

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Winfield-Mt. Union Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Robin Therme	President	2013
Klay Edwards	Vice President	2015
Dan Schurr	Board Member	2015
John Vantiger	Board Member	2015
Mindy Shelledy	Board Member	2013
(After September 2013 Election)		
Board of Education		
Robin Therme	President (Resigned May 2014)	2017
Klay Edwards	Vice-President (Appointed President June 2014)	2015
John Vantiger	Board Member (Appointed Vice-President June 2014)	2015
Dan Schurr	Board Member	2015
Joy Sparrow	Board Member	2017
Jay Nelson	Board Member (Appointed June 2014)	2015
School Officials		
Pat Coen	Superintendent	2014
Carmen Benson	District Secretary/ Business Manager	2014
Ahlers & Cooney, P.C.	Attorney	2014

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District, Winfield, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winfield-Mt. Union Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2015 on our consideration of Winfield-Mt. Union Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Winfield-Mt. Union Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 5, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Winfield-Mt. Union Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 \$4,134,736 in fiscal year 2013 to \$4,318,483 in fiscal year 2014. General Fund expenditures increased from \$4,170,498 in fiscal year 2013 to \$4,278,039 in fiscal year 2014. This resulted in an increase in the District's General Fund balance from \$920,163 at June 30, 2013, to a balance of \$960,607 at June 30, 2014, a 4.40% increase from the prior year.
- The increase in General Fund revenues was primarily attributable to an increase in state source revenues received compared to the prior year. The increase in expenditures can be attributed to increases in negotiated salaries and benefits paid to District employees compared to the prior year.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Winfield-Mt. Union Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Winfield-Mt. Union Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the non-major governmental funds.

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

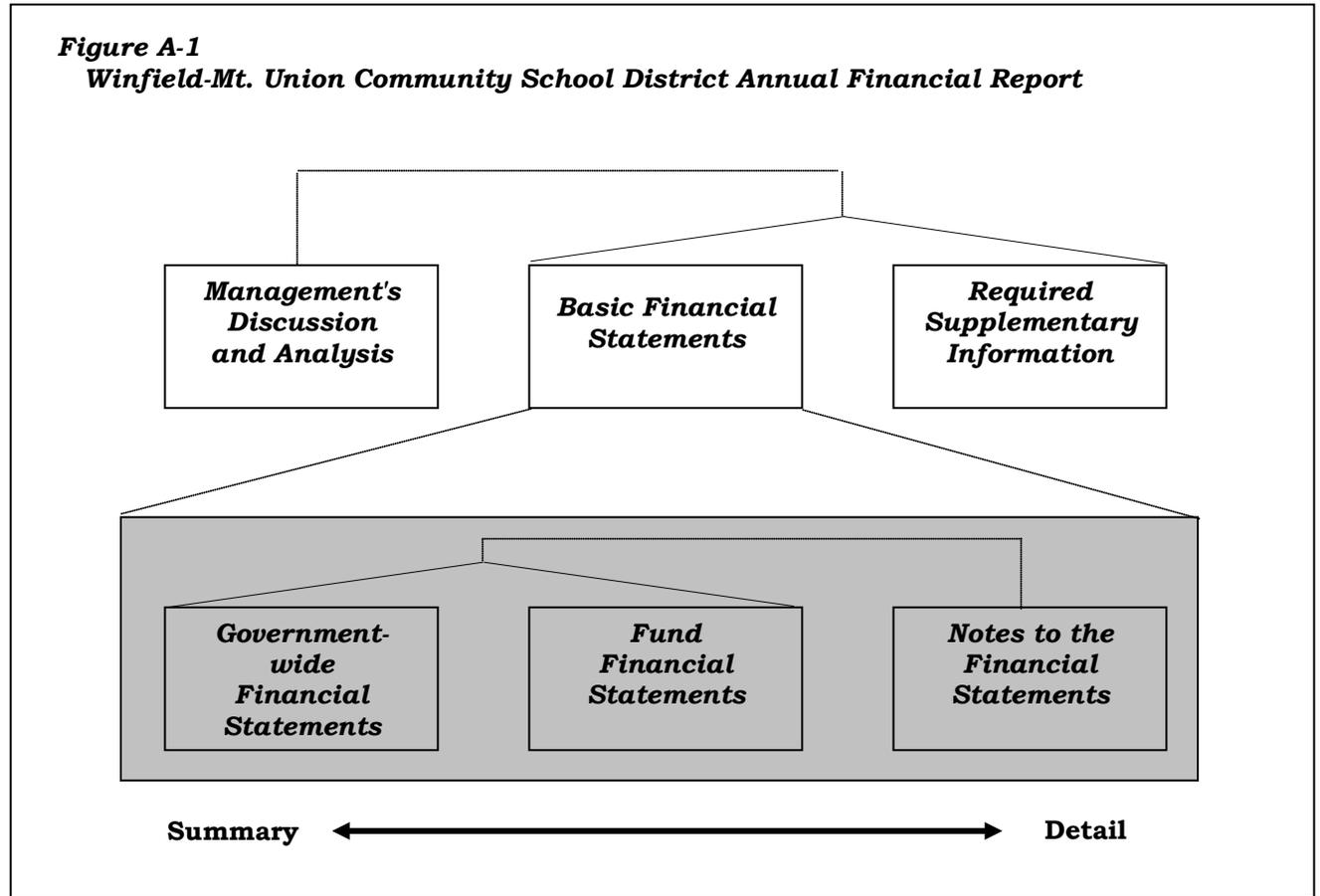


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 3,767,355	3,856,429	55,727	24,754	3,823,082	3,881,183	-1.50%
Capital assets	3,166,945	3,248,440	37,663	39,024	3,204,608	3,287,464	-2.52%
Total assets	6,934,300	7,104,869	93,390	63,778	7,027,690	7,168,647	-1.97%
Long-term liabilities	1,680,274	1,958,435	-	-	1,680,274	1,958,435	-14.20%
Other liabilities	414,030	462,376	6,603	10,709	420,633	473,085	-11.09%
Total liabilities	2,094,304	2,420,811	6,603	10,709	2,100,907	2,431,520	-13.60%
Deferred inflows of resources	1,440,054	1,421,648	-	-	1,440,054	1,421,648	1.29%
Net position:							
Net investment in capital assets	1,536,945	1,432,797	37,663	39,024	1,574,608	1,471,821	6.98%
Restricted	1,052,469	965,439	-	-	1,052,469	965,439	9.01%
Unrestricted	810,528	864,174	49,124	14,045	859,652	878,219	-2.11%
Total net position	\$ 3,399,942	3,262,410	86,787	53,069	3,486,729	3,315,479	5.17%

The District's combined net position increased by \$171,250, or 5.17% from to the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$87,030, or 9.01% from the prior year. The primary reason for the increase in restricted net position is the increase in carryover balances of the District's categorical funding in the General Fund as compared to the prior year.

