

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2012

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Clarksville Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before September 2011 Election)		
Board of Education		
Kurt Wedeking	President	2011
Chris Backer	Vice President	2011
Justin Clark	Board Member	2013
Rachelle Kelm	Board Member	2013
Sharon Markussen	Board Member	2013
Tim Backer	Board Member (Resigned August 2011)	2013
	Board Member (Appointed August 2011)	
(After September 2011 Election)		
Board of Education		
Chris Backer	President	2015
Justin Clark	Vice President	2013
Bill Faust	Board Member (Resigned March 2012)	2015
Rachelle Kelm	Board Member	2013
Tim Backer	Board Member	2013
Jessi Reints	Board Member (Appointed March 2012)	2015
School Officials		
Eric Wood	Superintendent	2012
Shellee Bartlett	Board Secretary/Treasurer	2012
Swisher & Cohrt	Attorney	2012

Clarksville Community School District

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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Clarksville Community School District:

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 Clarksville Community School District, Clarksville, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 Clarksville Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2013 on our consideration of Clarksville Community School District's internal control over financial reporting and 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 and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 40 through 42 be presented to supplement the basic financial statements. Such information, although not a parts of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarksville Community School District's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the 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 aspects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clarksville 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,806,909 in fiscal 2011 to \$3,855,514 in fiscal 2012, while General Fund expenditures decreased from \$3,781,877 in fiscal 2011 to \$3,221,311 in fiscal 2012. The District's General Fund balance increased from \$112,020 in fiscal 2011 to \$746,223 in fiscal 2012, a 566.15% increase from the prior year.
- The increase in General Fund revenues was mainly attributable to increases in local sources of revenue in fiscal 2012. The decrease in expenditures was due primarily to expenditures in the instruction functional area.
- The District received \$269,413 in statewide sales, services and use tax revenue during the 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 Assets and a Statement of Activities. These provide information about the activities of Clarksville 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 Clarksville 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 Clarksville Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

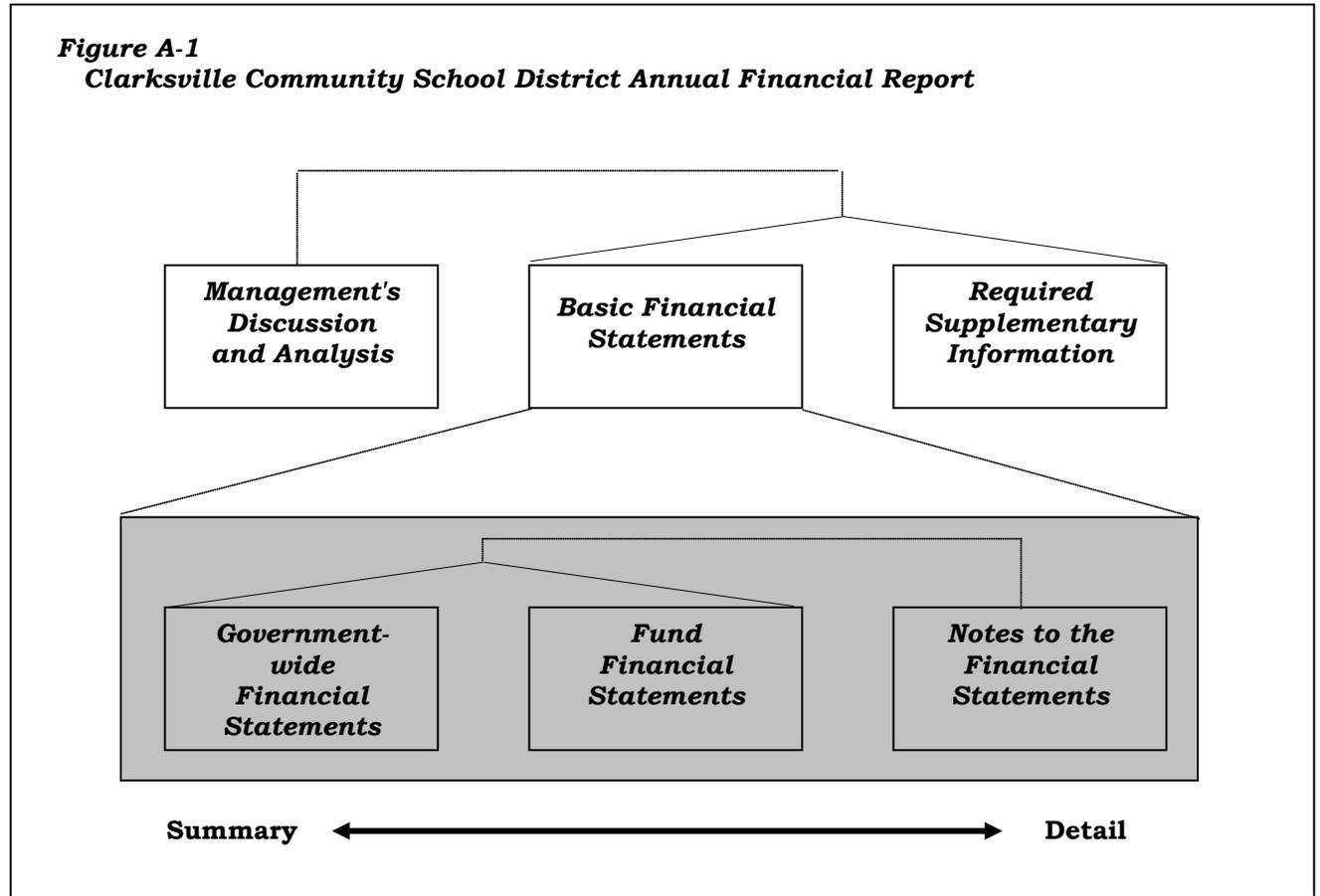


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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, e.g., food service	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • 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 assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets 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, Debt Service and Capital Projects Funds.

