa County. 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, Williamsburg 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. Williamsburg 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 does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Iowa County Assessor's Conference Board.

B. Basis of Presentation

District-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 three 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.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

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 with restrictions of income earned to be used to benefit individuals through scholarship awards.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the 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 District 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 the 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 – committed, assigned and then unassigned fund balances, in that order.

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Property Tax Receivable – Property tax receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. 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.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

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

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

Unearned Revenue – Meal account proceeds which have been received by the District but will be earned in a succeeding fiscal year have been accrued as liabilities.

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.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences – The District’s policy is not to reimburse employees for unused vacation.

Vacation can only be used by an employee in the year it is earned. The District had no compensated absences liability at June 30, 2014.

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available.

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

Deferred inflows of resources in the Statement of Net Position consist of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

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

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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 are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

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

Note 2. Cash and Pooled Investments

The District’s deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments as follows:

	<u>Value</u>
U.S. Treasury Notes	\$ 571,359
Iowa Schools Joint Investment Trust, Diversified Portfolio	<u>353,500</u>
Total investments	<u>\$ 924,859</u>

The investments in the Iowa Schools Joint Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in U.S. Treasury Notes are valued at fair value.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor’s Financial Services. The investment in U.S. Treasury Notes is not subject to investment rating.

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 1,180,217
General	Capital Projects	<u>210,000</u>
		<u>\$ 1,390,217</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 255,800	\$ -	\$ -	\$ 255,800
Construction in progress	11,840,425	643,558	12,444,270	39,713
Total capital assets not being depreciated	<u>12,096,225</u>	<u>643,558</u>	<u>12,444,270</u>	<u>295,513</u>
Capital assets being depreciated:				
Buildings	15,029,667	12,444,270	80,203	27,393,734
Improvements other than buildings	2,645,759	-	-	2,645,759
Furniture and equipment	1,586,577	179,219	93,554	1,672,242
Total capital assets being depreciated	<u>19,262,003</u>	<u>12,623,489</u>	<u>173,757</u>	<u>31,711,735</u>
Less accumulated depreciation for:				
Buildings	4,745,294	557,790	80,203	5,222,881
Improvements other than buildings	715,224	64,907	-	780,131
Furniture and equipment	1,124,298	95,293	93,554	1,126,037
Total accumulated depreciation	<u>6,584,816</u>	<u>717,990</u>	<u>173,757</u>	<u>7,129,049</u>
Total capital assets being depreciated, net	<u>12,677,187</u>	<u>11,905,499</u>	<u>-</u>	<u>24,582,686</u>
Governmental activities capital assets, net	<u>\$ 24,773,412</u>	<u>\$ 12,549,057</u>	<u>\$ 12,444,270</u>	<u>\$ 24,878,199</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 326,563	\$ 1,862	\$ -	\$ 328,425
Less accumulated depreciation	273,571	13,019	-	286,590
Business-type activities capital assets, net	<u>\$ 52,992</u>	<u>\$ (11,157)</u>	<u>\$ -</u>	<u>\$ 41,835</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction \$ 4,986

Support services:

Student support 14,382

Operation and maintenance of plant 8,330

Transportation 67,594

95,292

Unallocated depreciation 622,698

Total depreciation expense - governmental activities \$ 717,990

Business-type activities:

Food service operations \$ 13,019

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 273,052	\$ 133,661	\$ 70,974	\$ 335,739	\$ 92,019
Revenue bonds	10,128,750	-	513,125	9,615,625	523,125
Notes payable	2,735,000	-	370,000	2,365,000	375,000
Net OPEB liability	789,000	122,000	-	911,000	-
Total	<u>\$ 13,925,802</u>	<u>\$ 255,661</u>	<u>\$ 954,099</u>	<u>\$ 13,227,364</u>	<u>\$ 990,144</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified employees and classified employees in District-wide Supervisory positions. Eligible certified employees must be at least age fifty-six and classified employees must be at least age sixty by June 30 of the year of retirement and all employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is equal to single insurance coverage provided by the District at the dollar amount of single coverage at the time of the employee's retirement. Coverage at this rate will be provided until the employee reaches age sixty-five or otherwise becomes eligible for Medicare or insurance coverage from any other source.