Unrestricted net position – the part of net position that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$18,567, or 2.11%.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 794,369	808,428	88,641	74,718	883,010	883,146	-0.02%
Operating grants, contributions and restricted interest	406,978	399,594	163,079	146,906	570,057	546,500	4.31%
General revenues:							
Property tax	1,422,259	1,454,667	-	-	1,422,259	1,454,667	-2.23%
Income surtax	105,723	85,255	-	-	105,723	85,255	24.01%
Statewide sales, services and use tax	328,041	306,585	-	-	328,041	306,585	7.00%
Unrestricted state grants	1,948,771	1,741,787	-	-	1,948,771	1,741,787	11.88%
Unrestricted investment income	3,080	4,539	75	91	3,155	4,630	-31.86%
Other	39,886	33,819	-	-	39,886	33,819	17.94%
Total revenues	5,049,107	4,834,674	251,795	221,715	5,300,902	5,056,389	4.84%
Program expenses:							
Instructional	3,129,288	2,940,883	-	-	3,129,288	2,940,883	6.41%
Support services	1,386,249	1,449,614	-	-	1,386,249	1,449,614	-4.37%
Non-instructional programs	-	-	222,064	234,410	222,064	234,410	-5.27%
Other expenses	392,051	380,081	-	-	392,051	380,081	3.15%
Total expenses	4,907,588	4,770,578	222,064	234,410	5,129,652	5,004,988	2.49%
Excess(Deficiency) of revenues over(under) expenses	141,519	64,096	29,731	(12,695)	171,250	51,401	233.16%
Transfers	(3,987)	(6,440)	3,987	6,440	-	-	0.00%
Change in net position	137,532	57,656	33,718	(6,255)	171,250	51,401	233.16%
Net position beginning of year	3,262,410	3,204,754	53,069	59,324	3,315,479	3,264,078	1.57%
Net position end of year	\$ 3,399,942	3,262,410	86,787	53,069	3,486,729	3,315,479	5.17%

Property tax, income surtax, and unrestricted state grants account for 68.86% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.97% of the revenue from business type activities.

The District's total revenues were approximately \$5.30 million of which approximately \$5.05 million was for governmental activities and approximately \$0.25 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.84% increase in revenues and a 2.49% increase in expenses. The increase in revenues is primarily due to an increase in unrestricted state grant revenues received while the increase in expenditures is primarily due to an increase in negotiated salaries and benefits paid to District employees as compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$5,049,107 and expenses were \$4,907,588 for the year ended June 30, 2014.

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

	Figure A-5 Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 3,129,288	2,940,883	6.41%	2,098,254	1,986,973	5.60%
Support services	1,386,249	1,449,614	-4.37%	1,359,451	1,329,817	2.23%
Other expenses	392,051	380,081	3.15%	248,536	245,766	1.13%
Totals	<u>\$ 4,907,588</u>	<u>4,770,578</u>	<u>2.87%</u>	<u>3,706,241</u>	<u>3,562,556</u>	<u>4.03%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$794,369.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$406,978.
- The net cost of governmental activities was financed with \$1,422,259 in property tax, \$105,723 in income surtax, \$328,041 in statewide sales, services and use tax, \$1,948,771 in unrestricted state grants, \$3,080 in interest income, and \$39,886 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2014, were \$251,795 and expenses totaled \$222,064. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Winfield-Mt. Union Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balances of \$1,844,408, below last year's ending fund balances of \$1,903,979. A contributing factor to this decrease in combined fund balances was a decrease in ending fund balance of the Capital Projects Fund.

Governmental Fund Highlights

- The District's General Fund financial position is a product of many factors. The General Fund balance increased from \$920,163 at June 30, 2013 to \$960,607 at June 30, 2014. An increase in state revenues received compared to the prior year was the primary reason for the increase in ending fund balance.
- The Capital Projects Fund balance decreased from \$372,431 at June 30, 2013 to \$267,890 at June 30, 2014. This decrease resulted from an increase in capital outlay expenditures incurred as compared to the prior year primarily relating to the District's upgrades to the District's Fire Alarm System and the purchase of new lockers during the year.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$53,069 at June 30, 2013 to \$86,787 at June 30, 2014, representing an increase of 63.54%. The primary reasons for this increase in ending net position is due to an increase in charges for service, and federal source revenue received coupled with a decrease in salary and related benefit expenditures paid as compared to the prior year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$10,902 more than budgeted revenues, a variance of less than one percent. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$3,204,608, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.52% from the prior year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$314,946.

The original cost of the District's capital assets was \$6,872,101. Governmental funds account for \$6,701,606 with the remainder of \$170,495 in the Proprietary, School Nutrition Fund.

The largest dollar change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$1,469,956 at June 30, 2013, compared to \$1,384,767 reported at June 30, 2014. This decrease is the result of annual depreciation expense incurred on the District's Land improvement assets.