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

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

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

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

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

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2012 compared to June 30, 2011.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 2,748,955	2,352,281	31,249	32,535	2,780,204	2,384,816	16.58%
Capital assets	2,361,752	2,199,713	2,536	7,013	2,364,288	2,206,726	7.14%
Total assets	<u>5,110,707</u>	<u>4,551,994</u>	<u>33,785</u>	<u>39,548</u>	<u>5,144,492</u>	<u>4,591,542</u>	<u>12.04%</u>
Long-term obligations	96,126	127,872	-	-	96,126	127,872	-24.83%
Other liabilities	1,344,392	1,494,718	2,134	2,734	1,346,526	1,497,452	-10.08%
Total liabilities	<u>1,440,518</u>	<u>1,622,590</u>	<u>2,134</u>	<u>2,734</u>	<u>1,442,652</u>	<u>1,625,324</u>	<u>-11.24%</u>
Net assets:							
Invested in capital assets, net of related debt	2,361,752	2,171,222	2,536	7,013	2,364,288	2,178,235	8.54%
Restricted	454,020	600,362	-	-	454,020	600,362	-24.38%
Unrestricted	854,417	157,820	29,115	29,801	883,532	187,621	370.91%
Total net assets	<u>\$ 3,670,189</u>	<u>2,929,404</u>	<u>31,651</u>	<u>36,814</u>	<u>3,701,840</u>	<u>2,966,218</u>	<u>24.80%</u>

The District's combined net assets increased by 24.80% or \$735,622 from the prior year. The largest portion of the District's net assets is the invested in capital assets, less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net assets decreased \$146,342 or 24.38% from the prior year.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement - increased \$695,911 or 370.91%. The increase in unrestricted net assets was primarily the result the increase in General Fund balance.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4 Changes of Net Assets							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 210,687	83,729	87,200	88,920	297,887	172,649	72.54%
Operating grants and contributions and restricted interest	390,004	924,068	80,851	76,436	470,855	1,000,504	-52.94%
General revenues:							
Property tax	1,331,947	1,176,309	-	-	1,331,947	1,176,309	13.23%
Income surtax	227,784	210,384	-	-	227,784	210,384	8.27%
Statewide sales, services and use tax	269,413	288,157	-	-	269,413	288,157	-6.50%
Unrestricted state grants	1,910,457	1,770,187	-	-	1,910,457	1,770,187	7.92%
Nonspecific program federal revenue	55,934	-	-	-	55,934	-	100.00%
Unrestricted investment earnings	21,429	8,730	140	-	21,569	8,730	147.07%
Other	79,663	3,492	-	-	79,663	3,492	2181.30%
Total revenues	4,497,318	4,465,056	168,191	165,356	4,665,509	4,630,412	0.76%
Program expenses:							
Governmental activities:							
Instructional	2,526,608	2,959,977	-	-	2,526,608	2,959,977	-14.64%
Support services	954,161	846,668	13,799	-	967,960	846,668	14.33%
Non-instructional programs	4,425	3,468	159,555	191,925	163,980	195,393	-16.08%
Other expenses	271,339	364,454	-	-	271,339	364,454	-25.55%
Total expenses	3,756,533	4,174,567	173,354	191,925	3,929,887	4,366,492	-10.00%
Change in net assets	740,785	290,489	(5,163)	(26,569)	735,622	263,920	178.73%
Net assets beginning of year	2,929,404	2,638,915	36,814	63,383	2,966,218	2,702,298	9.77%
Net assets end of year	\$ 3,670,189	2,929,404	31,651	36,814	3,701,840	2,966,218	24.80%

In fiscal 2012, property tax, income surtax and unrestricted state grants account for 77.16% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.92% of the revenue from business type activities.

The District's total revenues were approximately \$4.67 million, of which approximately \$4.50 million was for governmental activities and \$0.17 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 0.76% in revenues and a 10.00% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$4,497,318 and expenses were \$3,756,533.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional and other expenses.

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 2,526,608	2,959,977	-14.64%	2,099,822	2,179,389	-3.65%
Support services	954,161	846,668	12.70%	934,660	830,254	12.58%
Non-instructional	4,425	3,468	27.60%	4,425	3,468	27.60%
Other expenses	271,339	364,454	-25.55%	116,935	153,659	-23.90%
Totals	\$ 3,756,533	4,174,567	-10.01%	3,155,842	3,166,770	-0.35%

- The cost financed by users of the District's programs was \$210,687.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$390,004.
- The net cost of governmental activities was financed with \$1,331,947 in property tax, 227,784 in income surtax, \$269,413 in statewide sales, services and use tax, \$1,910,457 in unrestricted state grants, \$55,934 in nonspecific program federal revenue, \$21,429 in interest income and \$79,663 in other revenue.

Business Type Activities

Revenues of the District's business type activities were \$168,191 and expenses were \$173,354. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,188,189, above last year's ending fund balances of \$650,700. This increase is primarily attributable to the increase General fund balance during fiscal 2012.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. Growth during the year in local sources of revenue coupled with a decrease in general fund expenditures ensured an increase in the General Fund's financial position during the year.
- The District's General Fund balance increased from \$112,020 on June 30, 2011 to \$746,223 on June 30, 2012.

- The Capital Projects fund balance decreased from \$382,509 at June 30, 2011 to \$309,360 at June 30, 2012. The Statewide Sales, Services and Use Tax Fund balance decreased from \$323,665 at June 30, 2011 to \$239,341 at June 30, 2012. The Physical Plant and Equipment Levy Fund balance increased from \$58,844 on June 30, 2011 to \$70,019 at June 30, 2012.

Proprietary Fund Highlights

The Enterprise Funds net assets decreased from \$36,814 at June 30, 2011 to \$31,651 at June 30, 2012, representing a decrease of approximately 14.02%.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$189,350 more than budgeted revenues, a variance of 4.24%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

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

In spite, of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$2,364,288, 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 increase of 7.14% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$220,592.

The original cost of the District's capital assets was \$5,429,401. Governmental funds account for \$5,372,322 with the remainder of \$57,079 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. Construction in progress totaled \$0 at June 30, 2011, compared to \$36,705 reported at June 30, 2012. The increase was primarily the result of a weight room addition project undertaken by the District during the year.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 9,505	9,505	-	-	9,505	9,505	0.00%
Construction in progress	36,705	-	-	-	36,705	-	100.00%
Buildings	2,155,684	1,973,740	-	-	2,155,684	1,973,740	9.22%
Machinery and equipment	159,858	216,468	2,536	7,013	162,394	223,481	-27.33%
Total	\$ 2,361,752	2,199,713	2,536	7,013	2,364,288	2,206,726	7.14%

Long-Term Debt

At June 30, 2012, the District had \$96,126 in other long-term debt outstanding. This represents a decrease of 24.83% 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 total outstanding Early Retirement payable from the Special Revenue, Management Fund of \$33,124 at June 30, 2012.

