

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Winfield-Mt. Union Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Klay Edwards	President	2015
John Vantiger	Vice-President	2015
Dan Schurr	Board Member	2015
Joy Sparrow	Board Member	2017
Jay Nelson	Board Member	2015

School Officials

Launi Dane	Superintendent	2015
Carmen Benson	District Secretary/ Business Manager	2015
Ahlers & Cooney, P.C.	Attorney	2015

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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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, Winfield-Mt. Union Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of 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, 2014 (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 February 10, 2016 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.

February 10, 2016
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, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,318,483 in fiscal year 2014 to \$4,363,876 in fiscal year 2015. General Fund expenditures increased from \$4,278,039 in fiscal year 2014 to \$4,300,118 in fiscal year 2015. This resulted in an increase in the District's General Fund balance from \$960,607 at June 30, 2014, to a balance of \$1,024,365 at June 30, 2015, a 6.64% increase from the prior year.
- The increase in General Fund revenues was primarily attributable to an increase in tuition 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, the District's proportionate share of the net pension liability and related contributions, 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.

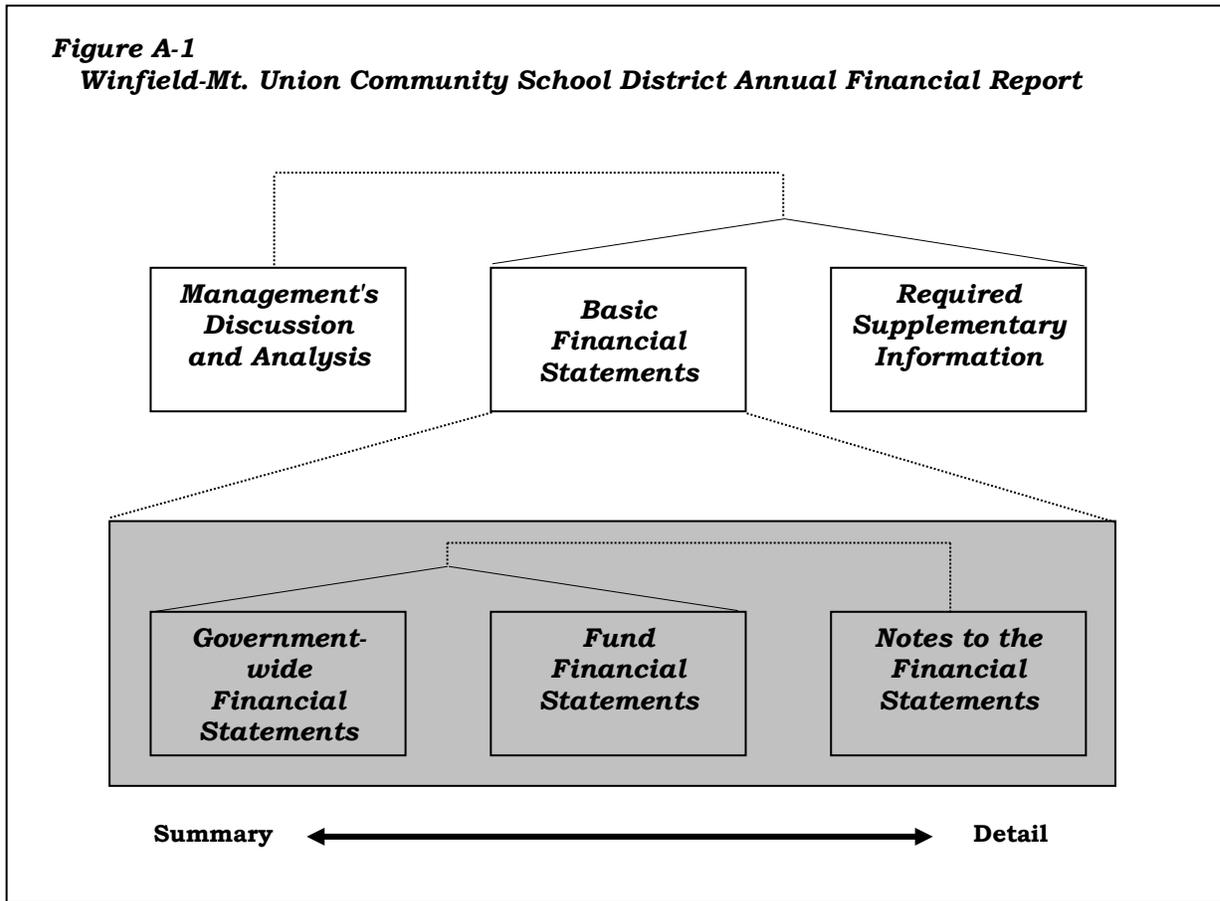


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or 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 three kinds of funds:

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

The District's governmental funds include the General Fund, Special Revenue Funds, 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.