Figure A-6 Capital Assets, Net of Depreciation							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 57,263	57,263	-	-	57,263	57,263	0.00%
Buildings	1,420,058	1,439,148	-	-	1,420,058	1,439,148	-1.33%
Land improvements	1,384,767	1,469,956	-	-	1,384,767	1,469,956	-5.80%
Machinery and equipment	304,857	282,073	37,663	39,024	342,520	321,097	6.67%
Total	\$ 3,166,945	3,248,440	37,663	39,024	3,204,608	3,287,464	-2.52%

Long-Term Debt

At June 30, 2014, the District had long-term debt outstanding of \$1,680,274 in bonds and other long-term liabilities. This represents a decrease of 14.20% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had revenue bonded indebtedness of \$900,000 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund at June 30, 2014.

The District had capital loan note indebtedness of \$730,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund at June 30, 2014.

The District had a net OPEB liability of \$50,274 at June 30, 2014 attributable to the District's governmental activities.

Figure A-7 Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2014	2013	2013-14
Revenue bonds	900,000	1,000,000	-10.00%
Capital loan notes	730,000	840,000	-13.10%
Computer leases	-	59,435	-100.00%
Net OPEB liability	50,274	59,000	-14.79%
\$	1,680,274	1,958,435	-14.20%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- With the implementation of GASB Statement No. 68 in FY15, the District is expected to book a liability on financial statements associated with the District's share of its IPERS liability. This is expected to negatively impact the District's financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carmen Benson, District Board Secretary, Winfield-Mt. Union Community School District, 208 S Olive, Winfield, Iowa, 52659.

BASIC FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 1,960,947	46,291	2,007,238
Receivables:			
Property tax:			
Delinquent	22,250	-	22,250
Succeeding year	1,440,054	-	1,440,054
Income surtax	86,077	-	86,077
Due from other governments	258,027	6,473	264,500
Inventories	-	2,963	2,963
Capital assets, net of accumulated depreciation	3,166,945	37,663	3,204,608
TOTAL ASSETS	6,934,300	93,390	7,027,690
LIABILITIES			
Accounts payable	31,430	-	31,430
Salaries and benefits payable	365,386	3,314	368,700
Accrued interest payable	17,214	-	17,214
Unearned revenue	-	3,289	3,289
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	100,000	-	100,000
Capital loan notes	115,000	-	115,000
Portion due after one year:			
Revenue bonds	800,000	-	800,000
Capital loan notes	615,000	-	615,000
Net OPEB liability	50,274	-	50,274
TOTAL LIABILITIES	2,094,304	6,603	2,100,907
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	1,440,054	-	1,440,054
NET POSITION			
Net investment in capital assets	1,536,945	37,663	1,574,608
Restricted for:			
Categorical funding	185,882	-	185,882
Management levy purposes	269,028	-	269,028
Student activities	85,661	-	85,661
Debt service	244,008	-	244,008
School infrastructure	187,346	-	187,346
Physical plant and equipment	80,544	-	80,544
Unrestricted	810,528	49,124	859,652
TOTAL NET POSITION	\$ 3,399,942	86,787	3,486,729

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,136,693	485,513	89,548	(1,561,632)	-	(1,561,632)
Special	464,910	121,099	18,291	(325,520)	-	(325,520)
Other	527,685	187,757	128,826	(211,102)	-	(211,102)
	<u>3,129,288</u>	<u>794,369</u>	<u>236,665</u>	<u>(2,098,254)</u>	<u>-</u>	<u>(2,098,254)</u>
Support services:						
Student	87,571	-	-	(87,571)	-	(87,571)
Instructional	150,674	-	-	(150,674)	-	(150,674)
Administration	604,659	-	26,798	(577,861)	-	(577,861)
Operation and maintenance of plant	383,406	-	-	(383,406)	-	(383,406)
Transportation	159,939	-	-	(159,939)	-	(159,939)
	<u>1,386,249</u>	<u>-</u>	<u>26,798</u>	<u>(1,359,451)</u>	<u>-</u>	<u>(1,359,451)</u>
Long-term debt interest	59,177	-	-	(59,177)	-	(59,177)
Other expenditures:						
AEA flowthrough	143,515	-	143,515	-	-	-
Depreciation(unallocated)*	189,359	-	-	(189,359)	-	(189,359)
	<u>332,874</u>	<u>-</u>	<u>143,515</u>	<u>(189,359)</u>	<u>-</u>	<u>(189,359)</u>
Total governmental activities	4,907,588	794,369	406,978	(3,706,241)	-	(3,706,241)
Business type activities:						
Non-instructional programs:						
Food service operations	222,064	88,641	163,079	-	29,656	29,656
Total	<u>\$ 5,129,652</u>	<u>883,010</u>	<u>570,057</u>	<u>(3,706,241)</u>	<u>29,656</u>	<u>(3,676,585)</u>
General Revenues and Transfers:						
Property tax levied for:						
General purposes				\$ 1,232,301	-	1,232,301
Capital outlay				189,958	-	189,958
Income surtax				105,723	-	105,723
Statewide sales, services and use tax				328,041	-	328,041
Unrestricted state grants				1,948,771	-	1,948,771
Unrestricted investment earnings				3,080	75	3,155
Other				39,886	-	39,886
Transfers				(3,987)	3,987	-
Total general revenues and transfers				<u>3,843,773</u>	<u>4,062</u>	<u>3,847,835</u>
Changes in net position				137,532	33,718	171,250
Net position beginning of year				<u>3,262,410</u>	<u>53,069</u>	<u>3,315,479</u>
Net position end of year				<u>\$ 3,399,942</u>	<u>86,787</u>	<u>3,486,729</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2014

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 1,214,040	131,776	615,131	1,960,947
Receivables:				
Property tax:				
Delinquent	18,459	3,011	780	22,250
Succeeding year	1,152,169	187,885	100,000	1,440,054
Income surtax	86,077	-	-	86,077
Due from other governments	124,924	133,103	-	258,027
TOTAL ASSETS	\$ 2,595,669	455,775	715,911	3,767,355
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 31,430	-	-	31,430
Salaries and benefits payable	365,386	-	-	365,386
Total liabilities	396,816	-	-	396,816
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,152,169	187,885	100,000	1,440,054
Income surtax	86,077	-	-	86,077
Total deferred inflows of resources	1,238,246	187,885	100,000	1,526,131
Fund balances:				
Restricted for:				
Categorical funding	185,882	-	-	185,882
Management levy purposes	-	-	269,028	269,028
Student activities	-	-	85,661	85,661
Debt service	-	-	261,222	261,222
School infrastructure	-	187,346	-	187,346
Physical plant and equipment	-	80,544	-	80,544
Unassigned	774,725	-	-	774,725
Total fund balances	960,607	267,890	615,911	1,844,408
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,198,853	455,775	715,911	3,767,355

