

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

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Guthrie Center Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Keith Stetzel	President	2011
Keith Buttler	Vice President	2011
Melia VanMeter	Board Member	2013
Wanda Knobbe	Board Member	2011
Curt Sloss	Board Member	2013
(After September 2011 Election)		
Keith Buttler	President	2015
Wanda Knobbe	Vice President	2015
Curt Sloss	Board Member	2013
Melia VanMeter	Board Member	2013
Tim Benson	Board Member	2015
School Officials		
Steve Smith	Superintendent	2012
Joni Rees	District Secretary/Treasurer and Business Manager	2012
Rick Engel	Attorney	2012

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(A Professional Corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Guthrie Center 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 the Guthrie Center Community School District, Guthrie Center, 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 the Guthrie Center Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2013 on our consideration of the Guthrie Center 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 and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 be presented to supplement the basic

financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of 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 principally of inquiries of management regarding the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statement and other knowledge we obtained during our audit of the basic financial statement. 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 Guthrie Center Community School District's basic financial statements. We 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 an unqualified opinion on those financial statements. The supplementary information included in Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. 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 respects in relation to the basic financial statement taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

March 20, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Guthrie Center 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 decreased from \$5,740,860 in fiscal 2011 to \$5,617,313 in fiscal 2012, while General Fund expenditures increased from \$4,971,563 in fiscal 2011 to \$5,135,051 in fiscal 2012. The District's General Fund balance increased from \$1,258,229 at the end of fiscal year 2011 to \$1,740,491 at the end of fiscal year 2012, a 38.33% increase.
- The fiscal year 2012 General Fund revenue decrease was attributable to decreases in tuition and federal grant revenue. The increase in expenditures was due primarily to an increase in special instruction and student support services functional areas.

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 Guthrie Center 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 Guthrie Center 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 Guthrie Center Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

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

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

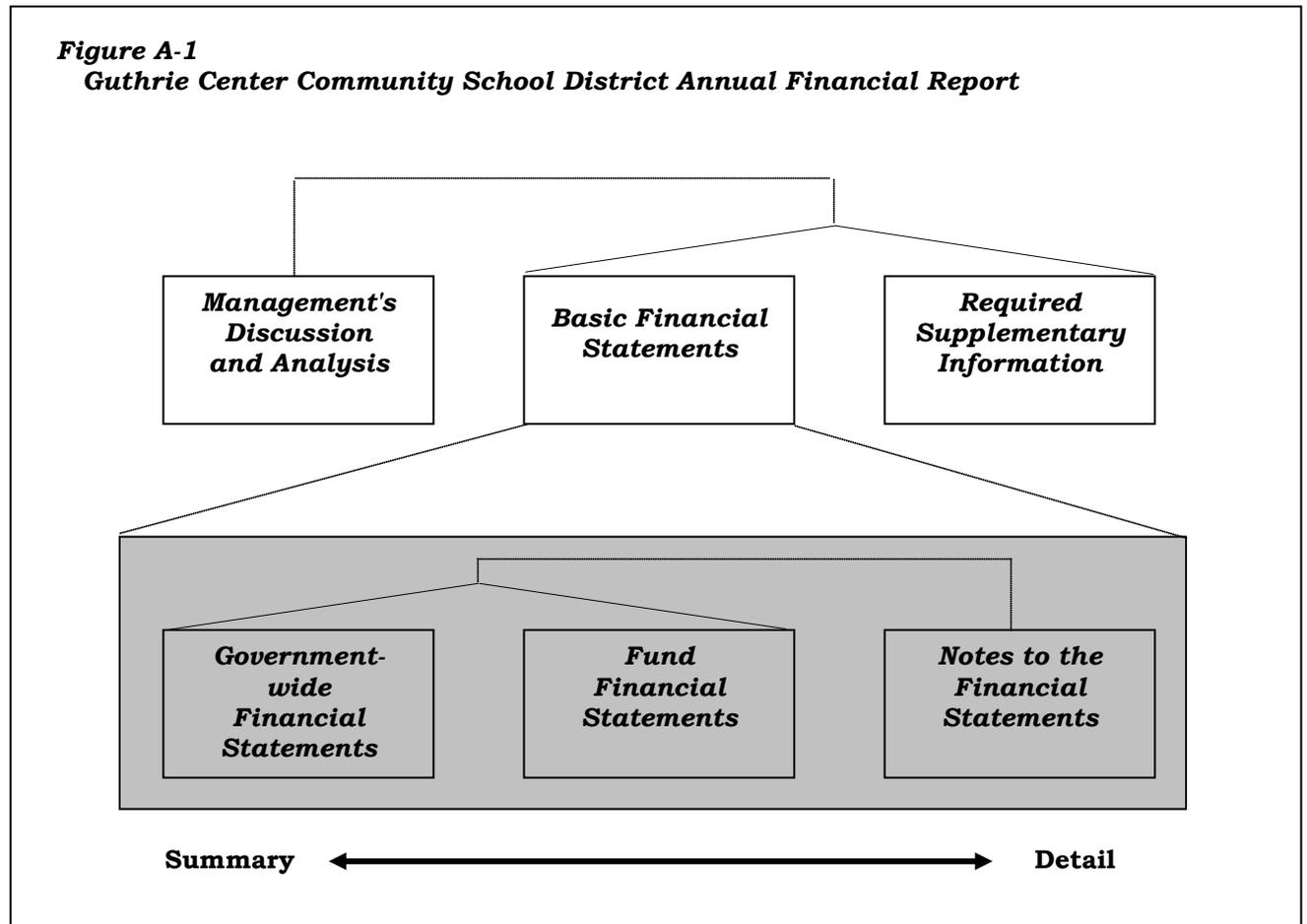


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	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, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for the proprietary funds include a statement of net 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.