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

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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, 2015 compared to June 30, 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014		June 30, 2014		June 30, 2014		June 30, 2014-15
	2015	(Not restated)	2015	(Not restated)	2015	(Not restated)	2014-15
Current and other assets	\$ 4,043,579	3,767,355	72,663	55,727	4,116,242	3,823,082	7.67%
Capital assets	3,017,714	3,166,945	47,443	37,663	3,065,157	3,204,608	-4.35%
Total assets	7,061,293	6,934,300	120,106	93,390	7,181,399	7,027,690	2.19%
Deferred outflows of resources	315,491	-	6,694	-	322,185	-	100.00%
Long-term liabilities	3,010,971	1,680,274	29,592	-	3,040,563	1,680,274	80.96%
Other liabilities	464,046	414,030	10,372	6,603	474,418	420,633	12.79%
Total liabilities	3,475,017	2,094,304	39,964	6,603	3,514,981	2,100,907	67.31%
Deferred inflows of resources	2,085,700	1,440,054	11,658	-	2,097,358	1,440,054	45.64%
Net position:							
Net investment in capital assets	1,602,714	1,536,945	47,443	37,663	1,650,157	1,574,608	4.80%
Restricted	1,147,651	1,052,469	-	-	1,147,651	1,052,469	9.04%
Unrestricted	(934,298)	810,528	27,735	49,124	(906,563)	859,652	-205.46%
Total net position	\$ 1,816,067	3,399,942	75,178	86,787	1,891,245	3,486,729	-45.76%

The District's combined net position decreased by \$1,595,484, or 45.76% 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 \$95,182, or 9.04% from the prior year. The primary reason for the increase in restricted net position is the increase in fund balance of the Capital Projects: Statewide Sales, Service and Use Tax Fund from 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 \$1,766,215, or 205.46%. This decrease in unrestricted net position was primarily the result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,956,901 and \$37,495, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

	Figure A-4						
	Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 850,499	794,369	85,330	88,641	935,829	883,010	5.98%
Operating grants, contributions and restricted interest	387,078	406,978	168,094	163,079	555,172	570,057	-2.61%
General revenues:							
Property tax	1,448,964	1,422,259	-	-	1,448,964	1,422,259	1.88%
Income surtax	134,757	105,723	-	-	134,757	105,723	27.46%
Statewide sales, services and use tax	355,939	328,041	-	-	355,939	328,041	8.50%
Unrestricted state grants	1,981,377	1,948,771	-	-	1,981,377	1,948,771	1.67%
Unrestricted investment earnings	3,006	3,080	127	75	3,133	3,155	-0.70%
Other	20,827	39,886	1,353	-	22,180	39,886	-44.39%
Total revenues	5,182,447	5,049,107	254,904	251,795	5,437,351	5,300,902	2.57%
Program expenses:							
Instruction	3,112,048	3,129,288	-	-	3,112,048	3,129,288	-0.55%
Support services	1,300,642	1,386,249	-	-	1,300,642	1,386,249	-6.18%
Non-instructional programs	-	-	229,018	222,064	229,018	222,064	3.13%
Other expenses	396,731	392,051	-	-	396,731	392,051	1.19%
Total expenses	4,809,421	4,907,588	229,018	222,064	5,038,439	5,129,652	-1.78%
Excess of revenues over expenses	373,026	141,519	25,886	29,731	398,912	171,250	132.94%
Transfers	-	(3,987)	-	3,987	-	-	0.00%
Change in net position	373,026	137,532	25,886	33,718	398,912	171,250	132.94%
Net position beginning of year, as restated	1,443,041	3,262,410	49,292	53,069	1,492,333	3,315,479	-54.99%
Net position end of year	\$ 1,816,067	3,399,942	75,178	86,787	1,891,245	3,486,729	-45.76%

In fiscal year 2015, Property tax and unrestricted state grants account for 66.19% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.42% of the revenue from business type activities.

The District's total revenues were approximately \$5.43 million of which approximately \$5.18 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 2.57% increase in revenues and a 1.78% decrease in expenses. The increase in revenues is primarily due to an increase in charges for services while the decrease in expenditures is primarily due to a decrease in the support services functional area.

Governmental Activities

Revenues for governmental activities were \$5,182,447 and expenses were \$4,809,421 for the year ended June 30, 2015.

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, 2015 compared to the year end June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014-15	2015	2014 (Not restated)	Change 2014-15
Instruction	\$ 3,112,048	3,129,288	-0.55%	2,054,000	2,098,254	-2.11%
Support services	1,300,642	1,386,249	-6.18%	1,273,022	1,359,451	-6.36%
Other expenses	396,731	392,051	1.19%	244,822	248,536	-1.49%
Totals	\$ 4,809,421	4,907,588	-2.00%	3,571,844	3,706,241	-3.63%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$850,499.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$387,078.
- The net cost of governmental activities was financed with \$1,448,964 in property tax, \$134,757 in income surtax, \$355,939 in statewide sales, services and use tax, \$1,981,377 in unrestricted state grants, \$3,006 in interest income, and \$20,827 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2015, were \$254,904 and expenses totaled \$229,018. 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, investment income and other general revenues.

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 \$2,011,456, above last year's ending fund balances of \$1,844,408. A contributing factor to this increase in combined fund balances was an increase in ending fund balances of the Capital Projects Fund and General Fund.

Governmental Fund Highlights

- The District's General Fund financial position is a product of many factors. The General Fund balance increased from \$960,607 at June 30, 2014 to \$1,024,365 at June 30, 2015. An increase in tuition revenues received compared to the prior year was the primary reason for the increase in ending fund balance.
- The Capital Projects Fund balance increased from \$267,890 at June 30, 2014 to \$315,311 at June 30, 2015. This increase resulted from a decrease in expenditures required for payment of principal and interest on the revenue bond and capital loan indebtedness.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$49,292 at July 1, 2014 to \$75,178 at June 30, 2015, representing an increase of 52.52%. Total revenues outpaced total expenses for the year ensuring an increase in ending net position.

BUDGETARY HIGHLIGHTS

The District's revenues were \$24,677 less than budgeted revenues, a variance of 0.45%. The most significant variance resulted from the District receiving less in local 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, 2015, the District had invested \$3,065,157, 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 4.35% 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 \$330,515.