The District had a net OPEB liability of \$63,002 at June 30, 2012.

	Figure A-7		
	Outstanding Long-Term Obligations		
	Total	Total	Total
	School District	School District	Change
	June 30,	June 30,	June 30,
	2012	2011	2011-12
Bus Loan payable	\$ -	28,491	-100.00%
Early retirement	33,124	59,400	-44.24%
Net OPEB liability	63,002	39,981	57.58%
Totals	<u>\$ 96,126</u>	<u>127,872</u>	<u>-24.83%</u>

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:
- The District's certified enrollment decreased from 355.05 students in October 2011 to 339.84 students in October 2012. The District special education enrollment dropped from 57.96 additional weighting in October 2011 to 52.08 additional weighting in October 2012.
- Unfunded mandates from the Department of Education will continue to be absorbed by the District. Some of these mandates include: Instructional Support Levy, School Nurse, Teacher Librarian, and Guidance Counselor.
- The number of students who open enrolled out of the District increased by seven students in the October 2011 Certified Enrollment compared to the October 2010 Certified Enrollment while the number of students who opened enrolled in to the District decreased by three. The net difference between the District's open enrollment in and its open enrollment out was a negative 10 students.
- The District's taxable valuation increased \$2,979,183 in fiscal year 2012.

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 Shellee Bartlett, District Secretary/Treasurer and Business Manager, Clarksville Community School District, 318 N Mather, Clarksville, Iowa, 50619.

Clarksville Community School District

Basic Financial Statements

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 971,154	26,878	998,032
Receivables:			
Property tax:			
Delinquent	27,934	-	27,934
Succeeding year	1,318,967	-	1,318,967
Income surtax	216,374	-	216,374
Accounts	34,016	-	34,016
Due from other governments	180,510	-	180,510
Inventories	-	4,371	4,371
Capital assets, net of accumulated depreciation	2,361,752	2,536	2,364,288
Total assets	5,110,707	33,785	5,144,492
Liabilities			
Accounts payable	25,425	-	25,425
Deferred revenue:			
Succeeding year property tax	1,318,967	-	1,318,967
Unearned revenue	-	2,134	2,134
Long-term liabilities:			
Portion due within one year:			
Early retirement	14,537	-	14,537
Portion due after one year:			
Early retirement	18,587	-	18,587
Net OPEB liability	63,002	-	63,002
Total liabilities	1,440,518	2,134	1,442,652
Net Assets			
Invested in capital assets, net of related debt	2,361,752	2,536	2,364,288
Restricted for:			
Categorical funding	45,178	-	45,178
Management levy	56,173	-	56,173
Student activities	43,309	-	43,309
School infrastructure	239,341	-	239,341
Physical plant and equipment levy	70,019	-	70,019
Unrestricted	854,417	29,115	883,532
Total net assets	\$ 3,670,189	31,651	3,701,840

SEE NOTES TO FINANCIAL STATEMENTS.

**CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,620,371	47,140	101,895	(1,471,336)	-	(1,471,336)
Special	373,566	18,155	46,820	(308,591)	-	(308,591)
Other	532,671	127,596	85,180	(319,895)	-	(319,895)
	<u>2,526,608</u>	<u>192,891</u>	<u>233,895</u>	<u>(2,099,822)</u>	<u>-</u>	<u>(2,099,822)</u>
Support services:						
Student	56,882	-	-	(56,882)	-	(56,882)
Instructional staff	85,173	-	-	(85,173)	-	(85,173)
Administration	422,264	-	-	(422,264)	-	(422,264)
Operation and maintenance of plant	271,405	-	-	(271,405)	-	(271,405)
Transportation	118,437	17,796	1,705	(98,936)	-	(98,936)
	<u>954,161</u>	<u>17,796</u>	<u>1,705</u>	<u>(934,660)</u>	<u>-</u>	<u>(934,660)</u>
Non-instructional programs:						
Food service operations	4,425	-	-	(4,425)	-	(4,425)
Long-term debt interest	987	-	-	(987)	-	(987)
Other expenditures:						
AEA flowthrough	154,404	-	154,404	-	-	-
Depreciation(unallocated)*	115,948	-	-	(115,948)	-	(115,948)
	<u>270,352</u>	<u>-</u>	<u>154,404</u>	<u>(115,948)</u>	<u>-</u>	<u>(115,948)</u>
Total governmental activities	<u>3,756,533</u>	<u>210,687</u>	<u>390,004</u>	<u>(3,155,842)</u>	<u>-</u>	<u>(3,155,842)</u>
Business type activities:						
Support services:						
Administration	2,328	-	-	-	(2,328)	(2,328)
Operation and maintenance of plant	11,471	-	-	-	(11,471)	(11,471)
	<u>13,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,799)</u>	<u>(13,799)</u>
Non-instructional programs:						
Nutrition services	159,555	87,200	80,851	-	8,496	8,496
Total business type activities	<u>173,354</u>	<u>87,200</u>	<u>80,851</u>	<u>-</u>	<u>(5,303)</u>	<u>(5,303)</u>
Total	<u>\$ 3,929,887</u>	<u>297,887</u>	<u>470,855</u>	<u>(3,155,842)</u>	<u>(5,303)</u>	<u>(3,161,145)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,297,945	-	1,297,945
Capital outlay				34,002	-	34,002
Income surtax				227,784	-	227,784
Statewide sales, services and use tax				269,413	-	269,413
Unrestricted state grants				1,910,457	-	1,910,457
Nonspecific program federal revenue				55,934	-	55,934
Unrestricted investment earnings				21,429	140	21,569
Other				79,663	-	79,663
Total general revenues				<u>3,896,627</u>	<u>140</u>	<u>3,896,767</u>
Change in net assets				740,785	(5,163)	735,622
Net assets beginning of year				<u>2,929,404</u>	<u>36,814</u>	<u>2,966,218</u>
Net assets end of year				<u>\$ 3,670,189</u>	<u>31,651</u>	<u>3,701,840</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Nonmajor	Total
Assets				
Cash and cash equivalents	\$ 656,889	183,606	130,659	971,154
Receivables:				
Property tax:				
Delinquent	25,274	713	1,947	27,934
Succeeding year	1,156,832	62,135	100,000	1,318,967
Income surtax	144,249	72,125	-	216,374
Accounts	34,016	-	-	34,016
Due from other governments	50,924	129,586	-	180,510
Total Assets	<u>\$ 2,068,184</u>	<u>448,165</u>	<u>232,606</u>	<u>2,748,955</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 20,880	4,545	-	25,425
Deferred revenue:				
Succeeding year property tax	1,156,832	62,135	100,000	1,318,967
Income surtax	144,249	72,125	-	216,374
Total liabilities	<u>1,321,961</u>	<u>138,805</u>	<u>100,000</u>	<u>1,560,766</u>
Fund balances:				
Restricted for:				
Categorical funding	45,178	-	-	45,178
Management levy purposes	-	-	89,297	89,297
Student activities	-	-	43,309	43,309
School infrastructure	-	239,341	-	239,341
Physical plant and equipment levy	-	70,019	-	70,019
Unassigned	701,045	-	-	701,045
Total fund balances	<u>746,223</u>	<u>309,360</u>	<u>132,606</u>	<u>1,188,189</u>
Total liabilities and fund balances	<u>\$ 2,068,184</u>	<u>448,165</u>	<u>232,606</u>	<u>2,748,955</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds(page 20)	\$	1,188,189
 <i>Amounts reported for governmental activities in the Statement of Net Assets Statement of Net Assets 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.		2,361,752
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		216,374
Long-term liabilities, including early retirement and other postemployment benefits payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.		<u>(96,126)</u>
Net assets of governmental activities(page 18)	\$	<u><u>3,670,189</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 1,351,380	375,445	92,808	1,819,633
Tuition	56,573	-	-	56,573
Other	140,386	33,448	130,499	304,333
State sources	2,123,055	25	68	2,123,148
Federal sources	184,120	-	-	184,120
Total revenues	<u>3,855,514</u>	<u>408,918</u>	<u>223,375</u>	<u>4,487,807</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,544,643	26,961	35,553	1,607,157
Special	371,268	-	-	371,268
Other	384,050	27,527	129,118	540,695
	<u>2,299,961</u>	<u>54,488</u>	<u>164,671</u>	<u>2,519,120</u>
Support services:				
Student	56,422	-	-	56,422
Instructional staff	44,781	35,567	-	80,348
Administration	386,550	-	33,198	419,748
Operation and maintenance of plant	187,134	26,370	36,782	250,286
Transportation	92,059	-	7,864	99,923
	<u>766,946</u>	<u>61,937</u>	<u>77,844</u>	<u>906,727</u>
Non-instructional programs				
Food service operations	-	-	4,425	4,425
Capital outlays	-	336,164	-	336,164
Long-term debt:				
Principal	-	-	28,491	28,491
Interest and fiscal charges	-	-	987	987
	<u>-</u>	<u>-</u>	<u>29,478</u>	<u>29,478</u>
Other expenditures:				
AEA flowthrough	154,404	-	-	154,404
Total expenditures	<u>3,221,311</u>	<u>452,589</u>	<u>276,418</u>	<u>3,950,318</u>
Excess(deficiency) of revenues over(under) expenditures	634,203	(43,671)	(53,043)	537,489
Other financing sources(uses):				
Transfers in	-	-	29,478	29,478
Transfers out	-	(29,478)	-	(29,478)
Total other financing sources(uses)	<u>-</u>	<u>(29,478)</u>	<u>29,478</u>	<u>-</u>
Net change in fund balances	634,203	(73,149)	(23,565)	537,489
Fund balances beginning of year	112,020	382,509	156,171	650,700
Fund balances end of year	<u>\$ 746,223</u>	<u>309,360</u>	<u>132,606</u>	<u>1,188,189</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE 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, 2012

Net change in fund balances - total governmental funds(page 22) \$ 537,489

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. Capital outlay expenditures exceeded depreciation expenses in the current year as follows:

Capital outlays	\$ 378,154	
Depreciation expense	(216,115)	162,039

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows: 28,491

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 9,511

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.

Early retirement	26,276	
Other postemployment benefits	(23,021)	3,255

Changes in net assets of governmental activities(page 19) \$ 740,785

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2012

	<u>School</u> <u>Nutrition</u>
Assets	
Cash and cash equivalents	\$ 26,878
Inventories	4,371
Capital assets, net of accumulated depreciation	<u>2,536</u>
Total assets	<u>33,785</u>
Liabilities	
Unearned revenue	<u>2,134</u>
Total liabilities	<u>2,134</u>
Net Assets	
Invested in capital assets	2,536
Unrestricted	<u>29,115</u>
Total net assets	<u>\$ 31,651</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 87,200
Total operating revenues	87,200
Operating expenses:	
Support services:	
Administration:	
Salaries	708
Benefits	111
Services	1,509
	2,328
Operation and maintenance of plant:	
Salaries	4,171
Benefits	2,252
Services	4,116
Supplies	932
	11,471
Total support services	13,799
Non-instructional programs:	
Food service operations:	
Salaries	51,564
Benefits	8,151
Supplies	95,363
Depreciation	4,477
Total non-instructional programs	159,555
Total operating expenses	173,354
Operating loss	(86,154)
Non-operating revenues:	
State sources	1,719
Federal sources	79,132
Interest income	140
Total non-operating revenues	80,991
Change in net assets	(5,163)
Net assets beginning of year	36,814
Net assets end of year	\$ 31,651

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 89,334
Cash paid to employees for services	(66,957)
Cash paid to suppliers for goods or services	(91,635)
Net cash used by operating activities	(69,258)
Cash flows from non-capital financing activities:	
State grants received	1,719
Federal grants received	67,644
Net cash provided by non-capital financing activities	69,363
Cash flows from investing activities:	
Interest on investments	140
Net increase in cash and cash equivalents	245
Cash and cash equivalents at beginning of year	26,633
Cash and cash equivalents at end of year	\$ 26,878
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (86,154)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities consumed	11,488
Depreciation	4,477
Decrease in inventories	1,532
Decrease in accounts payable	(2,735)
Increase in unearned revenue	2,134
Net cash used by operating activities	\$ (69,258)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2012, the District received Federal commodities valued at \$11,488.