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

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

The required financial statements for fiduciary funds include the statement of fiduciary net assets and the 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 net assets at June 30, 2012 compared to June 30, 2011.

	Governmental		Business type		Total		Total Change June 30, 2011-12
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2012	2011	2012	2011	2012	2011	
Current and other assets	\$ 5,773,216	6,099,584	28,679	23,972	5,801,895	6,123,556	-5.25%
Capital assets	6,496,708	6,669,130	48,566	29,918	6,545,274	6,699,048	-2.30%
Total assets	12,269,924	12,768,714	77,245	53,890	12,347,169	12,822,604	-3.71%
Long-term obligations	3,977,915	4,163,897	-	-	3,977,915	4,163,897	-4.47%
Other liabilities	2,891,032	3,231,490	14,546	14,477	2,905,578	3,245,967	-10.49%
Total liabilities	6,868,947	7,395,387	14,546	14,477	6,883,493	7,409,864	-7.10%
Net assets:							
Invested in capital assets, net of related debt	2,586,708	2,549,130	48,566	29,918	2,635,274	2,579,048	2.18%
Restricted	1,161,355	1,859,096	-	-	1,161,355	1,859,096	-37.53%
Unrestricted	1,652,914	965,101	14,133	9,495	1,667,047	974,596	71.05%
Total net assets	\$ 5,400,977	5,373,327	62,699	39,413	5,463,676	5,412,740	0.94%

The District's combined net assets increased by 0.94%, or approximately \$50,936, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land,

infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net 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 approximately \$697,741 or 37.53% over the prior year. The decrease in restricted net assets is mainly attributable to the decrease in Capital Projects: Statewide Sales, Services and Use Tax Fund.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$692,451, or 71.05%. The increase in unrestricted net assets was due primarily to the increase in the ending 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.

	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 750,187	802,703	116,260	119,992	866,447	922,695	-6.10%
Operating grants and contributions and restricted interest	480,662	605,767	151,064	146,341	631,726	752,108	-16.01%
Capital grants and contributions and restricted interest	12,204	74,952	23,493	-	35,697	74,952	-52.37%
General revenues:							
Property tax	2,394,652	2,312,596	-	-	2,394,652	2,312,596	3.55%
Income surtax	130,361	121,140	-	-	130,361	121,140	7.61%
Statewide sales, services and use tax	372,931	284,289	-	-	372,931	284,289	31.18%
Unrestricted state grants	2,479,824	2,293,558	-	-	2,479,824	2,293,558	8.12%
Nonspecific program federal grants	35,391	120,957	-	-	35,391	120,957	-70.74%
Unrestricted investment earnings	10,666	17,708	3	4	10,669	17,712	-39.76%
Other	25,762	70,718	-	1,797	25,762	72,515	-64.47%
Transfers	-	(26,464)	-	26,464	-	-	0.00%
Total revenues	6,692,640	6,677,924	290,820	294,598	6,983,460	6,972,522	0.16%
Program expenses:							
Governmental activities:							
Instructional	4,078,947	4,031,947	-	-	4,078,947	4,031,947	1.17%
Support services	1,899,807	2,195,248	3,818	1,412	1,903,625	2,196,660	-13.34%
Non-instructional programs	6,219	4,957	263,716	274,520	269,935	279,477	-3.41%
Other expenditures	680,017	702,703	-	-	680,017	702,703	-3.23%
Total expenses	6,664,990	6,934,855	267,534	275,932	6,932,524	7,210,787	-3.86%
Change in net assets	27,650	(256,931)	23,286	18,666	50,936	(238,265)	-121.38%
Net assets beginning of year	5,373,327	5,630,258	39,413	20,747	5,412,740	5,651,005	-4.22%
Net assets end of year	\$ 5,400,977	5,373,327	62,699	39,413	5,463,676	5,412,740	0.94%

In fiscal 2012, property tax, income surtax, statewide sales, services and use tax, unrestricted state grants and nonspecific program federal grants account for 80.35% of the revenue from governmental activities while charges for services and operating grants and contributions account for 91.92% of the revenue from business type activities.

The District's total revenues were approximately \$6.98 million of which approximately \$6.69 million was for governmental activities and approximately \$0.29 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 0.16% in revenues and a 3.86% decrease in expenses. The decrease in expenses was related to decreases in expenditures in the support services and other expenditures functional areas.