The original cost of the District's capital assets was \$7,016,955. Governmental funds account for \$6,830,267 with the remainder of \$186,688 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 \$1,384,767 at June 30, 2014, compared to \$1,299,579 reported at June 30, 2015. 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,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 57,263	57,263	-	-	57,263	57,263	0.00%
Buildings	1,384,301	1,420,058	-	-	1,384,301	1,420,058	-2.52%
Land improvements	1,299,579	1,384,767	-	-	1,299,579	1,384,767	-6.15%
Machinery and equipment	276,571	304,857	47,443	37,663	324,014	342,520	-5.40%
Total	\$ 3,017,714	3,166,945	47,443	37,663	3,065,157	3,204,608	-4.35%

Long-Term Debt

At June 30, 2015, the District had long-term debt outstanding of \$3,040,563 in bonds and other long-term liabilities. This represents an increase of 80.96% 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 \$800,000 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund at June 30, 2015.

The District had capital loan note indebtedness of \$615,000 payable from the Capital Projects: Physical Plant and Equipment Levy Fund at June 30, 2015.

The District had a net pension liability of \$1,574,056 at June 30, 2015. Of this, \$1,544,464 is attributable to governmental activities with the remaining \$29,592 attributable to the business activities of the District.

The District had a net OPEB liability of \$51,507 at June 30, 2015 attributable to the District's governmental activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Revenue bonds	\$ 800,000	900,000	-	-	800,000	900,000	-11.11%
Capital loan notes	615,000	730,000	-	-	615,000	730,000	-15.75%
Net pension liability	1,544,464	-	29,592	-	1,574,056	-	100.00%
Net OPEB liability	51,507	50,274	-	-	51,507	50,274	2.45%
Total	\$ 3,010,971	1,680,274	29,592	-	3,040,563	1,680,274	80.96%

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, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,261,050	61,072	2,322,122
Receivables:			
Property tax:			
Delinquent	23,721	-	23,721
Succeeding year	1,477,256	-	1,477,256
Income surtax	106,575	-	106,575
Accounts	1,256	-	1,256
Due from other governments	173,721	6,642	180,363
Inventories	-	4,949	4,949
Capital assets, net of accumulated depreciation	3,017,714	47,443	3,065,157
TOTAL ASSETS	7,061,293	120,106	7,181,399
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	315,491	6,694	322,185
LIABILITIES			
Accounts payable	62,905	3,459	66,364
Salaries and benefits payable	385,387	2,976	388,363
Accrued interest payable	15,754	-	15,754
Unearned revenue	-	3,937	3,937
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	700,000	-	700,000
Capital loan notes	500,000	-	500,000
Net pension liability	1,544,464	29,592	1,574,056
Net OPEB liability	51,507	-	51,507
TOTAL LIABILITIES	3,475,017	39,964	3,514,981
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	1,477,256	-	1,477,256
Pension related deferred inflows	608,444	11,658	620,102
TOTAL DEFERRED INFLOWS OF RESOURCES	2,085,700	11,658	2,097,358
NET POSITION			
Net investment in capital assets	1,602,714	47,443	1,650,157
Restricted for:			
Categorical funding	176,314	-	176,314
Management levy purposes	307,000	-	307,000
Student activities	91,796	-	91,796
Debt service	257,230	-	257,230
School infrastructure	229,507	-	229,507
Physical plant and equipment	85,804	-	85,804
Unrestricted	(934,298)	27,735	(906,563)
TOTAL NET POSITION	\$ 1,816,067	75,178	1,891,245

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,074,227	578,086	73,777	(1,422,364)	-	(1,422,364)
Special	418,498	122,282	18,710	(277,506)	-	(277,506)
Other	619,323	150,131	115,062	(354,130)	-	(354,130)
	<u>3,112,048</u>	<u>850,499</u>	<u>207,549</u>	<u>(2,054,000)</u>	<u>-</u>	<u>(2,054,000)</u>
Support services:						
Student	65,021	-	-	(65,021)	-	(65,021)
Instructional	152,836	-	-	(152,836)	-	(152,836)
Administration	515,907	-	27,620	(488,287)	-	(488,287)
Operation and maintenance of plant	386,666	-	-	(386,666)	-	(386,666)
Transportation	180,212	-	-	(180,212)	-	(180,212)
	<u>1,300,642</u>	<u>-</u>	<u>27,620</u>	<u>(1,273,022)</u>	<u>-</u>	<u>(1,273,022)</u>
Long-term debt interest	51,863	-	-	(51,863)	-	(51,863)
Other expenditures:						
AEA flowthrough	151,909	-	151,909	-	-	-
Depreciation(unallocated)*	192,959	-	-	(192,959)	-	(192,959)
	<u>344,868</u>	<u>-</u>	<u>151,909</u>	<u>(192,959)</u>	<u>-</u>	<u>(192,959)</u>
Total governmental activities	<u>4,809,421</u>	<u>850,499</u>	<u>387,078</u>	<u>(3,571,844)</u>	<u>-</u>	<u>(3,571,844)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	229,018	85,330	168,094	-	24,406	24,406
Total	<u>\$ 5,038,439</u>	<u>935,829</u>	<u>555,172</u>	<u>(3,571,844)</u>	<u>24,406</u>	<u>(3,547,438)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,259,972	-	1,259,972
Capital outlay				188,992	-	188,992
Income surtax				134,757	-	134,757
Statewide sales, services and use tax				355,939	-	355,939
Unrestricted state grants				1,981,377	-	1,981,377
Unrestricted investment earnings				3,006	127	3,133
Other				20,827	1,353	22,180
Total general revenues				<u>3,944,870</u>	<u>1,480</u>	<u>3,946,350</u>
Changes in net position				373,026	25,886	398,912
Net position beginning of year, as restated				<u>1,443,041</u>	<u>49,292</u>	<u>1,492,333</u>
Net position end of year				<u>\$ 1,816,067</u>	<u>75,178</u>	<u>1,891,245</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, 2015