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2012

	<u>Private Purpose Trust</u>
Assets	
Cash and pooled investments	<u>\$ 53,189</u>
Liabilities	<u>-</u>
Net Assets	
Restricted for scholarships	<u>\$ 53,189</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
Additions:	
Local sources:	
Gifts and contributions	\$ 1,800
Interest	1,215
Total additions	3,015
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	3,450
Change in net assets	(435)
Net assets beginning of year	53,624
Net assets end of year	\$ 53,189

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) Summary of Significant Accounting Policies

The Clarksville 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 Clarksville, Iowa, and the predominate agricultural territory in Butler County. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Clarksville 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 District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 and proprietary 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating 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 reports the following non-major proprietary fund:

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

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund is as follows:

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 proprietary and fiduciary 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 assets 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.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost 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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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 and equipment and intangibles are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Assets. 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	10,000
Land improvements	10,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-10 years
Machinery and equipment	5-15 years

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

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

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

Unearned Revenue – Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

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 Assets.

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.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, expenditures exceeded the amounts budgeted in the other expenditures function.

(2) **Cash and Pooled Investments**

The District’s deposits at June 30, 2012 were entirely covered by federal depository insurance or 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, 2012, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$2,046 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard & Poor’s Financial Services.

(3) **Interfund Transfers**

The detail of transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, Physical Plant and Equipment Levy	<u>\$ 29,478</u>

The Capital Projects, Physical Plant and Equipment Levy transfer to the Debt Service fund is for principal and interest paid on the District’s bus loan indebtedness.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,505	-	-	9,505
Construction in progress	-	36,705	-	36,705
Total capital assets not being depreciated	<u>9,505</u>	<u>36,705</u>	<u>-</u>	<u>46,210</u>
Capital assets being depreciated:				
Buildings	4,221,386	297,892	-	4,519,278
Machinery and equipment	763,277	43,557	-	806,834
Total capital assets being depreciated	<u>4,984,663</u>	<u>341,449</u>	<u>-</u>	<u>5,326,112</u>
Less accumulated depreciation for:				
Buildings	2,247,646	115,948	-	2,363,594
Machinery and equipment	546,809	100,167	-	646,976
Total accumulated depreciation	<u>2,794,455</u>	<u>216,115</u>	<u>-</u>	<u>3,010,570</u>
Total capital assets being depreciated, net	<u>2,190,208</u>	<u>125,334</u>	<u>-</u>	<u>2,315,542</u>
Governmental activities capital assets, net	<u>\$ 2,199,713</u>	<u>162,039</u>	<u>-</u>	<u>2,361,752</u>
Business type activities:				
Machinery and equipment	\$ 57,079	-	-	57,079
Less accumulated depreciation	50,066	4,477	-	54,543
Business type activities capital assets, net	<u>\$ 7,013</u>	<u>(4,477)</u>	<u>-</u>	<u>2,536</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 26,833
Other	16,620
Support services:	
Administration	4,521
Operation and maintenance of plant	33,817
Transportation	18,376
	<u>100,167</u>
Unallocated depreciation	<u>115,948</u>
Total governmental activities depreciation expense	<u>\$ 216,115</u>
Business type activities:	
Food services	<u>\$ 4,477</u>

(5) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Bus loan payable	\$ 28,491	-	28,491	-	-
Early retirement	59,400	-	26,276	33,124	14,537
Net OPEB liability	39,981	23,021	-	63,002	-
Total	<u>\$ 127,872</u>	<u>23,021</u>	<u>54,767</u>	<u>96,126</u>	<u>14,537</u>

Early Retirement

The District instituted an early retirement plan for certified staff for the year ending June 30, 2010. This was a one year only program. Eligible employees will have reached the age of 55 and completed at least twenty years of teaching services to the District. Staff were required to submit an application prior to March 26, 2010 to the board of education. The District will provide the cost of health insurance premiums (not to exceed \$450 per month) for up to sixty months. Four individuals took advantage of this offer and will be paid a total of \$81,000 over a five year period. \$26,276 of the benefits were paid in the fiscal year ending June 30, 2012. \$33,124 remains to be paid over the next three years.

(6) **Pension and Retirement Benefits**

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$151,191, \$125,994 and \$117,924 respectively, equal to the required contributions for each year.

(7) **Other Postemployment Benefits (OPEB)**

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 35 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit 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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 24,310
Interest on net OPEB obligation	999
Adjustment to annual required contribution	(2,288)
Annual OPEB cost	<u>23,021</u>
Contributions made	0
Increase in net OPEB obligation	<u>23,021</u>
Net OPEB obligation beginning of year	<u>39,981</u>
Net OPEB obligation end of year	<u><u>\$ 63,002</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, 2012.

For the year ended June 30, 2012, the District made no contributions to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 20,704	8.2%	\$ 19,015
2011	20,966	0.0%	39,981
2012	23,021	0.0%	63,002

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$153,100, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$153,100. The covered payroll (annual payroll of active employees covered by the plan) was \$1,627,375 and the ratio of the UAAL to covered payroll was 9.2%. As of June 30, 2012, there were no trust fund assets.

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

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

As of July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from information developed by the District.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is a member in the Iowa Star Schools Employees Benefit Health Plan, an Iowa Code Chapter 28E organization. Iowa Star Schools is a local government risk-sharing pool whose members include various schools throughout the state of Iowa. Iowa Star Schools was set up for the purpose of managing and funding employee benefits. Iowa Star Schools provides coverage and projection in the following categories: dental. District contributions to Iowa Star for the year ended June 30, 2012 were \$396,656.

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$154,404 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Budget Overexpenditure

During the year ended June 30, 2012, the District's expenditures in the other expenditures functional areas exceeded the amount budgeted.

(11) Construction Commitment

The District had incurred architect fees of \$36,705 for a proposed weight room and bus barn addition project, but had not entered into any construction contracts as of June 30, 2012.