Governmental Activities

Revenues for governmental activities were \$6,692,640 and expenses were \$6,664,990.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2012 compared to the year ended June 30, 2011.

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 4,078,947	4,031,947	1.17%	3,093,675	2,897,851	6.76%
Support services	1,899,807	2,195,248	-13.46%	1,828,238	2,051,449	-10.88%
Non-instructional	6,219	4,957	25.46%	6,219	4,957	25.46%
Other expenses	680,017	702,703	-3.23%	493,805	497,176	-0.68%
Totals	\$ 6,664,990	6,934,855	-3.89%	5,421,937	5,451,433	-0.54%

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$750,187.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$492,866.
- The net cost of governmental activities was financed with \$2,394,652 in property tax, \$130,361 in income surtax, \$372,931 in statewide sales, services and use tax, \$2,479,824 in unrestricted state grants, \$35,391 in nonspecific program federal grants, \$10,666 in interest income and \$25,762 in other general revenues.
-

Business type Activities

Revenues of the District's business type activities were \$290,820 and expenses were \$267,534. 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 Guthrie Center Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,836,723, under last year's ending fund balance of a deficit \$2,905,232.

Governmental Fund Highlights

- The District's General Fund balance increased from \$1,258,229 at June 30, 2011 to \$1,740,491 at June 30, 2012. The fluctuation in the District's General Fund financial position is the product of many factors. Decrease in local and federal revenues led to a decrease in revenues. The increase in expenditures was due to the increase in support services expenditures. The decrease in revenues was less than the increase in expenditures thus increasing the ending fund balance.
- The Capital Projects Fund balance decreased from \$1,010,831 in fiscal 2011 to \$492,855 in fiscal 2012. The decrease was due primarily to the increase in the regular instruction functional area.
- The Debt Service Fund balance decreased from \$620,090 in fiscal 2011 to \$529,441 in fiscal 2012. The decrease was due primarily to servicing the Districts indebtedness.

Proprietary Fund Highlights

- The School Nutrition Fund net assets increased from \$39,413 at June 30, 2011 to \$62,699 at June 30, 2012, representing an increase of 59.08%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$645,634 less than budgeted revenues, a variance of 8.49%. The most significant variance resulted from the District receiving less in state source revenues than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the Capital Projects 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.

Over the course of the year, Guthrie Center Community School District amended its budget one time to reflect additional expenditures in the other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$6,545,274, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$440,004.

The original cost of the District's capital assets was \$11,110,785. Governmental funds account for \$11,001,916 with the remaining of \$108,869 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$261,998 at June 30, 2011, compared to \$286,152 reported at June 30, 2012. The increase was a result of asset purchases capitalized during fiscal 2012.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total Change June 30, 2011-12
	Activities		Activities		School District		
	June 30, 2012	2011	June 30, 2012	2011	June 30, 2012	2011	
Land	\$ 49,800	49,800	-	-	49,800	49,800	0.00%
Buildings	5,175,419	5,280,338	-	-	5,175,419	5,280,338	-1.99%
Land improvements	1,033,903	1,106,912	-	-	1,033,903	1,106,912	-6.60%
Machinery and equipment	237,586	232,080	48,566	29,918	286,152	261,998	9.22%
Total	\$ 6,496,708	6,669,130	48,566	29,918	6,545,274	6,699,048	-2.30%

Long-Term Debt

At June 30, 2012, the District had \$3,977,915 in long-term debt outstanding. This represents a decrease of 4.47% 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 outstanding general obligation bonds payable of \$100,000 at June 30, 2012.
- The District had outstanding revenue bonds payable of \$3,810,000 at June 30, 2012.
- The District had a net OPEB liability of \$67,915 as of June 30, 2012.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change June 30, 2011-12
	June 30,		
	2012	2011	
General obligation bonds	\$ 100,000	200,000	-50.00%
Revenue bonds	3,810,000	3,920,000	100.00%
Net OPEB liability	67,915	43,897	54.71%
Total	\$ 3,977,915	4,163,897	-4.47%

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:

- Low allowable growth over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.

-
- On July 1, 2012, the IPERS increase to 8.67% will increase the Guthrie Center Community Schools employer benefit costs during fiscal 2012. An additional increase to 8.93% is anticipated for fiscal year 2013.

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 Joni Rees, District Secretary/Treasurer and Business Manager, Guthrie Center Community School District, 906 School Street, Guthrie Center, Iowa, 50115.