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 1,334,274	256,641	670,135	2,261,050
Receivables:				
Property tax:				
Delinquent	18,963	3,113	1,645	23,721
Succeeding year	1,254,025	193,231	30,000	1,477,256
Income surtax	106,575	-	-	106,575
Accounts	1,256	-	-	1,256
Due from other governments	118,164	55,557	-	173,721
TOTAL ASSETS	\$ 2,833,257	508,542	701,780	4,043,579
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 62,905	-	-	62,905
Salaries and benefits payable	385,387	-	-	385,387
Total liabilities	448,292	-	-	448,292
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,254,025	193,231	30,000	1,477,256
Income surtax	106,575	-	-	106,575
Total deferred inflows of resources	1,360,600	193,231	30,000	1,583,831
Fund balances:				
Restricted for:				
Categorical funding	176,314	-	-	176,314
Management levy purposes	-	-	307,000	307,000
Student activities	-	-	91,796	91,796
Debt service	-	-	272,984	272,984
School infrastructure	-	229,507	-	229,507
Physical plant and equipment	-	85,804	-	85,804
Unassigned	848,051	-	-	848,051
Total fund balances	1,024,365	315,311	671,780	2,011,456
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,833,257	508,542	701,780	4,043,579

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, 2015

Total fund balances of governmental funds (page 20)		\$ 2,011,456
 <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.		3,017,714
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.		106,575
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.		(15,754)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 315,491	
Deferred inflows of resources	<u>(608,444)</u>	(292,953)
Long-term liabilities, including bonds payable, notes payable other postemployment benefits payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(3,010,971)</u>
Net position of governmental activities (page 18)		<u><u>\$ 1,816,067</u></u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,273,605	188,992	100,626	1,563,223
Tuition	643,343	-	-	643,343
Other	92,789	367	152,149	245,305
State sources	2,196,223	355,939	-	2,552,162
Federal sources	157,916	-	-	157,916
TOTAL REVENUES	4,363,876	545,298	252,775	5,161,949
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,052,663	-	33,026	2,085,689
Special	440,110	-	-	440,110
Other	476,309	-	144,240	620,549
	2,969,082	-	177,266	3,146,348
Support services:				
Student	71,572	-	-	71,572
Instructional	156,626	-	-	156,626
Administration	539,548	-	3,632	543,180
Operation and maintenance of plant	305,556	26,080	23,548	355,184
Transportation	105,825	93,279	4,213	203,317
	1,179,127	119,359	31,393	1,329,879
Capital outlay	-	98,442	-	98,442
Long-term debt:				
Principal	-	-	215,000	215,000
Interest and fiscal charges	-	-	53,323	53,323
	-	-	268,323	268,323
Other expenditures:				
AEA flowthrough	151,909	-	-	151,909
TOTAL EXPENDITURES	4,300,118	217,801	476,982	4,994,901
Excess(Deficiency) of revenues over(under) expenditures	63,758	327,497	(224,207)	167,048
OTHER FINANCING SOURCES(USES):				
Transfer in	-	-	280,076	280,076
Transfer out	-	(280,076)	-	(280,076)
TOTAL OTHER FINANCING SOURCES(USES)	-	(280,076)	280,076	-
Change in fund balances	63,758	47,421	55,869	167,048
Fund balances beginning of year	960,607	267,890	615,911	1,844,408
Fund balances end of year	\$ 1,024,365	315,311	671,780	2,011,456

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, 2015

Change in fund balances - total governmental funds (page 22) \$ 167,048

***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	\$ 174,871	
Depreciation expense	<u>(324,102)</u>	<u>(149,231)</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.

20,498

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.

215,000

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

1,460

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

230,545

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.

Pension expense	(111,061)	
Other postemployment benefits	<u>(1,233)</u>	<u>(112,294)</u>

Changes in net position of governmental activities (page 19) \$ 373,026

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise, School Nutrition
ASSETS	
Cash and pooled investments	\$ 61,072
Due from other governments	6,642
Inventories	4,949
Capital assets, net of accumulated depreciation	47,443
TOTAL ASSETS	120,106
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	6,694
 LIABILITIES	
Current liabilities:	
Accounts payable	3,459
Salaries and benefits payable	2,976
Unearned revenues	3,937
Total current liabilities	10,372
Noncurrent liabilities:	
Net pension liability	29,592
TOTAL LIABILITIES	39,964
 DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	11,658
 NET POSITION	
Net investment in capital assets	47,443
Unrestricted	27,735
TOTAL NET POSITION	\$ 75,178

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, 2015

	Enterprise, School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 85,330
Miscellaneous	1,353
TOTAL OPERATING REVENUES	86,683
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	59,706
Benefits	6,641
Services	1,487
Supplies	154,663
Depreciation	6,413
Other	108
TOTAL OPERATING EXPENSES	229,018
OPERATING LOSS	(142,335)
NON-OPERATING REVENUES:	
Interest income	127
State sources	2,593
Federal sources	165,501
TOTAL NON-OPERATING REVENUES	168,221
Change in net position	25,886
Net position beginning of year, as restated	49,292
Net position end of year	\$ 75,178