(12) Categorical Funding

The District's ending restricted balance for categorical funding at June 30, 2012 is comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 17,979
Teacher salary supplement	15,087
Professional development for model core curriculum	12,045
Professional development	67
	<hr/>
Total	<u>\$ 45,178</u>

Clarksville Community School District

Required Supplementary Information

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 2,180,539	87,340	2,267,879	2,119,518	2,119,518	148,361
State sources	2,123,148	1,719	2,124,867	2,145,080	2,145,080	(20,213)
Federal sources	184,120	79,132	263,252	202,050	202,050	61,202
Total revenues	<u>4,487,807</u>	<u>168,191</u>	<u>4,655,998</u>	<u>4,466,648</u>	<u>4,466,648</u>	<u>189,350</u>
Expenditures/expenses:						
Instruction	2,519,120	-	2,519,120	2,945,790	2,945,790	426,670
Support services	906,727	13,799	920,526	997,630	997,630	77,104
Non-instructional programs	4,425	159,555	163,980	189,900	189,900	25,920
Other expenditures	520,046	-	520,046	519,749	519,749	(297)
Total expenditures/expenses	<u>3,950,318</u>	<u>173,354</u>	<u>4,123,672</u>	<u>4,653,069</u>	<u>4,653,069</u>	<u>529,397</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	537,489	(5,163)	532,326	(186,421)	(186,421)	718,747
Balances beginning of year	<u>650,700</u>	<u>36,814</u>	<u>687,514</u>	<u>514,586</u>	<u>514,586</u>	<u>172,928</u>
Balances end of year	<u>\$ 1,188,189</u>	<u>31,651</u>	<u>1,219,840</u>	<u>328,165</u>	<u>328,165</u>	<u>891,675</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012

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 functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2012, expenditures in the other expenditures function exceeded the amount budgeted.

CLARKSVILLE 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	-	\$163,536	163,536	0.0%	\$1,887,000	8.7%
2011	July 1, 2009	-	\$158,975	158,975	0.0%	\$1,908,000	8.3%
2012	July 1, 2009	-	\$150,331	150,331	0.0%	\$1,627,375	9.2%

See Note 7 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

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue Funds		
	Student Activity	Manage- ment Levy	Total
Assets			
Cash and pooled investments	\$ 43,309	87,350	130,659
Receivables:			
Property tax:			
Delinquent	-	1,947	1,947
Succeeding year	-	100,000	100,000
Total assets	\$ 43,309	189,297	232,606
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	100,000	100,000
Fund balances:			
Restricted for:			
Management levy purposes	-	89,297	89,297
Student activities	43,309	-	43,309
Total fund balances	43,309	89,297	132,606
Total liabilities and fund balances	\$ 43,309	189,297	232,606

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Student Activity	Manage- ment Levy	Total Special Revenue		
Revenues:					
Local sources:					
Local tax	\$ -	92,808	92,808	-	92,808
Other	123,119	7,380	130,499	-	130,499
State sources	-	68	68	-	68
Total revenues	123,119	100,256	223,375	-	223,375
Expenditures:					
Current:					
Instruction:					
Regular	-	35,553	35,553	-	35,553
Other	129,118	-	129,118	-	129,118
Support services:					
Administration	-	33,198	33,198	-	33,198
Operation and maintenance of plant	-	36,782	36,782	-	36,782
Transportation	-	7,864	7,864	-	7,864
Non-instructional programs:					
Food service operation	-	4,425	4,425	-	4,425
Long-term debt:					
Principal	-	-	-	28,491	28,491
Interest and fiscal charges	-	-	-	987	987
Total expenditures	129,118	117,822	246,940	29,478	276,418
Deficiency of revenues under expenditures	(5,999)	(17,566)	(23,565)	(29,478)	(53,043)
Other financing sources:					
Transfer in	-	-	-	29,478	29,478
Net change in fund balances	(5,999)	(17,566)	(23,565)	-	(23,565)
Fund balances beginning of year	49,308	106,863	156,171	-	156,171
Fund balances end of year	\$ 43,309	89,297	132,606	-	132,606

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 113,154	70,452	183,606
Receivables:			
Property tax:			
Delinquent	-	713	713
Succeeding year	-	62,135	62,135
Income surtax	-	72,125	72,125
Due from other governments	129,586	-	129,586
Total assets	\$ 242,740	205,425	448,165
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 3,399	1,146	4,545
Deferred revenue:			
Succeeding year property tax	-	62,135	62,135
Income surtax	-	72,125	72,125
Total liabilities	3,399	135,406	138,805
Fund Balances:			
Restricted for:			
School infrastructure	239,341	-	239,341
Physical plant and equipment	-	70,019	70,019
Total fund balances	239,341	70,019	309,360
Total liabilities and fund balances	\$ 242,740	205,425	448,165

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 269,413	106,032	375,445
Other	28,374	5,074	33,448
State sources	-	25	25
Total revenues	<u>297,787</u>	<u>111,131</u>	<u>408,918</u>
Expenditures:			
Current:			
Instruction:			
Regular	24,018	2,943	26,961
Other	-	27,527	27,527
Support services:			
Instructional staff	34,310	1,257	35,567
Operation and maintenance of plant	10,504	15,866	26,370
Capital outlays	313,279	22,885	336,164
Total expenditures	<u>382,111</u>	<u>70,478</u>	<u>452,589</u>
Excess(deficiency) of revenues over(under) expenditures	(84,324)	40,653	(43,671)
Other financing uses:			
Transfers out	-	(29,478)	(29,478)
Net change in fund balances	(84,324)	11,175	(73,149)
Fund balances beginning year	<u>323,665</u>	<u>58,844</u>	<u>382,509</u>
Fund balances end of year	<u>\$ 239,341</u>	<u>70,019</u>	<u>309,360</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Interest	\$ 10,235	2,673	4,191	8,717
Athletics	9,928	53,228	63,156	-
Instrumental Music	-	1,460	1,460	-
Vocal Music	-	354	114	240
Drill Team	793	272	599	466
Drama/Speech	-	787	787	-
Athletics Clearing	274	1,824	1,458	640
Music Fundraiser/Trip	1,005	15,140	15,010	1,135
School Store	940	4,807	4,001	1,746
Industrial Technology	691	3,109	3,047	753
Get A Grip	374	-	374	-
Elementary Projects	2,132	4,227	1,576	4,783
National Honor Society	1,145	2,726	2,084	1,787
Spanish Club	4,733	2,252	1,878	5,107
Home Economics	623	-	623	-
Special Clearing	-	550	550	-
PBIS	-	400	386	14
Senior Class	281	3,100	730	2,651
Junior Class	241	12,868	12,565	544
Sophomore Class	139	510	544	105
Freshman Class	-	105	105	-
8th Grade Class	-	51	-	51
7th Grade Class	51	-	51	-
Recycling Project	3,576	970	30	4,516
Jump Rope for Heart	134	-	134	-
Special Donations	2,237	408	369	2,276
JH Magazines	3,497	4,145	3,129	4,513
JH Math	116	-	116	-
JH Student Council	629	79	-	708
SH Student Council	1,341	2,759	4,100	-
Cheerleaders	299	717	1,016	-
Yearbook	3,894	3,598	4,935	2,557
Total	\$ 49,308	123,119	129,118	43,309