BASIC FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments	\$ 3,081,465	22,133	3,103,598
Receivables:			
Property tax:			
Delinquent	43,214	-	43,214
Succeeding year	2,139,368	-	2,139,368
Income surtax	122,674	-	122,674
Due from other governments	319,287	-	319,287
Prepaid Expenses	67,208	-	67,208
Inventories	-	6,546	6,546
Capital assets, net of accumulated depreciation	6,496,708	48,566	6,545,274
TOTAL ASSETS	12,269,924	77,245	12,347,169
LIABILITIES			
Accounts payable	155,817	-	155,817
Salaries and benefits payable	518,634	11,989	530,623
Interest payable	77,213	-	77,213
Deferred revenue:			
Succeeding year property tax	2,139,368	-	2,139,368
Other	-	-	-
Unearned revenue	-	2,557	2,557
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	100,000	-	100,000
Revenue bonds	100,000	-	100,000
Portion due after one year:			
Revenue bonds	3,710,000	-	3,710,000
Net OPEB liability	67,915	-	67,915
TOTAL LIABILITIES	6,868,947	14,546	6,883,493
NET ASSETS			
Invested in capital assets, net of related debt	2,586,708	48,566	2,635,274
Restricted for:			
Categorical funding	132,331	-	132,331
Management levy	31,908	-	31,908
Student activities	42,028	-	42,028
School infrastructure	300,904	-	300,904
Physical plant and equipment levy	124,743	-	124,743
Debt service	529,441	-	529,441
Unrestricted	1,652,914	14,133	1,667,047
TOTAL NET ASSETS	\$ 5,400,977	62,699	5,463,676

SEE NOTES TO FINANCIAL STATEMENTS

**GUTHRIE CENTER 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	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
			Interest	Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,435,604	330,894	78,989	-	(2,025,721)	-	(2,025,721)
Special	807,190	137,306	36,762	-	(633,122)	-	(633,122)
Other	836,153	223,172	178,149	-	(434,832)	-	(434,832)
	<u>4,078,947</u>	<u>691,372</u>	<u>293,900</u>	<u>-</u>	<u>(3,093,675)</u>	<u>-</u>	<u>(3,093,675)</u>
Support services:							
Student	103,319	-	-	-	(103,319)	-	(103,319)
Instructional staff	341,570	-	550	-	(341,020)	-	(341,020)
Administration	581,520	58,489	-	-	(523,031)	-	(523,031)
Operation and maintenance of plant	665,224	-	-	12,204	(653,020)	-	(653,020)
Transportation	208,174	326	-	-	(207,848)	-	(207,848)
	<u>1,899,807</u>	<u>58,815</u>	<u>550</u>	<u>12,204</u>	<u>(1,828,238)</u>	<u>-</u>	<u>(1,828,238)</u>
Non-instructional programs:							
Food service operations	6,219	-	-	-	(6,219)	-	(6,219)
Long-term debt interest							
	162,333	-	-	-	(162,333)	-	(162,333)
Other expenditures:							
AEA flowthrough	186,212	-	186,212	-	-	-	-
Depreciation(unallocated)*	331,472	-	-	-	(331,472)	-	(331,472)
	<u>680,017</u>	<u>-</u>	<u>186,212</u>	<u>-</u>	<u>(493,805)</u>	<u>-</u>	<u>(493,805)</u>
Total governmental activities	6,664,990	750,187	480,662	12,204	(5,421,937)	-	(5,421,937)
Business type activities:							
Support services:							
Administration	2,388	-	-	-	-	(2,388)	(2,388)
Operation and maintenance of plant	1,430	-	-	-	-	(1,430)	(1,430)
Non-instructional programs:							
Nutrition services	263,716	116,260	151,064	23,493	-	27,101	27,101
Total business type activities	<u>267,534</u>	<u>116,260</u>	<u>151,064</u>	<u>23,493</u>	<u>-</u>	<u>23,283</u>	<u>23,283</u>
Total	\$ 6,932,524	866,447	631,726	35,697	(5,421,937)	23,283	(5,398,654)
General Revenues and Transfers:							
Property tax for:							
General purposes					\$ 2,048,590	-	2,048,590
Capital outlay					235,992	-	235,992
Debt service					110,070	-	110,070
Income surtax					130,361	-	130,361
Statewide sales, services and use tax					372,931	-	372,931
Unrestricted state grants					2,479,824	-	2,479,824
Nonspecific program federal grants					35,391	-	35,391
Unrestricted investment earnings					10,666	3	10,669
Other					25,762	-	25,762
Total general revenues & transfers					<u>5,449,587</u>	<u>3</u>	<u>5,449,590</u>
Changes in net assets					27,650	23,286	50,936
Net assets beginning of year					<u>5,373,327</u>	<u>39,413</u>	<u>5,412,740</u>
Net assets end of year					<u>\$ 5,400,977</u>	<u>62,699</u>	<u>5,463,676</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Debt Service	Nonmajor Funds	Total
ASSETS					
Cash and pooled investments	\$ 2,198,697	283,458	527,466	71,844	3,081,465
Receivables:					
Property tax:					
Delinquent	34,900	4,247	1,975	2,092	43,214
Succeeding year	1,499,106	234,962	105,300	300,000	2,139,368
Income surtax	122,674	-	-	-	122,674
Due from other governments	181,345	137,942	-	-	319,287
Prepaid expenses	-	67,208	-	-	67,208
TOTAL ASSETS	\$ 4,036,722	727,817	634,741	373,936	5,773,216
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 155,817	-	-	-	155,817
Salaries and benefits payable	518,634	-	-	-	518,634
Deferred revenue:					
Succeeding year property tax	1,499,106	234,962	105,300	300,000	2,139,368
Income surtax	122,674	-	-	-	122,674
Total liabilities	2,296,231	234,962	105,300	300,000	2,936,493
Fund balances:					
Nonspendable	-	67,208	-	-	67,208
Restricted for:					
Categorical funding	132,331	-	-	-	132,331
Management levy purposes	-	-	-	31,908	31,908
Student activities	-	-	-	42,028	42,028
School infrastructure	-	300,904	-	-	300,904
Physical plant and equipment	-	124,743	-	-	124,743
Debt service	-	-	529,441	-	529,441
Unassigned	1,608,160	-	-	-	1,608,160
Total fund balances	1,740,491	492,855	529,441	73,936	2,836,723
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,036,722	727,817	634,741	373,936	5,773,216