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 85,978
Cash received from miscellaneous	1,353
Cash payments to employees for services	(69,624)
Cash payments to suppliers for goods or services	(140,043)
Net cash used in operating activities	(122,336)
Cash flows from non-capital financing activities:	
State grants received	2,593
Federal grants received	150,590
Net cash provided by non-capital financing activities	153,183
Cash flows from investing activities:	
Interest on investments	127
Cash flows from capital financing activities:	
Purchase of capital assets	(16,193)
Net increase in cash and cash equivalents	14,781
Cash and cash equivalents beginning of year	46,291
Cash and cash equivalents end of year	\$ 61,072
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (142,335)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	14,742
Depreciation	6,413
Increase in inventories	(1,986)
Increase in accounts payable	3,459
Decrease in salaries and benefits payable	(338)
Decrease in net pension liability	(12,263)
Increase in deferred outflows of resources	(2,334)
Increase in deferred inflows of resources	11,658
Increase in unearned revenue	648
Net cash used in operating activities	\$ (122,336)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received federal commodities valued at \$14,742.

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Donations	\$ <u>500</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>500</u>
Change in net position	-
Net position beginning of year	<u>-</u>
Net position end of year	<u>\$ -</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(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 predominately 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 non-fiduciary 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.

The District also reports one fiduciary fund which focuses on net position and changes in net position. The District's fiduciary funds are the following:

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

C. Measurement Focus and Basis of Accounting

The government-wide 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

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

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. 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 and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

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, 2015 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, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at amortized cost of \$12,703 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, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
	Capital Projects:	
Debt Service	Statewide Sales, Services and Use Tax	\$ 128,400
	Capital Projects:	
Debt Service	Physical Plant and Equipment Levy	151,676
Total		<u>\$ 280,076</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 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, 2015 is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>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	3,259,317	72,014	-	3,331,331
Land improvements	1,703,767	-	-	1,703,767
Machinery and equipment	1,681,259	102,857	46,210	1,737,906
Total capital assets being depreciated	<u>6,644,343</u>	<u>174,871</u>	<u>46,210</u>	<u>6,773,004</u>
Less accumulated depreciation for:				
Buildings	1,839,259	107,771	-	1,947,030
Land improvements	319,000	85,188	-	404,188
Machinery and equipment	1,376,402	131,143	46,210	1,461,335
Total accumulated depreciation	<u>3,534,661</u>	<u>324,102</u>	<u>46,210</u>	<u>3,812,553</u>
Total capital assets being depreciated, net	<u>3,109,682</u>	<u>(149,231)</u>	<u>-</u>	<u>2,960,451</u>
Governmental activities capital assets, net	<u>\$ 3,166,945</u>	<u>(149,231)</u>	<u>-</u>	<u>3,017,714</u>
Business type activities:				
Machinery and equipment	\$ 170,495	16,193	-	186,688
Less accumulated depreciation	132,832	6,413	-	139,245
Business type activities capital assets, net	<u>\$ 37,663</u>	<u>9,780</u>	<u>-</u>	<u>47,443</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 77,712
Other	1,469

Support services:

Operating and maintenance of plant	18,572
Transportation	33,390
	<u>131,143</u>

Unallocated depreciation

	192,959
Total governmental activities depreciation expense	<u>\$ 324,102</u>

Business type activities:

Food service operations	<u>\$ 6,413</u>
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(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year, Restated	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	900,000	-	100,000	800,000	100,000
Capital loan notes	730,000	-	115,000	615,000	115,000
Termination benefits	-	15,000	15,000	-	-
Net pension liability	2,184,464	-	640,000	1,544,464	-
Net OPEB liability	50,274	1,233	-	51,507	-
Total	<u>\$ 3,864,738</u>	<u>16,233</u>	<u>870,000</u>	<u>3,010,971</u>	<u>215,000</u>
Business type activities:					
Net pension liability	\$ 41,855	-	12,263	29,592	-

Revenue Bonds

Details of the District's June 30, 2015 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
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	3.70	100,000	13,750	113,750
2021-2023	3.90-4.00	300,000	17,950	317,950
Total		<u>\$ 800,000</u>	<u>120,600</u>	<u>920,600</u>

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 \$920,600. For the current year \$100,000 principal and \$29,650 of interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$355,939.

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, 2015 are as follows:

Year Ending June 30,	Interest Rate	Note Dated June 1, 2010		
		Principal	Interest	Total
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		\$ 615,000	59,366	674,366

Termination Benefits

The District approved a voluntary early retirement plan for its full-time licensed employees in fiscal year 2015. 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, 2015, the District did not have any outstanding obligations to retiree participants. During fiscal year 2015 the District had one employee retire under the retirement agreement and this employee was paid out on June 30, 2015. Actual early retirement expenditures for the year ended June 30, 2015 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 \$850.78. Total payments on the copier lease by the District for the year ended June 30, 2015 were \$10,209. As of June 30, 2015, sixteen 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, 2015 totaled \$14,649. As of June 30, 2015, twelve 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 2015, 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 Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$235,611.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$1,574,056 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was .038894 percent, which was an increase of .000426 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$113,188. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,107	\$ -
Changes of assumptions	69,467	-
Net difference between projected and actual earnings on pension plan investments	-	600,300
Changes in proportion and differences between District contributions and proportionate share of contributions	-	19,802
District contributions subsequent to the measurement date	235,611	-
Total	\$ 322,185	\$ 620,102

\$235,611 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	
2016	\$ (134,474)
2017	(134,474)
2018	(134,474)
2019	(134,474)
2020	4,368
	<u>\$ (533,528)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 2,974,134	\$ 1,574,056	\$ 392,245

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$34,681 for legally required employer contributions and \$23,108 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(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, 2015, 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	2,262
Adjustment to annual required contribution	(2,029)
Annual OPEB cost	<u>25,233</u>
Contributions made	<u>(24,000)</u>
Decrease in net OPEB obligation	1,233
Net OPEB obligation beginning of year	50,274
Net OPEB obligation end of year	<u><u>\$ 51,507</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, 2015.