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances of governmental funds (page 20)	\$	1,844,408
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		3,166,945
Accounts receivable income surtax, are not yet available to finance expenditures of the current year, therefore, are recognized as deferred inflows of resources in the governmental funds.		86,077
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(17,214)
Long-term liabilities, including bonds payable, notes payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(1,680,274)
		(1,680,274)
Net position of governmental activities (page 18)	\$	<u><u>3,399,942</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION 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	\$ 1,288,858	189,958	50,017	1,528,833
Tuition	564,909	-	-	564,909
Other	103,789	678	177,689	282,156
State sources	2,175,389	328,116	17	2,503,522
Federal sources	170,538	-	-	170,538
Total revenues	<u>4,303,483</u>	<u>518,752</u>	<u>227,723</u>	<u>5,049,958</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,051,812	-	30,101	2,081,913
Special	465,189	-	-	465,189
Other	353,396	-	173,434	526,830
	<u>2,870,397</u>	<u>-</u>	<u>203,535</u>	<u>3,073,932</u>
Support services:				
Student	87,756	-	-	87,756
Instructional	150,729	-	-	150,729
Administration	601,003	-	5,281	606,284
Operation and maintenance of plant	317,736	24,859	25,180	367,775
Transportation	106,903	139,684	3,940	250,527
	<u>1,264,127</u>	<u>164,543</u>	<u>34,401</u>	<u>1,463,071</u>
Capital outlay	-	114,111	-	114,111
Long-term debt:				
Principal	-	-	269,435	269,435
Interest and fiscal charges	-	-	60,465	60,465
	<u>-</u>	<u>-</u>	<u>329,900</u>	<u>329,900</u>
Other expenditures:				
AEA flowthrough	143,515	-	-	143,515
Total expenditures	<u>4,278,039</u>	<u>278,654</u>	<u>567,836</u>	<u>5,124,529</u>
Excess(Deficiency) of revenues over(under) expenditures	25,444	240,098	(340,113)	(74,571)
Other financing sources(uses):				
Transfers in	-	-	344,639	344,639
Transfers out	-	(344,639)	-	(344,639)
Sale of equipment	15,000	-	-	15,000
Total other financing sources	<u>15,000</u>	<u>(344,639)</u>	<u>344,639</u>	<u>15,000</u>
Change in fund balances	40,444	(104,541)	4,526	(59,571)
Fund balances beginning of year	<u>920,163</u>	<u>372,431</u>	<u>611,385</u>	<u>1,903,979</u>
Fund balances end of year	<u>\$ 960,607</u>	<u>267,890</u>	<u>615,911</u>	<u>1,844,408</u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2014

Change in fund balances - total governmental funds (page 22) \$ (59,571)

***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 outlay and depreciation expense in the current fiscal year are as follows:

Capital outlay	\$ 228,103	
Depreciation expense	<u>(309,598)</u>	<u>(81,495)</u>

Income surtax accounts receivable is not available to finance expenditures of the current year, and is recognized as a deferred inflow of resources in the governmental funds.

(851)

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

269,435

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

1,288

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

Other postemployment benefits

8,726

Changes in net position of governmental activities (page 19) \$ 137,532

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2014

	<u>Enterprise, School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 46,291
Due from other governments	6,473
Inventories	2,963
Capital assets, net of accumulated depreciation	<u>37,663</u>
TOTAL ASSETS	<u><u>93,390</u></u>
LIABILITIES	
Salaries and benefits payable	3,314
Unearned revenues	<u>3,289</u>
TOTAL LIABILITES	<u><u>6,603</u></u>
NET POSITION	
Net investment in capital assets	37,663
Unrestricted	<u>49,124</u>
TOTAL NET POSITION	<u><u>\$ 86,787</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 88,641
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	51,272
Benefits	8,297
Services	3,322
Supplies	153,752
Depreciation	5,348
Other	73
TOTAL OPERATING EXPENSES	222,064
OPERATING LOSS	(133,423)
NON-OPERATING REVENUES:	
Interest income	75
State sources	2,176
Federal sources	160,903
TOTAL NON-OPERATING REVENUES	163,154
Change in net position before capital contributions	29,731
Capital contributions	3,987
Change in net position	33,718
Net position beginning of year	53,069
Net position end of year	\$ 86,787

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 89,663
Cash payments to employees for services	(59,307)
Cash payments to suppliers for goods or services	(151,336)
Net cash used in operating activities	(120,980)
Cash flows from non-capital financing activities:	
State grants received	2,176
Federal grants received	150,261
Net cash provided by non-capital financing activities	152,437
Cash flows from investing activities:	
Interest on investments	75
Net increase in cash and cash equivalents	31,532
Cash and cash equivalents beginning of year	14,759
Cash and cash equivalents end of year	\$ 46,291
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (133,423)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	11,479
Depreciation	5,348
Increase in inventories	(278)
Decrease in accounts payable	(5,390)
Increase in salaries and benefits payable	262
Increase in unearned revenue	1,022
Net cash used in operating activities	\$ (120,980)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received federal commodities valued at \$11,479.

During the year ended June 30, 2014, the Nutrition Fund received capital contributions from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$3,987.