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER 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)	\$ 2,836,723
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,496,708
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	122,674
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(77,213)
Long-term liabilities, such as bonds payable, and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,977,915)</u>
Net assets of governmental activities(page 18)	<u><u>\$ 5,400,977</u></u>

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

	General	Capital Projects	Debt Service	Nonmajor Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,060,212	608,923	110,070	115,844	2,895,049
Tuition	455,303	-	-	-	455,303
Other	113,238	12,528	547	223,595	349,908
State sources	2,788,233	2,567	55	58	2,790,913
Federal sources	198,572	-	-	-	198,572
Total revenues	<u>5,615,558</u>	<u>624,018</u>	<u>110,672</u>	<u>339,497</u>	<u>6,689,745</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	1,999,981	408,218	-	10,414	2,418,613
Special	803,532	-	-	-	803,532
Other	619,470	-	-	214,030	833,500
	<u>3,422,983</u>	<u>408,218</u>	<u>-</u>	<u>224,444</u>	<u>4,055,645</u>
Support services:					
Student	102,550	-	-	209	102,759
Instructional staff	250,502	140,714	-	790	392,006
Administration	562,674	16,081	2,000	1,679	582,434
Operation and maintenance of plant	439,906	32,190	-	38,199	510,295
Transportation	170,224	-	-	10,103	180,327
	<u>1,525,856</u>	<u>188,985</u>	<u>2,000</u>	<u>50,980</u>	<u>1,767,821</u>
Non-instructional programs:					
Food service operations	-	-	-	6,219	6,219
Capital outlay	-	292,075	-	-	292,075
Long-term debt:					
Principal	-	-	210,000	-	210,000
Interest and fiscal charges	-	-	242,037	-	242,037
	<u>-</u>	<u>-</u>	<u>452,037</u>	<u>-</u>	<u>452,037</u>
Other expenditures:					
AEA flowthrough	186,212	-	-	-	186,212
Total expenditures	<u>5,135,051</u>	<u>889,278</u>	<u>454,037</u>	<u>281,643</u>	<u>6,760,009</u>
Excess(Deficiency) of revenues over(under) expenditures	480,507	(265,260)	(343,365)	57,854	(70,264)
Other financing sources(uses):					
Transfer in	-	-	252,716	-	252,716
Transfer out	-	(252,716)	-	-	(252,716)
Sale of equipment	1,755	-	-	-	1,755
Total other financing sources(uses)	<u>1,755</u>	<u>(252,716)</u>	<u>252,716</u>	<u>-</u>	<u>1,755</u>
Net change in fund balances	482,262	(517,976)	(90,649)	57,854	(68,509)
Fund balance beginning of year	1,258,229	1,010,831	620,090	16,082	2,905,232
Fund balance end of year	<u>\$ 1,740,491</u>	<u>492,855</u>	<u>529,441</u>	<u>73,936</u>	<u>2,836,723</u>

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER 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) \$ (68,509)

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

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

Expenditures for capital assets	\$ 262,737	
Depreciation expense	<u>(435,159)</u>	(172,422)

Repayment of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows: 210,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 79,704

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 2,895

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

Net OPEB liability	<u>(24,018)</u>	
--------------------	-----------------	--

Changes in net assets of governmental activities(page 19) \$ 27,650

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

	<u>School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 22,133
Inventories	6,546
Capital assets, net of accumulated depreciation	48,566
TOTAL ASSETS	<u>77,245</u>
LIABILITIES	
Salaries and benefits payable	11,989
Unearned revenues	2,557
TOTAL LIABILITIES	<u>14,546</u>
NET ASSETS	
Invested in capital assets	48,566
Unrestricted	14,133
TOTAL NET ASSETS	<u>\$ 62,699</u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 116,260
Total operating revenue	116,260
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	489
Supplies	1,899
Operation and maintenance of plant:	
Services	1,430
	3,818
Non-instructional programs:	
Food service operations:	
Salaries	84,294
Benefits	12,779
Services	1,798
Supplies	159,970
Depreciation	4,845
Other	30
	263,716
TOTAL OPERATING EXPENSES	267,534
OPERATING LOSS	(151,274)
NON-OPERATING REVENUES:	
State sources	2,927
Federal sources	148,137
Interest income	3
TOTAL NON-OPERATING REVENUES	151,067
Excess of revenues over expenditures before other financing sources	(207)
Other financing sources:	
Capital contributions	23,493
Change in net assets	23,286
Net assets beginning of year	39,413
Net assets end of year	\$ 62,699