For the year ended June 30, 2015 the District contributed \$24,000 to the medical plan. Plan members eligible for benefits contributed \$13,000, or 35% 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
2013	\$25,515	121.5%	\$59,000
2014	\$25,274	134.5%	\$50,274
2015	\$25,233	95.1%	\$51,507

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, 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 \$2,536,254 and the ratio of UAAL to covered payroll was 8.8%. As of June 30, 2015 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, 2015 were \$255,139.

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 \$151,909 for the year ended June 30, 2015 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, 2015 is comprised of the following programs:

Program	Amount
Gifted and talented	\$ 66,820
Dropout and dropout prevention	73,360
Teacher salary supplement	14,321
Successful progression for early readers	20,349
Teacher leadership grant	1,464
Total	<u>\$ 176,314</u>

(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)	\$ -	272,984	848,051
Capital assets, net of accumulated depreciation	3,017,714	-	-
Revenue bond capitalized indebtedness	(800,000)	-	-
Capital loan note capitalized indebtedness	(615,000)	-	-
Accrued interest payable	-	(15,754)	-
Income Surtax	-	-	106,575
Net pension liability	-	-	(1,544,464)
Deferred outflows of resources	-	-	315,491
Deferred inflows of resources	-	-	(608,444)
Net OPEB liability	-	-	(51,507)
Net position (Exhibit A)	<u>\$ 1,602,714</u>	<u>257,230</u>	<u>(934,298)</u>

(13) Deficit Unrestricted Net Position

At June 30, 2015, the District had a deficit unrestricted net position of \$934,298 in its governmental activities. The reason for this deficit net position is due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 during the year.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 3,399,942	\$ 86,787
Net pension liability at June 30, 2014	(2,184,464)	(41,855)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	227,563	4,360
Net position July 1, 2014, as restated	<u>\$ 1,443,041</u>	<u>\$ 49,292</u>

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, 2015

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 2,451,871	86,810	2,538,681	2,825,150	2,825,150	(286,469)
State sources	2,552,162	2,593	2,554,755	2,272,380	2,272,380	282,375
Federal sources	157,916	165,501	323,417	344,000	344,000	(20,583)
Total revenues	<u>5,161,949</u>	<u>254,904</u>	<u>5,416,853</u>	<u>5,441,530</u>	<u>5,441,530</u>	<u>(24,677)</u>
Expenditures/Expenses:						
Instruction	3,146,348	-	3,146,348	3,467,292	3,467,292	320,944
Support services	1,329,879	-	1,329,879	1,868,445	1,868,445	538,566
Non-instructional programs	-	229,018	229,018	237,574	237,574	8,556
Other expenditures	518,674	-	518,674	752,458	752,458	233,784
Total expenditures/expenses	<u>4,994,901</u>	<u>229,018</u>	<u>5,223,919</u>	<u>6,325,769</u>	<u>6,325,769</u>	<u>1,101,850</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	167,048	25,886	192,934	(884,239)	(884,239)	1,077,173
Balances beginning of year, as restated	<u>1,844,408</u>	<u>49,292</u>	<u>1,893,700</u>	<u>1,416,183</u>	<u>1,416,183</u>	<u>477,517</u>
Balances end of year	<u>\$ 2,011,456</u>	<u>75,178</u>	<u>2,086,634</u>	<u>531,944</u>	<u>531,944</u>	<u>1,554,690</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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 THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR*
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.038894%
District's proportionate share of the net pension liability	\$ 1,574,056
District's covered-employee payroll	\$ 2,638,422
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.66%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amount presented for each fiscal year were determined as of June 30.

Note: Only the current fiscal year is being presented using a June 30, 2014 measurement date because 10-year data is not yet available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 235,611	231,774	220,513	198,737	165,612	159,032	138,177	125,916	123,343	121,218
Contributions in relation to the statutorily required contribution	(235,611)	(231,774)	(220,513)	(198,737)	(165,612)	(159,032)	(138,177)	(125,916)	(123,343)	(121,218)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 2,638,421	2,595,454	2,543,403	2,462,664	2,382,906	2,288,230	2,176,016	2,081,256	2,145,096	2,108,139
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION- PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	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%
2015	July 1, 2012	-	223,000	223,000	0.0%	2,536,254	8.8%

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, 2015

	Special Revenue				
	Student Activity	Management Levy	Total	Debt Service	Total
ASSETS					
Cash and pooled investments	\$ 91,796	305,355	397,151	272,984	670,135
Receivables:					
Property tax:					
Delinquent	-	1,645	1,645	-	1,645
Succeeding year	-	30,000	30,000	-	30,000
TOTAL ASSETS	\$ 91,796	337,000	428,796	272,984	701,780
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities	\$ -	-	-	-	-
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	30,000	30,000	-	30,000
Fund balances:					
Restricted for:					
Student activities	91,796	-	91,796	-	91,796
Management levy purposes	-	307,000	307,000	-	307,000
Debt service	-	-	-	272,984	272,984
Total fund balances	91,796	307,000	398,796	272,984	671,780
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 91,796	337,000	428,796	272,984	701,780