The District also has early retirees covered by other plans. The details of these plans are available upon request at the business administration office.

At June 30, 2014, the District has obligations to 15 participants with a total liability of \$335,739. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$70,974. Early retirement is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2014 revenue bonded indebtedness are as follows:

Year Ending June 30,	Issue dated September 15, 2010			Issue dated May 1, 2011			Total	
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
2015	1.50 %	\$ 478,125	\$ 93,234	2.00 %	\$ 45,000	\$ 137,933	\$ 523,125	\$ 231,167
2016	1.50	478,125	86,063	2.70	50,000	137,032	528,125	223,095
2017	1.50	478,125	78,891	2.70	60,000	135,682	538,125	214,573
2018	1.50	478,125	71,719	3.20	70,000	134,062	548,125	205,781
2019	1.50	478,125	64,547	3.20	80,000	131,823	558,125	196,370
2020	1.50	478,125	57,375	3.60	90,000	129,262	568,125	186,637
2021	1.50	478,125	50,203	3.60	100,000	126,023	578,125	176,226
2022	1.50	478,125	43,031	3.80	110,000	122,422	588,125	165,453
2023	1.50	478,125	35,859	3.80	120,000	118,243	598,125	154,102
2024	1.50	478,125	28,687	4.00	130,000	113,682	608,125	142,369
2025	1.50	478,125	21,516	4.00	145,000	108,483	623,125	129,999
2026	1.50	478,125	14,344	4.00	155,000	102,683	633,125	117,027
2027	1.50	478,125	7,172	4.05	170,000	96,482	648,125	103,654
2028	-	-	-	4.25	665,000	89,598	665,000	89,598
2029	-	-	-	4.35	690,000	61,335	690,000	61,335
2030	-	-	-	4.35	720,000	31,320	720,000	31,320
		<u>\$ 6,215,625</u>	<u>\$ 652,641</u>		<u>\$ 3,400,000</u>	<u>\$ 1,776,065</u>	<u>\$ 9,615,625</u>	<u>\$ 2,428,706</u>

The resolutions providing for the issuance of the sales, services, and use tax revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the statewide school infrastructure sales, services, and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A Reserve Fund will be established totaling \$353,500 for the revenue bond issue only by the deposit of 10% of bond issuance proceeds and will be maintained as necessary to meet the Sinking Account requirements.
- (c) All proceeds after the establishment of the reserve fund from the statewide sales and services tax shall be placed in a Revenue Account for each issuance.
- (d) Monies in the Revenue Accounts shall be disbursed to make deposits into Sinking Accounts to pay the principal and interest requirements of each revenue bond issuance for the fiscal year.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Revenue Bonds (continued)

- (e) Any monies remaining in the Revenue Accounts after the required transfers to the Sinking Accounts May be transferred to the Project Accounts to be used for any lawful purpose.

The District pledged future local option statewide sales and services tax revenues to repay the \$11,185,000 bonds issued in 2011. The bonds were issued for the purpose of financing a portion of the costs of various construction projects. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District and the debt is not subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 76 percent of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$12,044,331. For the current year, \$752,163 of principal and interest was paid on the bonds and total statewide sales and services tax revenues were \$991,809.

General Obligation Capital Loan Notes

Details of the District's June 30, 2014 general obligation capital loan note indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	1.45 %	\$ 375,000	\$ 52,602	\$ 427,602
2016	1.85	380,000	47,164	427,164
2017	2.15	390,000	40,136	430,136
2018	2.40	400,000	31,750	431,750
2019	2.60	405,000	22,150	427,150
2020	2.80	415,000	11,620	426,620
		<u>\$ 2,365,000</u>	<u>\$ 205,422</u>	<u>\$ 2,570,422</u>

Note 6. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 124 active and 11 retired members in the plan. Retired participants must be age 56 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with 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.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Other Postemployment Benefits (OPEB) (continued)