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Winfield-Mt. Union Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Winfield-Mt. Union Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for 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 that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

The District reports the following major governmental funds:

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

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

The District also reports the following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

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

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

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

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

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

Unearned revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

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

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

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

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
	Capital Projects: Statewide Sales,	
Debt Service	Services and Use Tax	\$ 192,155
	Capital Projects: Physical Plant	
Debt Service	and Equipment Levy	152,484
Total		<u>\$ 344,639</u>

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

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

(4) Capital Assets

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

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 57,263	-	-	57,263
Total capital assets not being depreciated	<u>57,263</u>	<u>-</u>	<u>-</u>	<u>57,263</u>
Capital assets being depreciated:				
Buildings	3,174,237	85,080	-	3,259,317
Land improvements	1,703,767	-	-	1,703,767
Machinery and equipment	1,606,536	143,023	68,300	1,681,259
Total capital assets being depreciated	<u>6,484,540</u>	<u>228,103</u>	<u>68,300</u>	<u>6,644,343</u>
Less accumulated depreciation for:				
Buildings	1,735,089	104,170	-	1,839,259
Land improvements	233,811	85,189	-	319,000
Machinery and equipment	1,324,463	120,239	68,300	1,376,402
Total accumulated depreciation	<u>3,293,363</u>	<u>309,598</u>	<u>68,300</u>	<u>3,534,661</u>
Total capital assets being depreciated, net	<u>3,191,177</u>	<u>(81,495)</u>	<u>-</u>	<u>3,109,682</u>
Governmental activities capital assets, net	<u>\$ 3,248,440</u>	<u>(81,495)</u>	<u>-</u>	<u>3,166,945</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 166,508	3,987	-	170,495
Less accumulated depreciation	127,484	5,348	-	132,832
Business type activities capital assets, net	\$ 39,024	(1,361)	-	37,663

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 76,333
Other	855

Support services:

Operating and maintenance of plant	17,483
Transportation	25,568
	<u>120,239</u>

Unallocated depreciation 189,359

Total governmental activities depreciation expense \$ 309,598

Business type activities:

Food service operations \$ 5,348

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue bonds	1,000,000	-	100,000	900,000	100,000
Capital loan notes	840,000	-	110,000	730,000	115,000
Computer leases	59,435	-	59,435	-	-
Termination benefits	-	15,000	15,000	-	-
Net OPEB liability	59,000	-	8,726	50,274	-
Total	\$ 1,958,435	15,000	293,161	1,680,274	215,000

Revenue Bonds

Details of the District’s June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond Dated June 1, 2010		
		Principal	Interest	Total
2015	2.50%	\$ 100,000	29,650	129,650
2016	3.00	100,000	26,900	126,900
2017	3.00	100,000	23,900	123,900
2018	3.30	100,000	20,750	120,750
2019	3.50	100,000	17,350	117,350
2020-2023	3.70-4.00	400,000	31,700	431,700
Total		\$ 900,000	150,250	1,050,250

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,100,000 of bonds issued in June 2010. The bonds were issued for the purpose of financing a portion of the costs of an addition to the school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2023. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 40% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$1,050,250. For the current year \$100,000 principal and \$31,900 of interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$328,041.

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

- a) \$110,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project to be used for any lawful purpose.

Capital Loan Notes

During the year ended June 30, 2010, the District issued Capital Loans Notes to provide funds for the purchase of equipment. The notes are payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District’s indebtedness under the agreements in effect at June 30, 2014 are as follows:

Year Ending June 30,	Interest Rate	Note Dated June 1, 2010		
		Principal	Interest	Total
2015	2.20%	\$ 115,000	21,173	136,173
2016	2.60	115,000	18,642	133,642
2017	2.85	120,000	15,652	135,652
2018	3.05	125,000	12,232	137,232
2019	3.20	125,000	8,420	133,420
2020	3.40	130,000	4,420	134,420
Total		\$ 730,000	80,539	810,539

Termination Benefits

In November 2013, the District approved a voluntary early retirement plan for its full-time licensed employees. The plan was only offered to employees for one year. Eligible employees must have completed ten years of service as a full-time licensed employee and must have reached age 55 or older before June 30 of the year of retirement. The application is subject to approval by the Board of Directors.

Early retirement benefits equal a \$15,000 payment directly to a 403(b) special pay deferral plan or to the health care savings plan.

At June 30, 2014, the District did not have any outstanding obligations to retiree participants. During fiscal year 2014 the District had one employee retire under the retirement agreement and this employee was paid out on June 30, 2014. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$15,000.

(6) Operating Leases

In November 2011, the District entered into a five year lease agreement for five copy machines, with monthly payments totaling \$741.68. Total payments on the copier lease by the District for the year ended June 30, 2014 were \$8,900. As of June 30, 2014, twenty-eight months remained on the lease agreement.

In July 2010, the District entered into a five year lease of a telephone, paging, and clock system. Monthly payments on this lease are \$1,221. Total payments made on the communication lease during fiscal year ended June 30, 2014 totaled \$14,649. As of June 30, 2014, fourteen months remained on the lease agreement.

In April 2014, the District entered a three year lease agreement with De Lage Landen Public Finance LLC, to rent three school buses. During fiscal year 2014, the District paid \$38,529 on this bus lease agreement. At the end of the bus lease, the District plans to enter into a subsequent bus lease agreement.

(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 salaries. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$231,774, \$220,513, and \$198,737, respectively, equal to the required contributions for each year.

(8) 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 51 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Iowa School Employees Benefits Association. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 25,000
Interest on net OPEB obligation	2,655
Adjustment to annual required contribution	(2,381)
Annual OPEB cost	<u>25,274</u>
Contributions made	<u>(34,000)</u>
Decrease in net OPEB obligation	(8,726)
Net OPEB obligation beginning of year	<u>59,000</u>
Net OPEB obligation end of year	<u><u>\$ 50,274</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 \$34,000 to the medical plan. Plan members eligible for benefits contributed \$20,000, or 37% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$42,311	44.9%	\$64,485
2013	\$25,515	121.5%	\$59,000
2014	\$25,274	134.5%	\$50,274

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 \$223,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$223,000. The covered payroll (annual payroll of active employees covered by the plan) was \$1,251,071 and the ratio of UAAL to covered payroll was 17.8%. As of June 30, 2014 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents a multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a 0.50% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the average retirement age of pension eligible retirees over the last five years.