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER 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	\$ 116,179
Cash payments to employees for services	(96,923)
Cash payments to suppliers for goods or services	(144,652)
Net cash used in operating activities	(125,396)
Cash flows from non-capital financing activities:	
State grants received	2,927
Federal grants received	125,652
Net cash provided by non-capital financing activities	128,579
Cash flows from investing activities:	
Interest on investments	3
Net increase in cash and cash equivalents	3,186
Cash and cash equivalents at beginning of year	18,947
Cash and cash equivalents at end of year	\$ 22,133
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (151,274)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	22,485
Depreciation	4,845
Increase in inventories	(1,521)
Increase in salaries and benefits payable	150
Decrease in unearned revenue	(81)
Net cash used in operating activities	\$ (125,396)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at \$22,485.

During the year ended June 30, 2012, the School Nutrition Fund received capital contributions from the Capital Projects: Statewide Sales, Services, and Use Tax Fund totaling \$23,493.

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Contributions	\$ 500
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	500
Change in net assets	-
Net assets beginning of year	-
Net assets end of year	\$ -

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Guthrie Center 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 Guthrie Center Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Guthrie and Audubon Counties 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary 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 that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets 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 that are imposed by management, but 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The District's nonmajor proprietary fund is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities 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, 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	\$ 0
Buildings	10,000
Land improvements	10,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are 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 in 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:

Non-spendable - Amounts which cannot be spent because they are not expected to be converted into cash. These items include prepaid items.

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. Budgeting and Budgetary Control

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

(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 \$1 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were both rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ <u>252,716</u>

The Capital Projects: Statewide Sales, Services and Use Tax Fund is transferring funds to the Debt Service Fund to repay the District's 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
Business type activities:				
Machinery and equipment	\$ 85,376	23,493	-	108,869
Less accumulated depreciation	55,458	4,845	-	60,303
Total	<u>\$ 29,918</u>	<u>18,648</u>	<u>-</u>	<u>48,566</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,800	-	-	49,800
Total capital assets not being depreciated	<u>49,800</u>	-	-	<u>49,800</u>
Capital assets being depreciated:				
Buildings	8,377,723	153,544	-	8,531,267
Land improvements	1,548,187	-	-	1,548,187
Machinery and equipment	763,469	109,193	-	872,662
Total capital assets being depreciated	<u>10,689,379</u>	<u>262,737</u>	-	<u>10,952,116</u>
Less accumulated depreciation for:				
Buildings	3,097,385	258,463	-	3,355,848
Land improvements	441,275	73,009	-	514,284
Machinery and equipment	531,389	103,687	-	635,076
Total accumulated depreciation	<u>4,070,049</u>	<u>435,159</u>	-	<u>4,505,208</u>
Total capital assets being depreciated, net	<u>6,619,330</u>	<u>(172,422)</u>	-	<u>6,446,908</u>
Governmental activities capital assets, net	<u>\$ 6,669,130</u>	<u>(172,422)</u>	-	<u>6,496,708</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 9,137
Other	2,092
Support services:	
Instructional staff	13,617
Administration	1,047
Operation and maintenance of plant	24,057
Transportation	53,737
	<u>103,687</u>
Unallocated depreciation	<u>331,472</u>
Total governmental activities depreciation expense	<u>\$ 435,159</u>
Business type activities:	
Food services	<u>\$ 4,845</u>

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 200,000	-	100,000	100,000	100,000
Revenue Bonds	3,920,000	-	110,000	3,810,000	100,000
Net OPEB Liability	43,897	24,018	-	67,915	-
Total	<u>\$ 4,163,897</u>	<u>24,018</u>	<u>210,000</u>	<u>3,977,915</u>	<u>200,000</u>

General Obligation Bonds Payable

Details of the District's June 30, 2012 general obligation bonded debt is as follows:

Year Ending June 30,	Bond issue of July 1, 2001			
	Interest Rates	Principal	Interest	Total
2013	4.80%	\$ 100,000	4,800	104,800

Revenue Bonds Payable

Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of July 1, 2010			
	Interest Rates	Principal	Interest	Total
2013	3.00%	\$ 100,000	151,325	251,325
2014	3.00	100,000	148,325	248,325
2015	3.50	150,000	144,575	294,575
2016	4.00	165,000	139,438	304,438
2017	4.00	170,000	133,150	303,150
2018-2022	4.00	945,000	557,250	1,502,250
2023-2027	4.00-4.25	1,150,000	347,269	1,497,269
2028-2030	4.38	1,030,000	82,306	1,112,306
Total		<u>\$ 3,810,000</u>	<u>1,703,638</u>	<u>5,513,638</u>

(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 the annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$250,344, \$202,125, and \$206,565, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits

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 37 active members in the plan.