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

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	\$ 297,739
Interest on net OPEB obligation	19,725
Adjustment to annual required contribution	123,547
Annual OPEB cost	<u>193,917</u>
Contributions made	<u>71,917</u>
Increase in net OPEB obligation	122,000
Net OPEB obligation beginning of year	<u>789,000</u>
Net OPEB obligation end of year	<u><u>\$ 911,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$71,917 to the medical plan.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ 291,998	20.0%	\$ 673,000
2013	196,892	41.1%	789,000
2014	193,917	37.1%	911,000

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 \$1,896,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,896,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,378,406, and the ratio of the UAAL to covered payroll was 56.1%. As of June 30, 2014, there were no trust fund assets.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Other Postemployment Benefits (OPEB) (continued)

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 entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the 2006 Society of Actuaries study.

Projected claim costs of the medical plan are \$530 per month for retirees less than age 65. The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 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 are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$660,616, \$612,753, and \$544,045, respectively, equal to the required contributions for each year.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 8. Risk Management

The 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.

Note 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 \$449,720 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.

Note 10. Categorical Funding

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

Program	Amount
State aid funding supplement	\$ 137,004
Salary improvement program	44,184
Limited English proficiency	43,192
4 year-old preschool	38,661
Gifted and talented	34,735
Successful progression for early readers	21,150
At-risk programs	18,430
Dropout prevention programs	15,502
Beginning teacher mentoring and induction	12,357
Teacher leadership grants	9,236
Early childhood programs	4,682
Beginning administrator mentoring and induction	1,500
Professional development for model core curriculum	94
Textbook aid for non-public students	50
Total	\$ 380,777

Note 11. Construction Commitments

The District has entered into various contracts totaling \$1,934,495 for a safe room project and a roofing project. As of June 30, 2014, costs of \$397,391 had been incurred against the contracts. The balance of \$1,537,104 remaining at June 30, 2014 will be paid as work on the project progresses.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 12. Scholarship Trust Contribution

During the year ended June 30, 2010, the District received a contribution of 117 acres of farm land. The land is to be rented by the District to the highest bidder and all proceeds are to be used for two or more scholarships to further the education of Williamsburg Community School District high school seniors.

The land had an appraised value of \$1,173,800 at June 30, 2014, and is reported as an investment in the District's Private-purpose Trust Fund.

Note 13. Subsequent Event

On September 10, 2014, the District approved a resolution approving a special election to be held December 2, 2014 calling for the issuance of general obligation bonds not to exceed \$6.2 million for the construction and furnishing of a competition gym.

On October 8, 2014, the District approved the purchase of two parcels of land for a total cost of \$424,750. The agreement calls for a \$24,750 down payment, with nine subsequent annual payments of \$44,444.44 plus interest.

Note 14. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of 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.

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Required Supplementary Information

WILLIAMSBURG 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 Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 7,179,359	\$ 392,811	\$ 7,572,170	\$ 7,995,982	\$ 7,995,982	\$ (423,812)
Intermediate sources	7,699	-	7,699	75,000	75,000	(67,301)
State sources	7,584,769	4,675	7,589,444	6,652,946	6,652,946	936,498
Federal sources	330,436	205,533	535,969	1,335,000	1,335,000	(799,031)
Total revenues	15,102,263	603,019	15,705,282	16,058,928	16,058,928	(353,646)
EXPENDITURES/EXPENSES:						
Instruction	8,905,683	-	8,905,683	8,750,000	9,450,000	544,317
Support services	3,882,048	13,380	3,895,428	3,894,500	4,594,500	699,072
Non-instructional programs	-	607,148	607,148	655,000	655,000	47,852
Other expenditures	3,466,634	-	3,466,634	4,628,968	4,628,968	1,162,334
Total expenditures/expenses	16,254,365	620,528	16,874,893	17,928,468	19,328,468	2,453,575
Excess (deficiency) of revenues over (under) expenditures/ expenses	(1,152,102)	(17,509)	(1,169,611)	(1,869,540)	(3,269,540)	2,099,929
Other financing sources, net	3,744	-	3,744	-	-	3,744
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(1,148,358)	(17,509)	(1,165,867)	(1,869,540)	(3,269,540)	2,103,673
Balance beginning of year	5,876,584	131,985	6,008,569	6,662,553	6,662,553	(653,984)
Balance end of year	\$ 4,728,226	\$ 114,476	\$ 4,842,702	\$ 4,793,013	\$ 3,393,013	\$ 1,449,689

See accompanying independent auditor's report.