The salary increase rate was assumed to be 3.5% per year. Projected claim costs of the medical plan are \$1,026 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: dental, life, and long term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2014 were \$263,469.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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

(10) 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 \$143,515 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.

(11) Categorical Funding

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

Program	Amount
Gifted and talented programs	\$ 70,783
Returning dropouts and dropout prevention programs	82,134
Teacher salary supplement	14,321
Successful progression for early readers	12,460
Teacher leadership grant	6,184
Total	\$ 185,882

(12) Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	Net investment in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	261,222	774,725
Capital assets, net of accumulated depreciation	3,166,945	-	-
Revenue bond capitalized indebtedness	(900,000)	-	-
Capital loan note capitalized indebtedness	(730,000)	-	-
Accrued interest payable	-	(17,214)	-
Income Surtax	-	-	86,077
Net OPEB liability	-	-	(50,274)
Net position (Exhibit A)	\$ 1,536,945	244,008	810,528

(13) Prospective Accounting Change

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY 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	\$ 2,375,898	88,716	2,464,614	2,778,836	2,778,836	(314,222)
State sources	2,503,522	2,176	2,505,698	2,192,015	2,192,015	313,683
Federal sources	170,538	160,903	331,441	320,000	320,000	11,441
Total revenues	<u>5,049,958</u>	<u>251,795</u>	<u>5,301,753</u>	<u>5,290,851</u>	<u>5,290,851</u>	<u>10,902</u>
Expenditures/Expenses:						
Instruction	3,073,932	-	3,073,932	3,594,136	3,594,136	520,204
Support services	1,463,071	-	1,463,071	1,782,000	1,782,000	318,929
Non-instructional programs	-	222,064	222,064	284,407	284,407	62,343
Other expenditures	587,526	-	587,526	618,728	618,728	31,202
Total expenditures/expenses	<u>5,124,529</u>	<u>222,064</u>	<u>5,346,593</u>	<u>6,279,271</u>	<u>6,279,271</u>	<u>932,678</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(74,571)	29,731	(44,840)	(988,420)	(988,420)	943,580
Other financing sources, net	<u>15,000</u>	<u>3,987</u>	<u>18,987</u>	-	-	<u>18,987</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(59,571)	33,718	(25,853)	(988,420)	(988,420)	962,567
Balances beginning of year	<u>1,903,979</u>	<u>53,069</u>	<u>1,957,048</u>	<u>1,624,653</u>	<u>1,624,653</u>	<u>332,395</u>
Balances end of year	<u>\$ 1,844,408</u>	<u>86,787</u>	<u>1,931,195</u>	<u>636,233</u>	<u>636,233</u>	<u>1,294,962</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

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

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

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

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2009	-	267,000	267,000	0.0%	1,505,429	17.7%
2011	July 1, 2009	-	267,000	267,000	0.0%	1,383,336	19.3%
2012	July 1, 2009	-	267,000	267,000	0.0%	1,409,382	18.9%
2013	July 1, 2012	-	223,000	223,000	0.0%	1,225,543	18.2%
2014	July 1, 2012	-	223,000	223,000	0.0%	1,251,071	17.8%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue				Total
	Management Levy	Student Activity	Total Special Revenue	Debt Service	
ASSETS					
Cash and pooled investments	\$ 268,248	85,661	353,909	261,222	615,131
Receivables:					
Property tax:					
Delinquent	780	-	780	-	780
Succeeding year	100,000	-	100,000	-	100,000
TOTAL ASSETS	<u>\$ 369,028</u>	<u>85,661</u>	<u>454,689</u>	<u>261,222</u>	<u>715,911</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities	\$ -	-	-	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	100,000	-	100,000	-	100,000
Fund balances:					
Restricted for:					
Management levy purposes	269,028	-	269,028	-	269,028
Student activities	-	85,661	85,661	-	85,661
Debt service	-	-	-	261,222	261,222
Total fund balances	<u>269,028</u>	<u>85,661</u>	<u>354,689</u>	<u>261,222</u>	<u>615,911</u>
TOTAL LIABILITIES, DEFERED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 369,028</u>	<u>85,661</u>	<u>454,689</u>	<u>261,222</u>	<u>715,911</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue				Total
	Management Levy	Student Activity	Total Special Revenue	Debt Service	
REVENUES:					
Local sources:					
Local tax	\$ 50,017	-	50,017	-	50,017
Other	1,069	176,620	177,689	-	177,689
State sources	17	-	17	-	17
TOTAL REVENUES	51,103	176,620	227,723	-	227,723
EXPENDITURES:					
Current:					
Instruction:					
Regular	30,101	-	30,101	-	30,101
Other	-	173,434	173,434	-	173,434
Support services:					
Administration	5,281	-	5,281	-	5,281
Operation and maintenance of plant	23,267	1,913	25,180	-	25,180
Transportation	3,940	-	3,940	-	3,940
Long-term debt:					
Principal	-	-	-	269,435	269,435
Interest and fiscal charges	-	-	-	60,465	60,465
TOTAL EXPENDITURES	62,589	175,347	237,936	329,900	567,836
Excess(Deficiency) of revenues over(under) expenditures	(11,486)	1,273	(10,213)	(329,900)	(340,113)
Other financing sources:					
Transfer in	-	-	-	344,639	344,639
Change in fund balances	(11,486)	1,273	(10,213)	14,739	4,526
Fund balances beginning of year	280,514	84,388	364,902	246,483	611,385
Fund balances end of year	\$ 269,028	85,661	354,689	261,222	615,911

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 54,243	77,533	131,776
Receivables:			
Property tax:			
Delinquent	-	3,011	3,011
Succeeding year	-	187,885	187,885
Due from other government	133,103	-	133,103
TOTAL ASSETS	\$ 187,346	268,429	455,775
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	187,885	187,885
Fund balances:			
Restricted for:			
School infrastructure	187,346	-	187,346
Physical plant and equipment	-	80,544	80,544
Total fund balances	187,346	80,544	267,890
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 187,346	268,429	455,775