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund					
	Clarksville Alumni Scholarship	Asher Scholarship	Weinberg Scholarship	Winkey Scholarship	Eslinger Scholarship	Total
Assets						
Cash and pooled investments	\$ 1,477	12,626	31,105	6,833	1,148	53,189
Liabilities	-	-	-	-	-	-
Net assets						
Restricted for scholarships	\$ 1,477	12,626	31,105	6,833	1,148	53,189

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund					
	Clarkville					
	Alumni Scholarship	Asher Scholarship	Weinberg Scholarship	Winkey Scholarship	Eslinger Scholarship	Total
Additions:						
Local sources:						
Gifts and contributions	\$ 1,800	-	-	-	-	1,800
Interest	-	292	732	159	32	1,215
Total additions	1,800	292	732	159	32	3,015
Deductions:						
Instruction:						
Regular:						
Scholarships awarded	400	500	2,000	300	250	3,450
Changes in net assets	1,400	(208)	(1,268)	(141)	(218)	(435)
Net assets beginning of year	77	12,834	32,373	6,974	1,366	53,624
Net assets end of year	\$ 1,477	12,626	31,105	6,833	1,148	53,189

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 1,819,633	1,680,863	1,528,495	1,560,377	1,509,161	1,502,830	1,380,329	1,347,315	1,302,884
Tuition	56,573	83,729	72,988	79,973	75,297	72,100	95,152	86,628	115,871
Other	304,333	207,355	166,061	186,687	174,416	207,739	215,024	155,200	146,862
State sources	2,123,148	2,248,746	1,936,316	2,263,663	1,933,038	1,714,184	1,544,051	1,570,049	1,474,177
Federal sources	184,120	250,376	343,685	158,525	111,912	137,009	289,141	124,031	247,513
Total	\$ 4,487,807	4,471,069	4,047,545	4,249,225	3,803,824	3,633,862	3,523,697	3,283,223	3,287,307
Expenditures:									
Instruction:									
Regular	\$ 1,607,157	1,749,978	1,631,789	1,655,040	1,612,707	1,462,826	1,445,174	1,424,673	1,447,350
Special	371,268	679,864	648,035	594,112	535,234	440,967	402,860	456,430	491,631
Other	540,695	581,215	532,322	534,536	419,508	465,865	445,527	322,565	286,296
Support services:									
Student	56,422	52,888	54,720	49,688	35,537	17,759	1,237	34,192	25,466
Instructional staff	80,348	74,742	121,612	145,129	135,110	64,119	91,556	62,007	40,261
Administration	419,748	375,507	346,857	335,648	345,752	338,570	335,300	413,221	360,814
Operation and maintenance of plant	250,286	255,310	296,361	270,017	320,803	243,655	262,646	208,781	222,050
Transportation	99,923	123,467	98,463	163,408	102,373	95,011	75,843	71,999	75,741
Non-instructional programs	4,425	3,468	3,049	3,029	2,629	1,492	1,495	1,441	1,636
Capital outlays	336,164	259,904	170,609	82,109	74,792	35,117	255,319	100,500	193,176
Long-term debt:									
Principal	28,491	13,498	12,988	165,000	155,000	154,000	144,000	139,000	130,000
Interest	987	1,533	2,043	8,155	15,285	22,110	28,010	34,085	39,935
Other expenditures:									
AEA flow-through	154,404	170,379	163,720	139,317	124,258	11,475	109,443	110,505	111,114
Total	\$ 3,950,318	4,341,753	4,082,568	4,145,188	3,878,988	3,352,966	3,598,410	3,379,399	3,425,470

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
Clarksville Community School District:

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 Clarksville Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 21, 2013. 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.

Internal Control Over Financial Reporting

The management of Clarksville Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Clarksville Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clarksville Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

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 in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 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. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-12 to I-F-12 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarksville Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part 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, 2012 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.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clarksville Community School District and other parties to whom Clarksville Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 21, 2013

CLARKSVILLE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 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. One individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

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 review procedures and investigate available alternatives.

Conclusion - Response accepted.

I-B-12 Supporting Documentation for Fundraisers - We noted during our audit that sponsors are turning in money collected for fundraisers. However, sponsors are not turning in documentation as to who received the funds and the amount of funds received which would aid in the reconciliation process.

Recommendation - The fundraiser sponsors should document who gave money to the fundraiser and the corresponding amounts. They should have a list of who collected the cash and the amount. The District should review procedures in place and implement controls to ensure documentation is gathered to support the amounts collected for fundraisers.

Response - Supporting documentation will be turned in with monies collected. This will include the following: customer name, total items purchased, total amount paid, check number or cash and total amount turned in to the office.

Conclusion - Response accepted.

I-C-12 Gate Admissions - We noted during our audit that the District utilizes pre-numbered tickets for all events which require admission. However, we noted that ticket takers were not always reconciling gate admissions after the event.

Recommendation - The District should review internal control procedures established for handling cash for all activity events, including athletic events and communicate the policies and procedures to individuals involved. The Board would of course, approve any policies and the District's business office should be involved in developing the detailed procedures.

Response - Staff will be instructed of the importance or reconciling beginning and ending cash at all District events.

Conclusion - Response accepted.

I-D-12 Non-certified Time Sheets - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In order to comply with the Department of Labor requirements on minimum wage and overtime, the District needs to keep track of the hours worked for non-certified staff coaches.