WILLIAMSBURG 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 comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. 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 function 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. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$1,400,000.

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 3,762	\$ 3,762	0.0%	\$ 6,661	56.4%
2011	July 1, 2009	-	3,902	3,902	0.0%	6,657	58.6%
2012	July 1, 2009	-	4,042	4,042	0.0%	6,903	58.6%
2013	July 1, 2012	-	1,874	1,874	0.0%	3,298	56.8%
2014	July 1, 2012	-	1,896	1,896	0.0%	3,378	56.1%

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

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Special Revenue</u>			<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Debt Service</u>	
Assets				
Cash and pooled investments	\$ 430,221	\$ 196,785	\$ 661,605	\$ 1,288,611
Receivables:				
Property tax:				
Current year	3,550	-	-	3,550
Succeeding year	409,999	-	-	409,999
Accounts	419	-	-	419
	<hr/>			
Total assets	<u>\$ 844,189</u>	<u>\$ 196,785</u>	<u>\$ 661,605</u>	<u>\$ 1,702,579</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 12,298</u>	<u>\$ -</u>	<u>\$ 12,298</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	409,999	-	-	409,999
	<hr/>			
Fund balances:				
Debt service	-	-	661,605	661,605
Management levy purposes	434,190	-	-	434,190
Student activities	-	184,487	-	184,487
Total fund balances	<u>434,190</u>	<u>184,487</u>	<u>661,605</u>	<u>1,280,282</u>
	<hr/>			
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 844,189</u>	<u>\$ 196,785</u>	<u>\$ 661,605</u>	<u>\$ 1,702,579</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2014

	Special Revenue		Debt Service	Total
	Management Levy	Student Activity		
Revenues:				
Local sources:				
Local tax	\$ 377,653	\$ -	\$ -	\$ 377,653
Other	8,691	671,133	-	679,824
State sources	171	-	-	171
Total revenues	<u>386,515</u>	<u>671,133</u>	<u>-</u>	<u>1,057,648</u>
Expenditures:				
Current:				
Instruction	144,001	664,264	-	808,265
Support services:				
Operation and maintenance of plant	187,211	-	-	187,211
Transportation	24,334	-	-	24,334
Other expenditures:				
Long term debt:				
Principal	-	-	883,125	883,125
Interest and fiscal charges	-	-	299,757	299,757
Total expenditures	<u>355,546</u>	<u>664,264</u>	<u>1,182,882</u>	<u>2,202,692</u>
Excess (deficiency) of revenues over (under) expenditures	30,969	6,869	(1,182,882)	(1,145,044)
Other financing sources (uses):				
Interfund transfers in	-	-	1,180,217	1,180,217
Net change in fund balances	30,969	6,869	(2,665)	35,173
Fund balances beginning of year	<u>403,221</u>	<u>177,618</u>	<u>664,270</u>	<u>1,245,109</u>
Fund balances end of year	<u>\$ 434,190</u>	<u>\$ 184,487</u>	<u>\$ 661,605</u>	<u>\$ 1,280,282</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 886,704	\$ 167,379	\$ 429,350	\$ 1,483,433
Receivables:				
Property tax:				
Current year	-	6,698	-	6,698
Succeeding year	-	630,518	-	630,518
Accounts	39,714	-	-	39,714
Due from other governments	157,027	-	-	157,027
Total assets	\$ 1,083,445	\$ 804,595	\$ 429,350	\$ 2,317,390
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 26,486	\$ -	\$ -	\$ 26,486
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	630,518	-	630,518
Fund balances:				
Restricted for:				
Revenue bonds reserve fund	353,500	-	-	353,500
Other capital projects	-	-	429,350	429,350
School infrastructure	703,459	-	-	703,459
Physical plant and equipment	-	174,077	-	174,077
Total fund balances	1,056,959	174,077	429,350	1,660,386
Total liabilities, deferred inflows of resources and fund balances	\$ 1,083,445	\$ 804,595	\$ 429,350	\$ 2,317,390