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Capital Projects			Total
	Construction Projects	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
REVENUES				
Local sources:				
Local tax	\$ -	-	189,958	189,958
Other	-	313	365	678
State sources	-	328,041	75	328,116
TOTAL REVENUES	-	328,354	190,398	518,752
EXPENDITURES:				
Current:				
Support services:				
Operation and maintenance of plant	-	24,859	-	24,859
Transportation	-	139,684	-	139,684
Capital outlay	83,791	11,955	18,365	114,111
TOTAL EXPENDITURES	83,791	176,498	18,365	278,654
Excess(Deficiency) of revenues over(under) expenditures	(83,791)	151,856	172,033	240,098
Other financing uses:				
Transfer out	-	(192,155)	(152,484)	(344,639)
Change in fund balances	(83,791)	(40,299)	19,549	(104,541)
Fund balances beginning of year	83,791	227,645	60,995	372,431
Fund balances end of year	\$ -	187,346	80,544	267,890

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Athletics					
Medical supplies	\$ -	-	612	612	-
Activity passes	2,525	12,616	2,969	(9,518)	2,654
Donations	-	1,075	932	-	143
HS athletic miscellaneous	-	-	2,216	2,216	-
Athletics dues/fees	-	-	1,173	1,173	-
Fruit fundraiser	-	9,973	6,447	(3,526)	-
Football gate	5,402	8,465	200	(5,119)	8,548
Football supplies	-	-	1,794	1,794	-
Football officials	-	-	3,325	3,325	-
Football in/out	3,070	13,146	11,195	1,550	6,571
Basketball gate	21,948	16,992	4,831	(6,827)	27,282
Basketball supplies	-	337	1,339	1,002	-
Basketball officials	-	-	4,869	4,869	-
Basketball in/out - Boys	420	6,476	6,942	80	34
Sports awards	-	-	956	956	-
Basketball in/out - Girls	1,442	3,574	4,438	(347)	231
Track gate	-	1,167	-	-	1,167
Track supplies	-	200	4,862	4,662	-
Track entry fees	-	1,110	1,970	1,450	590
Track-girls in/out	831	3,185	3,502	(32)	482
XC supplies	-	-	230	230	-
XC entry fees	-	660	600	-	60
XC in/out	193	2,411	2,567	-	37
HS wrestling equipment	-	850	850	-	-
HS wrestling supplies	-	-	87	87	-
HS wrestling officials	-	-	214	214	-
Baseball gate	706	3,933	-	(4,639)	-
Baseball supplies	-	400	3,389	2,989	-
Baseball officials	-	-	3,452	3,452	-
Baseball in/out	1,607	7,396	3,577	-	5,426
Softball gate	-	1,109	-	(1,109)	-
Softball supplies	-	122	212	90	-
Softball officials	500	-	2,420	1,920	-
Softball in/out	1,650	4,399	2,754	(2,470)	825
Volleyball gate	3,803	4,987	1,889	(2,724)	4,177
Volleyball supplies	-	270	1,594	1,324	-
Volleyball entry fees	-	-	445	445	-
Volleyball officials	-	-	955	955	-
Volleyball in/out	922	7,044	3,372	(1,203)	3,391
Golf supplies	-	-	1,773	1,773	-
Golf entry fees	-	-	430	430	-
Golf in/out	939	660	1,485	-	114
Cheerleaders-basketball	192	854	488	-	558
Drill team	837	1,080	1,104	-	813
	<u>46,987</u>	<u>114,491</u>	<u>98,459</u>	<u>84</u>	<u>63,103</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Clubs					
Drama	2,086	1,441	2,687	-	840
Pep club	463	927	852	-	538
Speech dues/fees	-	-	152	152	-
Speech supplies	-	-	39	39	-
Art club	-	-	70	70	-
Spanish club	-	1,260	1,260	-	-
Europe trip	3,804	11,356	15,160	-	-
	<u>6,353</u>	<u>14,984</u>	<u>20,220</u>	<u>261</u>	<u>1,378</u>
Graduating Classes					
After prom	-	6,151	6,630	500	21
Class of 2014	999	1,005	2,782	810	32
Class of 2015	574	5,031	5,399	-	206
Class of 2016	1,093	60	-	-	1,153
Class of 2017	797	22	-	-	819
Class of 2018	87	-	-	-	87
	<u>3,550</u>	<u>12,269</u>	<u>14,811</u>	<u>1,310</u>	<u>2,318</u>
Academic					
Yearbook supplies	-	-	1,137	1,137	-
Yearbook	-	564	7,470	6,906	-
Yearbook sales	7,866	6,484	-	(8,043)	6,307
Honor society	1,715	3,600	3,771	-	1,544
Student council pop machine	2,422	4,763	3,234	(3,319)	632
Student council dances	-	621	1,025	404	-
Student council supplies	-	-	1,914	1,914	-
Band fundraiser	4,404	3,508	7,156	(730)	26
Band dues/fees	-	-	730	730	-
Band resale acct	129	190	-	-	319
Vocal music fundraiser	1,428	4,800	4,124	(185)	1,919
Vocal music dues/fees	-	-	185	185	-
FFA	-	3,925	3,044	-	881
Cafe concert	500	1,067	550	-	1,017
Marketing fundraiser	309	-	-	(309)	-
	<u>18,773</u>	<u>29,522</u>	<u>34,340</u>	<u>(1,310)</u>	<u>12,645</u>
Elementary					
Miscellaneous	3,833	1,396	2,741	-	2,488
High School					
Miscellaneous	1,644	1,617	1,940	-	1,321
Wolves care club	3,248	2,076	2,836	(80)	2,408
Interest	-	265	-	(265)	-
	<u>4,892</u>	<u>3,958</u>	<u>4,776</u>	<u>(345)</u>	<u>3,729</u>
Total	<u>\$ 84,388</u>	<u>176,620</u>	<u>175,347</u>	<u>-</u>	<u>85,661</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 1,528,833	1,847,318	1,752,162	1,898,792	1,792,024	1,778,089	1,684,293	1,381,536	1,394,511	1,250,247
Tuition	564,909	472,296	459,774	461,448	399,966	435,937	402,937	596,845	516,973	593,185
Other	282,156	390,747	368,970	413,688	227,086	279,895	341,816	270,042	291,375	247,303
Intermediate sources	-	-	-	-	-	-	-	4,083	-	-
State sources	2,503,522	1,934,462	2,064,973	1,882,177	1,667,661	1,897,123	1,866,527	1,710,457	1,519,699	1,421,093
Federal sources	170,538	190,662	134,128	274,790	364,706	167,436	134,333	145,733	136,751	143,816
Total	\$ 5,049,958	4,835,485	4,780,007	4,930,895	4,451,443	4,558,480	4,429,906	4,108,696	3,859,309	3,655,644
Expenditures:										
Instruction:										
Regular	\$ 2,081,913	1,950,223	1,877,632	1,959,994	1,817,927	1,778,831	1,690,544	1,671,219	1,717,084	1,773,320
Special	465,189	418,651	319,869	339,525	323,348	287,228	325,358	431,126	467,715	365,738
Other	526,830	561,263	619,618	613,383	546,527	486,365	497,898	509,558	544,939	386,019
Support services:										
Student	87,756	69,975	69,411	74,428	103,937	82,291	74,070	67,308	62,814	83,102
Instructional	150,729	155,906	179,820	154,091	131,833	123,778	91,204	75,723	87,589	100,837
Administration	606,284	665,750	638,636	586,231	549,623	521,980	500,243	476,115	475,604	390,379
Operation and maintenance										
of plant	367,775	364,255	393,542	453,439	284,020	288,752	270,929	260,270	258,851	226,144
Transportation	250,527	170,410	184,827	174,345	152,980	159,779	183,657	140,843	154,280	298,932
Capital outlay	114,111	59,168	270,064	1,973,635	168,476	226,885	249,832	193,320	101,813	86,153
Long Term Debt:										
Principal	269,435	253,930	154,531	250,000	140,000	135,000	130,000	151,190	150,145	153,376
Interest and fiscal charges	60,465	61,879	65,738	52,116	9,015	13,065	16,965	27,676	31,533	25,703
Other expenditures:										
AEA flow-through	143,515	134,315	135,791	149,583	148,645	130,649	123,091	115,725	108,983	107,382
Total	\$ 5,124,529	4,865,725	4,909,479	6,780,770	4,376,331	4,234,603	4,153,791	4,120,073	4,161,350	3,997,085