Response - We will begin to issue time sheets to non-certified staff coaches.

Conclusion - Response accepted.

I-E-12 Student Activity Fund Invoices - We noted three out of 27 invoices tested in the Student Activity Fund where payment was made with a purchase order used as supporting documentation rather than an invoice detailing what was purchased. We also noted some instances of checks being written to vendors without an invoice or statement for supporting documentation.

Recommendation - The District should present the bills for payment to the Board for proper approval in accordance with the District's policy of payment of goods. The District should also, review their procedures that are in place to ensure that all bills are supported, approved, and paid from an invoice with a purchase order. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval or support documentation other than the invoice.

Response - Staff will be instructed no bill/invoices will be paid without prior approval and a purchase order. Support documents for the goods and services will be required for all payments.

Conclusion - Response accepted.

I-F-12 Capital Assets - We noted that Nutrition Fund capital assets are currently being depreciated with a five year useful life instead of the required twelve year useful life.

Recommendation - The District should depreciate all Nutrition Fund assets over the required twelve year useful life as required by the Iowa Department of Education.

Response - The District will depreciate Nutrition Fund assets over twelve years.

Conclusion - Response accepted.

OTHER MATTERS:

I-G-12 Student Activity Fund Interest - We noted during our audit the Student Activity Fund has an interest account. It appears that this account is administratively maintained rather than a student ran organization. Also, the interest earned during the year has not been allocated to individual accounts in the Student Activity Fund.

Recommendation - Interest earned each year should be allocated out on an annual basis to the individual activity accounts. The interest should be recognized by various clubs that earned the interest.

Response - At the end of the year the interest account in the Student Activity Fund will be allocated to each account.

Conclusion - Response accepted.

I-H-12 Commodity Pricing - We noted during the audit that the commodity food listing was not priced out using commodity values provided by the Department of Education and therefore the amount of inventory was under reported on the Balance Sheet.

Recommendation - The District should review their procedures to ensure that the commodity food is priced out correctly.

Response - Correct commodity food pricing procedures have been reviewed with the appropriate staff.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - District expenditures for the year ended June 30, 2012, exceeded the amount budgeted in the other expenditures functional area.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before the expenditures were allowed to exceed the budget.

Response - The District will monitor the budget more closely and amend the budget in accordance with the law.

Conclusion - Response accepted.

II-B-12 Questionable Disbursements - During our audit we noted disbursements which do not appear to meet public purpose as defined by the Attorney General's opinion dated April 25, 1979. Specific examples are described below.

Coaches Clothing: During our audit we noted clothing purchased for coaches from the Student Activity Fund. Once the District has receipted funds into the Student Activity Fund, the revenues are considered "public funds" and should not be spent for coaches' clothing.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask a Booster Club to purchase the clothing directly and distribute to employees. In this manner, the District would have no involvement in the process and would not have the difficulty in providing public purpose for purchasing clothing for coaches.

Response - Employee clothing will not be purchased with public funds or fundraiser monies deposited in to the student activity accounts.

Conclusion - Response accepted.

Gift Cards: We noted during our audit that the District purchased gift cards from the Student Activity Fund. The invoice support included an approved purchase order however; the purchase does not appear to be appropriate as the gift cards do not appear to

provide the District with adequate support to determine the final purchases and determine if the amounts are allowable with public funds. These disbursements do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to ensure that all disbursements meet public purpose.

Response - The District will not purchase gift cards in the future.

Conclusion - Response accepted.

II-C-12 Travel Expense - No expenditures of the 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-12 Business Transactions - No business transactions between the District and District Officials or employees were noted.

II-E-12 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-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-12 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-12 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-12 Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education and we noted no significant deficiencies in the amounts reported.

II-K-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-12 Statewide Sales and Services and Use Tax - No instances of non-compliance with the use of the statewide sales and services 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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 323,665
Revenues:		
Sales tax revenues	\$ 269,413	
Other local revenues	<u>28,374</u>	<u>297,787</u>
		621,452
Expenditures/transfers out:		
School infrastructure construction	286,723	
Equipment	52,232	
Other	<u>43,156</u>	<u>382,111</u>
Ending Balance		<u>\$ 239,341</u>

For the year ended June 30, 2012, 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-M-12 District and Regional Rents - We noted during our audit that the District receives money for use of facilities when hosting district and regional events, but those revenues are not recorded in the General Fund.

Recommendation - Chapter 297.9 of the code of Iowa requires rent to be receipted into the General Fund. The District should receipt rent collected for facility usage into the General Fund.

Response - Monies received for hosting district and regional events will be deposited into the General Fund.

Conclusion - Response accepted.

II-N-12 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. More specific examples of these instances of questioned items and recommendations are as follows:

Box Tops/Target Donations: Currently, the District records Box Tops and Target donations in the Student Activity Fund.

Recommendation -Donations given to a school should be expended according to donor request. Target Donations are undesignated, therefore more appropriately receipted in the General Fund for use as determined by the Board of Directors. This designation should be done annually and noted in the District's board minutes. According to information contained on the website for Box Tops, the donation can be used for such items as books, computers or playground equipment. Since the items listed for purchase with Box Top Donations appear to be General Fund expenditures in nature, the most logical place to record these donations would be the General Fund.

Response - Donations given to the District for instructional purposes will be deposited into the General Fund.

Conclusion - Response accepted.

Commissions: We noted Life Touch picture commissions were being recorded in the MS Pride account in the Student Activity Fund.

Recommendation - According to Chapter 298A.2 of the Code of Iowa all money received by a District must be accounted for in the General Fund except for money required by law to be accounted for in another fund. Commissions are not specifically identified as allowable revenue for the Student Activity Fund, therefore Lifetouch commissions should be receipted into the General Fund.

Response - Commissions will be receipted into the General Fund.

Conclusion - Response accepted.

Library Books: We noted the District purchased library books from the Elementary Projects account in the Student Activity Fund. Library books are instructional items and would more appropriately be run through the General Fund.

Recommendation - The District should review its purchases from the Activity Fund and ensure that they are in accordance with the code of Iowa. Library books should be run through the General Fund as they are instructional in nature.

Response - All instructional items will be purchased from the General Fund.

Conclusion - Response accepted.