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 619,142	\$ -	\$ 619,142
Other	1,139,115	1,151	3,744	1,144,010
State sources	991,809	240	-	992,049
Total revenues	<u>2,130,924</u>	<u>620,533</u>	<u>3,744</u>	<u>2,755,201</u>
Expenditures:				
Current:				
Instruction	19,553	-	-	19,553
Support services:				
Operation and maintenance of plant	-	5,198	-	5,198
Transportation	61,500	61,750	-	123,250
Other expenditures:				
Facilities acquisition	1,624,763	86,007	123,262	1,834,032
Total expenditures	<u>1,705,816</u>	<u>152,955</u>	<u>123,262</u>	<u>1,982,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>425,108</u>	<u>467,578</u>	<u>(119,518)</u>	<u>773,168</u>
Other financing uses:				
Interfund transfers out	<u>(926,749)</u>	<u>(463,468)</u>	-	<u>(1,390,217)</u>
Net change in fund balances	(501,641)	4,110	(119,518)	(617,049)
Fund balances beginning of year	<u>1,558,600</u>	<u>169,967</u>	<u>548,868</u>	<u>2,277,435</u>
Fund balances end of year	<u>\$ 1,056,959</u>	<u>\$ 174,077</u>	<u>\$ 429,350</u>	<u>\$ 1,660,386</u>

See accompanying independent auditor's report.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
All Weather Track	\$ 94	\$ 7,302	\$ 6,685	\$ 711
Activity Change Fund	-	13,535	13,535	-
Art Club	240	-	-	240
Baseball Club/Goodwin	2,208	23,246	22,841	2,613
Basketball Cheerleaders	4,726	21,001	23,932	1,795
Boys Baseball	362	17,752	18,114	-
Boys Basketball	-	6,890	6,890	-
Boys Football	-	21,327	21,327	-
Golf Club	292	7,290	7,028	554
Boys Golf	-	3,001	3,001	-
Boys Soccer	-	2,117	2,117	-
Boys Track	-	3,815	3,815	-
Boys Wrestling	-	5,633	5,633	-
Cheerleaders	1,729	1,603	2,657	675
Class of:				
2013	166	-	-	166
2014	6,867	1,355	8,222	-
2015	-	9,398	3,384	6,014
2016	1,500	75	75	1,500
2017	1,500	-	-	1,500
Construction Club	3,856	14,460	13,228	5,088
Country Club	1,086	13,331	12,462	1,955
Cross Country	-	4,026	4,026	-
Drama	13,119	7,209	10,618	9,710
Future Farmers of America	19,388	37,188	40,087	16,489
Future Homemakers of America	13,139	7,973	7,325	13,787
General Revenue	5,207	6,447	6,306	5,348
German Club	696	-	-	696
Girl's Basketball	-	15,198	15,198	-
Girl's Golf	-	1,900	1,900	-
Girl's Soccer	-	2,040	2,040	-
Girl's Softball	-	7,898	7,898	-
Girl's Swimming	-	1,504	1,504	-
Girl's Track	-	4,007	4,007	-
Girl's Volleyball	-	6,510	6,510	-
Grade School Activities	12,671	20,180	19,100	13,751
Honor Society	506	1,357	1,445	418
Interest	493	377	789	81