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, 2015

	Special Revenue				
	Student Activity	Management Levy	Total	Debt Service	Total
REVENUES:					
Local sources:					
Local tax	\$ -	100,626	100,626	-	100,626
Other	150,375	1,765	152,140	9	152,149
TOTAL REVENUES	150,375	102,391	252,766	9	252,775
EXPENDITURES:					
Current:					
Instruction:					
Regular	-	33,026	33,026	-	33,026
Other	144,240	-	144,240	-	144,240
Support services:					
Administration	-	3,632	3,632	-	3,632
Operation and maintenance of plant	-	23,548	23,548	-	23,548
Transportation	-	4,213	4,213	-	4,213
Long-term debt:					
Principal	-	-	-	215,000	215,000
Interest and fiscal charges	-	-	-	53,323	53,323
TOTAL EXPENDITURES	144,240	64,419	208,659	268,323	476,982
Excess(Deficiency) of revenues over(under) expenditures	6,135	37,972	44,107	(268,314)	(224,207)
Other financing sources:					
Transfer in	-	-	-	280,076	280,076
Change in fund balances	6,135	37,972	44,107	11,762	55,869
Fund balances beginning of year	85,661	269,028	354,689	261,222	615,911
Fund balances end of year	\$ 91,796	307,000	398,796	272,984	671,780

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 173,950	82,691	256,641
Receivables:			
Property tax:			
Delinquent	-	3,113	3,113
Succeeding year	-	193,231	193,231
Due from other governments	55,557	-	55,557
TOTAL ASSETS	\$ 229,507	279,035	508,542
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	193,231	193,231
Fund balances:			
Restricted for:			
School infrastructure	229,507	-	229,507
Physical plant and equipment	-	85,804	85,804
Total fund balances	229,507	85,804	315,311
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 229,507	279,035	508,542

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, 2015

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
REVENUES			
Local sources:			
Local tax	\$ -	188,992	188,992
Other	45	322	367
State sources	355,939	-	355,939
TOTAL REVENUES	355,984	189,314	545,298
EXPENDITURES:			
Current:			
Support services:			
Operation and maintenance of plant	26,080	-	26,080
Transportation	93,279	-	93,279
Capital outlay	66,064	32,378	98,442
TOTAL EXPENDITURES	185,423	32,378	217,801
Excess of revenues over expenditures	170,561	156,936	327,497
Other financing uses:			
Transfer out	(128,400)	(151,676)	(280,076)
Change in fund balances	42,161	5,260	47,421
Fund balances beginning of year	187,346	80,544	267,890
Fund balances end of year	\$ 229,507	85,804	315,311

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, 2015

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Athletics					
Medical supplies	\$ -	-	1,302	1,302	-
Activity passes	2,654	11,092	1,188	(268)	12,290
Donations	143	2,914	2,764	(293)	-
HS athletic miscellaneous	-	2,567	4,019	1,668	216
Athletics dues/fees	-	-	2,027	2,027	-
Fruit fundraiser	-	10,728	6,963	(3,585)	180
Football gate	8,548	3,384	-	(8,547)	3,385
Football supplies	-	5,211	14,567	9,356	-
Football officials	-	3,334	2,390	(944)	-
Football clinics	-	-	135	135	-
Football in/out	6,571	9,296	15,832	(30)	5
Basketball gate	27,282	14,948	4,608	(6,136)	31,486
Basketball supplies	-	-	1,825	1,825	-
Basketball officials	-	-	4,551	4,551	-
Basketball in/out - Boys	34	1,768	1,447	-	355
Sports awards	-	-	1,128	1,128	-
Basketball in/out - Girls	231	3,626	3,269	-	588
Track gate	1,167	1,342	-	(2,509)	-
Track supplies	-	-	2,288	2,288	-
Track entry fees	590	900	1,305	-	185
Track-boys in/out	-	3,549	2,758	-	791
Track-girls in/out	482	-	-	-	482
XC supplies	-	481	1,037	556	-
XC entry fees	60	615	384	(291)	-
XC in/out	37	2,510	2,162	-	385
HS wrestling supplies	-	-	158	158	-
Baseball gate	-	3,863	-	(1,720)	2,143
Baseball supplies	-	-	350	350	-
Baseball officials	-	-	1,370	1,370	-
Baseball in/out	5,426	8,565	3,851	-	10,140
Softball gate	-	1,737	-	(1,344)	393
Softball supplies	-	-	604	604	-
Softball officials	-	-	740	740	-
Softball in/out	825	7,876	7,364	-	1,337
Volleyball gate	4,177	6,876	1,338	(2,255)	7,460
Volleyball supplies	-	-	400	400	-
Volleyball entry fees	-	-	390	390	-
Volleyball officials	-	-	1,275	1,275	-
Volleyball in/out	3,391	5,648	5,932	-	3,107
Golf supplies	-	-	180	180	-
Golf entry fees	-	-	200	200	-
Golf in/out	114	-	90	-	24
Cheerleaders-basketball	558	3	-	-	561
Drill team	813	90	90	-	813
	\$ 63,103	112,923	102,281	2,581	76,326