The medical/prescription drug benefits are provided through a fully-insured plan with Coventry. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which result 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 and unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 25,015
Interest on net OPEB obligation	1,097
Adjustment to annual required contribution	(2,094)
Annual OPEB cost	<u>24,018</u>
Contributions made	-
Increase in net OPEB obligation	<u>24,018</u>
Net OPEB obligation beginning of year	<u>43,897</u>
Net OPEB obligation end of year	<u>\$ 67,915</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 contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation 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	\$ 21,776	0.0%	\$ 21,776
2011	22,121	0.0	43,897
2012	24,018	0.0	67,915

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$177,449, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$177,449. The covered payroll (annual payroll of active employees covered by the plan) was \$1,504,066, and the ratio of the UAAL to covered payroll was 11.80%. 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 event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2009 actuarial valuation date, the Frozen Entry Age Actuarial Cost Method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual 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 based upon national termination studies performed by the Society of Actuaries.

The projected claim costs of the medical plan for retirees under age 65 are illustrated per month in the following table.

Plan	Single	Family
S3E \$250	\$ 647.19	\$ 1,063.69
S4E \$500	613.16	987.18

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2012 were \$333,269.

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

Guthrie Center 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 \$186,212 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) Categorical Funding

The District's ending balances for categorical funding by project as of the year ended June 30, 2012 are as follows:

Project	Amount
Beginning teacher mentoring	\$ 597
Teacher salary supplement	8,246
Iowa early intervention	26,561
Statewide voluntary preschool	89,486
Core curriculum	2,868
LEP weighting	2,098
Home School Assitance	2,065
Professional development	410
Total	<u>\$ 132,331</u>

Guthrie Center Community School District

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,700,260	116,263	3,816,523	3,972,221	3,972,221	(155,698)
State sources	2,790,913	2,927	2,793,840	3,327,485	3,327,485	(533,645)
Federal sources	198,572	148,137	346,709	303,000	303,000	43,709
Total revenues	<u>6,689,745</u>	<u>267,327</u>	<u>6,957,072</u>	<u>7,602,706</u>	<u>7,602,706</u>	<u>(645,634)</u>
Expenditures/expenses:						
Instruction	4,055,645	-	4,055,645	4,625,571	4,625,571	569,926
Support services	1,767,821	3,818	1,771,639	1,980,300	1,980,300	208,661
Non-instructional programs	6,219	263,716	269,935	301,932	301,932	31,997
Other expenditures	930,324	-	930,324	1,340,569	1,500,000	569,676
Total expenditures/expenses	<u>6,760,009</u>	<u>267,534</u>	<u>7,027,543</u>	<u>8,248,372</u>	<u>8,407,803</u>	<u>1,380,260</u>
Deficiency of revenues under expenditures/expenses	(70,264)	(207)	(70,471)	(645,666)	(805,097)	734,626
Other financing sources, net	<u>1,755</u>	<u>23,493</u>	<u>25,248</u>	<u>100,000</u>	<u>100,000</u>	<u>74,752</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures	(68,509)	23,286	(45,223)	(545,666)	(705,097)	809,378
Balance beginning of year	<u>2,905,232</u>	<u>39,413</u>	<u>2,944,645</u>	<u>1,501,289</u>	<u>1,501,289</u>	<u>1,443,356</u>
Balance end of year	<u>\$ 2,836,723</u>	<u>62,699</u>	<u>2,899,422</u>	<u>955,623</u>	<u>796,192</u>	<u>2,252,734</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$159,431.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

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	\$ 0	\$ 191,420	\$ 191,420	0.00%	\$ 1,575,144	12.15%
2011	July 1, 2009	0	187,151	187,151	0.00%	1,321,381	14.16%
2012	July 1, 2009	0	177,449	177,449	0.00%	1,504,066	11.80%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Supplementary Information

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

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 29,816	42,028	71,844
Receivables:			
Property tax:			
Delinquent	2,092	-	2,092
Succeeding year property tax	300,000	-	300,000
			-
TOTAL ASSETS	\$ 331,908	42,028	373,936
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 300,000	-	300,000
Fund balances:			
Restricted for:			
Student activities	-	42,028	42,028
Management levy purposes	31,908	-	31,908
Total fund balances	31,908	42,028	73,936
TOTAL LIABILITIES AND FUND BALANCES	\$ 331,908	42,028	373,936

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Special Revenue		
	Management Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 115,844	-	115,844
Other	7,525	216,070	223,595
State sources	58	-	58
TOTAL REVENUES	<u>123,427</u>	<u>216,070</u>	<u>339,497</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	10,414	-	10,414
Other	-	214,030	214,030
Support services:			
Student	209	-	209
Instructional staff	790	-	790
Administration	1,679	-	1,679
Operation and maintenance of plant	38,199	-	38,199
Transportation	10,103	-	10,103
Non-instructional programs:			
Food service operations	6,219	-	6,219
TOTAL EXPENDITURES	<u>67,613</u>	<u>214,030</u>	<u>281,643</u>
Net change in fund balances	55,814	2,040	57,854
Fund balances beginning of year	(23,906)	39,988	16,082
Fund balances end of year	<u>\$ 31,908</u>	<u>42,028</u>	<u>73,936</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER 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	\$ 162,962	120,496	283,458
Receivables:			
Property tax:			
Delinquent	-	4,247	4,247
Succeeding year property tax	-	234,962	234,962
Due from other governments	137,942	-	137,942
Prepaid expenses	-	67,208	67,208
TOTAL ASSETS	\$ 300,904	426,913	727,817
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenue:			
Succeeding year property tax	\$ -	234,962	234,962
Fund Balances			
Nonspendable	-	67,208	67,208
Restricted for:			
School infrastructure	300,904	-	300,904
Physical plant and equipment	-	124,743	124,743
Total fund balances	300,904	191,951	492,855
TOTAL LIABILITIES AND FUND BALANCES	\$ 300,904	426,913	727,817