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 5, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-14 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winfield-Mt. Union Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

Winfield-Mt. Union Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 5, 2015
Newton, Iowa

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-14 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. In certain instances, one individual has control over data each of the following areas for the District:

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

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

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

Conclusion - Response accepted.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS
 YEAR ENDED JUNE 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - District expenditures for the year ended June 30, 2013, did not exceed the amounts budgeted.

II-B-14 Questionable Disbursements - We noted during our audit that the District reimbursed an individual for supplies purchased for the after prom program. The items purchased were not subject to an official purchase order by the school and as a result were subject to sales tax, which was reimbursed to the individual by the District. As a tax exempt entity the District should not reimburse individuals for sales tax portion of purchases.

We also noted the above purchase for the after prom program included a gift cards to be given out as prizes at post prom. Gift cards do not appear to meet public purpose per Attorney General’s opinion dated April 25, 1979 as is does not allow the Board to “audit and allow” the final purchase as required by Chapter 279.29 of the Code of Iowa.

The purchase of gift cards and the reimbursements for sales tax would not appear to meet public purpose as defined in the Attorney General’s opinion dated April 25, 1979.

Recommendation - The District should review their procedures in place, and make necessary adjustments to ensure gift cards are not purchased, and sales tax is not reimbursed to be in compliance with Attorney General’s opinion dated April 25, 1979 and Chapter 279.29 of the Code of Iowa.

Response - We will continue to review and enforce District procedures with regard to gift card purchases.

Conclusion - Response accepted.

II-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.

II-D-14 Business Transactions - Business transactions between the District and District officials or employees were noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Peg Nelson, Bus Driver Spouces owns Electronic Engineering	Supplies and Repairs	\$3,024
Barb Brown, Secretary Brother Owns Richards's Electric	Purchased Services	\$65

In accordance with Attorney General’s opinion dated November 9, 1976, the above transactions with the spouse and brother of District employees do not appear to represent a conflict of interest.

- II-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-14 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-14 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education
- II-K-14 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted. However, we noted during our audit that the District has several carryover balances which increased during the year, some of which appear to be excessive.

Recommendation - The District should review the state allocation and categorical funding carryover balances. The District should develop a plan for expending the carryover balances.

Response - The District will develop a budget and plan to expend categorical funds so that excessive amounts are not carried over.

Conclusion - Response accepted.

- II-L-14 Authorized Signatures - We noted during our audit, an instance of a check written from the Capital Projects: Bond Construction Fund which cleared the bank lacking authorized signatures. Chapter 291.1 and 291.8 of the Code of Iowa requires the Board President, or designee, and Board Secretary to sign all checks. We also noted the District's board president officially resigned on May 27th, 2014; however, the District was still using the Board President's signature stamp even though the president had officially resigned until a new Board President was appointed on June 18th, 2014.

Recommendation - The District should review their procedures to ensure the proper signatures are on all checks (Board President, or Designee, and Board Secretary) before they are sent out, in order to be in compliance with Chapter 291.1 and Chapter 291.8 of the Code of Iowa. The District should also ensure any signature affixed on District checks are for appropriate individuals associated with the School District.

Response - We will ensure checks are reviewed for signatures prior to spending.

Conclusion - Response accepted.

- II-M-14 Statewide Sales, Services and Use Tax - No instances of non-compliance noted with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$ 227,645
Revenues:		
Sales tax revenues	\$ 328,041	
Other local revenues	<u>313</u>	<u>328,354</u>
		555,999
Expenditures/transfers out:		
Equipment	\$ 105,142	
Other	71,356	
Transfers to other funds:		
Debt service fund	<u>192,155</u>	<u>368,653</u>
Ending Balance		<u><u>\$ 187,346</u></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.