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- fund Transfers	Balance End of Year
Clubs					
Drama	\$ 840	1,460	1,960	-	340
Pep club	538	1,462	1,611	-	389
Speech dues/fees	-	-	272	272	-
Art club	-	-	159	159	-
Spanish club	-	495	240	-	255
Europe trip	-	3,263	476	-	2,787
	<u>1,378</u>	<u>6,680</u>	<u>4,718</u>	<u>431</u>	<u>3,771</u>
Graduating Classes					
School projects	-	-	-	32	32
School projects	21	-	-	(21)	-
Class of 2014	32	-	-	(32)	-
Class of 2015	206	885	214	-	877
Class of 2016	1,153	4,608	3,990	-	1,771
Class of 2017	819	-	-	-	819
Class of 2018	87	40	-	-	127
	<u>2,318</u>	<u>5,533</u>	<u>4,204</u>	<u>(21)</u>	<u>3,626</u>
Academic					
Yearbook supplies	-	-	260	260	-
Yearbook	-	-	8,805	8,805	-
Yearbook sales	6,307	5,860	-	(9,065)	3,102
Honor society	1,544	4,792	5,700	-	636
Student council pop machine	632	3,506	2,267	(1,158)	713
Student council dances	-	756	1,050	294	-
Student council supplies	-	240	1,104	864	-
Band fundraiser	26	2,767	2,500	(293)	-
Band dues/fees	-	-	1,115	1,115	-
Band resale acct	319	104	178	-	245
Vocal music fundraiser	1,919	1,802	2,240	(235)	1,246
Vocal music dues/fees	-	-	235	235	-
FFA	881	1,520	3,412	1,011	-
Cafe concert	1,017	1,359	1,177	(822)	377
	<u>12,645</u>	<u>22,706</u>	<u>30,043</u>	<u>1,011</u>	<u>6,319</u>
Elementary					
Miscellaneous	2,488	-	50	(2,438)	-
High School					
Miscellaneous	1,321	-	-	(1,321)	-
Wolves care club	2,408	2,290	2,944	-	1,754
Interest	-	243	-	(243)	-
	<u>3,729</u>	<u>2,533</u>	<u>2,944</u>	<u>(1,564)</u>	<u>1,754</u>
Total	<u>\$ 85,661</u>	<u>150,375</u>	<u>144,240</u>	<u>-</u>	<u>91,796</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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 1,563,223	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
Tuition	643,343	564,909	472,296	459,774	461,448	399,966	435,937	402,937	596,845	516,973
Other	245,305	282,156	390,747	368,970	413,688	227,086	279,895	341,816	270,042	291,375
Intermediate sources	-	-	-	-	-	-	-	-	4,083	-
State sources	2,552,162	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
Federal sources	157,916	170,538	190,662	134,128	274,790	364,706	167,436	134,333	145,733	136,751
Total	\$ 5,161,949	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
Expenditures:										
Instruction:										
Regular	\$ 2,085,689	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
Special	440,110	465,189	418,651	319,869	339,525	323,348	287,228	325,358	431,126	467,715
Other	620,549	526,830	561,263	619,618	613,383	546,527	486,365	497,898	509,558	544,939
Support services:										
Student	71,572	87,756	69,975	69,411	74,428	103,937	82,291	74,070	67,308	62,814
Instructional	156,626	150,729	155,906	179,820	154,091	131,833	123,778	91,204	75,723	87,589
Administration	543,180	606,284	665,750	638,636	586,231	549,623	521,980	500,243	476,115	475,604
Operation and maintenance										
of plant	355,184	367,775	364,255	393,542	453,439	284,020	288,752	270,929	260,270	258,851
Transportation	203,317	250,527	170,410	184,827	174,345	152,980	159,779	183,657	140,843	154,280
Capital outlay	98,442	114,111	59,168	270,064	1,973,635	168,476	226,885	249,832	193,320	101,813
Long Term Debt:										
Principal	215,000	269,435	253,930	154,531	250,000	140,000	135,000	130,000	151,190	150,145
Interest and fiscal charges	53,323	60,465	61,879	65,738	52,116	9,015	13,065	16,965	27,676	31,533
Other expenditures:										
AEA flow-through	151,909	143,515	134,315	135,791	149,583	148,645	130,649	123,091	115,725	108,983
Total	\$ 4,994,901	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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education of the 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, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 10, 2016.

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 a 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-15 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, 2015 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.

February 10, 2016
Newton, Iowa

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

I-A-15 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.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015, did not exceed the amounts budgeted.

II-B-15 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-15 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-15 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 Spouse owns Electronic Engineering	Supplies and Repairs	\$159
Barb Brown, Secretary Brother Owns Richards's Electric	Purchased Services	\$6,870

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-15 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-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-15 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-15 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-15 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-15 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education
- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-15 District Contracts - We noted during our audit instances where the Board President was not signing officiating contracts, and we also noted an exclusive vendor contract with Pepsi which was not signed by the Board President. According to Chapter 291.1 of the Code of Iowa, the Board President, or designee, shall sign all contracts entered into by the District.
- Recommendation - The District should have the Board President sign all contracts entered into by the District, in order to be in compliance with Chapter 291.1 of the Code of Iowa.
- Response – The District will have the Board President sign all contracts entered into by the District in order to be in compliance with Chapter 291.1 of the Code of Iowa.
- Conclusion – Response accepted.

II-M-15 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, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 187,346
Revenues:		
Sales tax revenues	\$ 355,939	
Other local revenues	45	355,984
		<u>543,330</u>
Expenditures/transfers out:		
Equipment	\$ 118,564	
Other	66,859	
Transfers to other funds:		
Debt service fund	128,400	313,823
		<u>313,823</u>
Ending Balance		<u>\$ 229,507</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-N-15 Financial Conditions – We noted during our audit that the District had a deficit unrestricted net position of \$934,298 in its governmental activities. The primary reason for this deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Response – The District will take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Conclusion – Response accepted.