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Jr. High Activities	\$ 1,468	\$ 4,028	\$ 3,718	\$ 1,778
Jr. High Honor Society	1,016	1,881	1,601	1,296
Jr. High Student Council	2,014	2,482	2,379	2,117
Jr. High Volleyball	402	-	-	402
Jr./Sr. High Book Rental	-	137,776	137,776	-
Graduated Classes	10,177	-	1,723	8,454
Library	6,811	1,565	1,424	6,952
Raiders Girls Basketball	10,395	15,023	17,013	8,405
Math Club	1,101	120	-	1,221
Mikana	21,049	15,726	15,838	20,937
Pom Pom Squad	2,790	14,415	13,816	3,389
Music Organization	2,440	8,827	10,753	514
Music Trip	7,788	29,040	15,545	21,283
Intramural Athletics	-	20,408	20,150	258
Boys Basketball Club	603	9,409	8,897	1,115
Raider Football Club	2,526	21,965	24,416	75
Raider Softball Club	6,624	4,000	6,833	3,791
Refreshment Stand	457	23,160	23,460	157
First Tech Challenge	1,020	5,148	4,827	1,341
Science Club	42	-	-	42
Soccer Club	993	1,540	1,897	636
Spanish Club	336	5,044	4,852	528
Special Education Activities	995	7,832	7,382	1,445
Student Council	1,279	18,667	18,119	1,827
Swimming Account	266	15,377	6,978	8,665
Thirty Days of Fitness	3,911	6,997	6,785	4,123
Volleyball Club	1,270	3,758	4,383	645
Wrestling Club				
Total	<u>\$ 177,618</u>	<u>\$ 671,133</u>	<u>\$ 664,264</u>	<u>\$ 184,487</u>

See accompanying independent auditor's report.

WILLIAMSBURG 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
Revenues:				
Local sources:				
Local tax	\$ 4,680,589	\$ 5,946,463	\$ 5,867,201	\$ 5,478,307
Tuition	511,560	597,875	578,066	547,270
Other	1,987,210	1,973,512	896,931	1,016,894
Intermediate sources	7,699	10,852	-	-
State sources	7,584,769	6,195,158	6,280,957	6,073,209
Federal sources	330,436	914,331	381,016	563,480
Total revenues	\$ 15,102,263	\$ 15,638,191	\$ 14,004,171	\$ 13,679,160
Expenditures:				
Instruction	\$ 8,905,683	\$ 8,644,528	\$ 8,034,711	\$ 8,022,112
Support services:				
Student	197,712	171,239	195,299	258,447
Instructional staff	299,703	284,605	279,478	266,681
Administration	1,405,455	1,404,631	1,374,703	1,036,914
Operation and maintenance of plant	1,229,912	955,703	939,233	953,034
Transportation	749,266	649,699	567,142	707,923
Non-instructional programs	-	-	-	2,393
Other expenditures:				
Facilities acquisition	1,834,032	4,787,733	8,355,534	3,097,885
Long-term debt:				
Principal	883,125	873,125	908,125	400,094
Interest and fiscal charges	299,757	313,858	278,695	77,263
AEA flowthrough	449,720	421,305	421,717	462,762
Total expenditures	\$ 16,254,365	\$ 18,506,426	\$ 21,354,637	\$ 15,285,508

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	5,108,055	\$ 5,003,155	\$ 5,166,555	\$ 5,173,540	\$ 4,243,081	\$ 3,458,255
	444,260	414,164	366,862	334,335	320,718	278,454
	803,307	759,326	363,561	250,567	672,426	563,645
	32,846	13,358	-	-	-	-
	4,761,397	5,521,003	5,597,924	5,239,011	4,884,448	4,583,508
	866,873	290,976	228,407	266,986	199,489	247,543
\$	<u>12,016,738</u>	<u>12,001,982</u>	<u>11,723,309</u>	<u>11,264,439</u>	<u>10,320,162</u>	<u>9,131,405</u>
\$	7,719,467	\$ 7,439,655	\$ 6,917,692	\$ 7,052,236	\$ 6,279,684	\$ 6,136,796
	159,224	174,102	222,678	228,693	238,184	187,036
	288,404	269,633	298,098	296,555	273,013	266,860
	945,161	831,795	923,329	919,857	806,944	724,704
	877,836	951,593	992,032	956,288	1,020,780	922,571
	614,684	572,396	501,062	471,266	538,848	403,397
	-	2,601	4,278	5,213	4,144	35,526
	645,513	931,934	587,517	174,382	110,025	331,275
	170,189	160,189	155,189	430,189	410,189	405,189
	8,875	16,545	23,970	38,330	50,535	61,595
	434,225	393,646	390,544	368,305	339,429	326,127
\$	<u>11,863,578</u>	<u>11,744,089</u>	<u>11,016,389</u>	<u>10,941,314</u>	<u>10,071,775</u>	<u>9,801,076</u>

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Grantor / Program	CFDA Number	Pass-through Grantor Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	7029-14	\$ 19,294
National School Lunch Program	10.555	7029-14	186,239 *
			<u>205,533</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster Programs:			
Title I Grants to Local Educational Agencies	84.010	7029-14	<u>71,182</u>
Migrant Educations - State Grant Program	84.011	7029-14	<u>149,108</u>
Improving Teacher Quality State Grants	84.367	7029-14	<u>20,179</u>
Grants for State Assessments and Related Activities	84.369	7029-14	<u>6,380</u>
Grant Wood Area Education Agency:			
Special Education Cluster Programs:			
Special Education - Grants to States	84.027	7029-14	<u>55,615</u>
Vocational Education - Basic Grants to States	84.048	7029-14	<u>6,149</u>
English Language Acquisition State Grants	84.365	7029-14	<u>3,513</u>
U. S. Department of Health and Human Services:			
Centers for Disease Control and Prevention:			
Iowa Department of Human Services:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	7029-14	<u>745</u>
 Total			 <u>\$ 518,404</u>

* = Includes \$34,189 of non-cash awards.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Williamsburg Community School District and is presented on the accrual or modified accrual basis of accounting. The information in 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 BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Williamsburg Community School District:

We have audited 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 Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Williamsburg 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 October 28, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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

As part of obtaining reasonable assurance about whether Williamsburg 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.

Williamsburg Community School District's Responses to Findings

Williamsburg Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Williamsburg 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 report is not suitable for any other purpose.

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

Oskaloosa, Iowa
October 28, 2014

Hunt & Associates, 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
Williamsburg Community School District:

Report on Compliance for Each Major Federal Program

We have audited Williamsburg 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 the District's major federal programs for the year ended June 30, 2014. Williamsburg 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 Williamsburg 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 Williamsburg 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 Williamsburg Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Williamsburg 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

In planning and performing our audit of compliance, we considered Williamsburg 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 Williamsburg Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance 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 is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, 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 of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

Purpose of this Report

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.

Oskaloosa, Iowa
October 28, 2014

Hunt & Associates, P.C.

WILLIAMSBURG 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 all opinion units.
- (b) No material weaknesses in internal control over financial reporting were reported.
- (c) The audit did not report any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were reported.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - 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) Williamsburg Community School District qualified as a low-risk auditee.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-14 Certified Budget – Expenditures/expenses for the year ended June 30, 2014, did not exceed the amounts budgeted.
- IV-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-14 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-14 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Robyn Blythe, Spouse of Board Member Matt Blythe	Substitute teaching	\$5,848

In accordance with an attorney general’s opinion dated November 9, 1976, related to the employment of spouses in teaching contracts, the transaction does not appear to represent 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 ensure that the coverage is adequate for current operations.
- IV-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-14 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-14 Deposits and Investments – 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 were noted.
- IV-J-14 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

WILLIAMSBURG COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2014

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

- IV-K-14 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- 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		\$ 1,558,600
Revenues:		
Interest	\$ 1,151	
Other local revenues	1,137,964	
Statewide sales, services and use tax	<u>991,809</u>	2,130,924
Expenditures/transfers out:		
School infrastructure construction	1,516,018	
Equipment	189,798	
Transfers to other funds:		
Debt Service Fund	751,749	
Other transfers	<u>175,000</u>	<u>2,632,565</u>
Ending balance		<u>\$ 1,056,959</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.