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES 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	\$ 372,931	235,992	608,923
Other	1,606	10,922	12,528
State sources	-	2,567	2,567
TOTAL REVENUES	374,537	249,481	624,018
EXPENDITURES:			
Current:			
Instruction:			
Regular	351,305	56,913	408,218
Support services:			
Instructional staff	-	140,714	140,714
Administration	-	16,081	16,081
Operation and maintenance of plant	-	32,190	32,190
Capital outlay	282,598	9,477	292,075
TOTAL EXPENDITURES	633,903	255,375	889,278
Deficiency of revenues under expenditures	(259,366)	(5,894)	(265,260)
Other financing uses:			
Transfer out	(252,716)	-	(252,716)
Net change in fund balances	(512,082)	(5,894)	(517,976)
Fund balances beginning of year	812,986	197,845	1,010,831
Fund balances end of year	\$ 300,904	191,951	492,855

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER 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	Intra- Fund Transfers	Balance End of Year
Interest	\$ -	122	-	(122)	-
Drama	3,134	1,620	2,064	-	2,690
Odyssey of Mind	2,090	-	-	(2,062)	28
Vocal Club	4,206	2,212	3,582	-	2,836
Band Club	476	14,623	16,517	1,418	-
Basketball	6,326	24,684	22,077	(8,700)	233
Track	-	11,666	14,135	2,469	-
Cheerleaders	1,800	13,752	12,874	-	2,678
Football	707	13,995	12,536	(1,977)	189
Baseball/Softball	-	8,178	10,970	2,792	-
Wrestling	-	12,696	13,541	845	-
Volleyball	-	9,516	10,546	1,030	-
Summer Little League	348	4,485	4,808	-	25
FFA	3,136	24,010	23,267	26	3,905
FCCLA	662	3,137	3,446	-	353
Honor Society	889	299	128	-	1,060
Student Council	1,829	3,326	2,335	(596)	2,224
Foreign Language	536	-	-	-	536
Art Club	2,525	881	220	-	3,186
Yearbook	177	10,144	4,699	-	5,622
Change Fund	-	-	200	200	-
General Fund	502	8,154	6,827	(719)	1,110
Student Activities	1,834	-	1	-	1,833
Marketing	1,247	6,408	5,144	-	2,511
Weightlifting	50	-	50	-	-
JH Student Council	1,271	13,346	10,468	-	4,149
Extra Curricular	-	10,996	14,468	3,472	-
Elementary Fund	819	728	2,596	1,693	644
Class of 2012	3,649	5,232	9,127	246	-
Class of 2013	1,395	10,608	7,404	(15)	4,584
Class of 2014	380	877	-	-	1,257
Class of 2015	-	375	-	-	375
Total	\$ 39,988	216,070	214,030	-	42,028

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES/EXPENSES 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	\$ 2,895,049	2,719,373	2,619,623	2,165,778	2,044,827	2,058,026	1,896,372	1,787,200	1,673,830
Tuition	455,303	496,928	490,821	381,379	355,036	365,542	346,632	312,103	270,742
Other	349,966	474,158	327,972	465,896	431,007	290,594	307,241	371,945	344,208
Intermediate sources	-	-	1,995	-	-	-	-	-	-
State sources	2,790,855	2,660,183	2,570,926	2,848,072	2,612,972	2,270,100	2,411,023	2,151,274	1,917,582
Federal sources	198,572	355,094	540,674	138,623	155,879	227,259	186,001	209,267	331,065
Total	\$ 6,689,745	6,705,736	6,552,011	5,999,748	5,599,721	5,211,521	5,147,269	4,831,789	4,537,427
Expenditures:									
Current:									
Instruction:									
Regular	\$ 2,418,613	2,257,264	2,081,803	2,106,776	1,961,550	1,818,112	1,753,552	1,785,551	1,779,400
Special	803,532	714,045	735,246	714,039	843,242	695,899	717,294	595,563	593,548
Other	833,500	744,545	738,978	680,516	661,836	681,401	588,608	697,022	500,945
Support services:									
Student	102,759	56,999	98,876	99,716	111,899	115,251	103,558	92,388	108,849
Instructional staff	392,006	162,135	189,091	173,996	188,349	228,469	240,937	116,313	101,570
Administration	582,434	545,566	547,194	559,993	504,446	465,832	452,914	444,608	437,730
Operation and maintenance of plant	510,295	522,359	531,571	511,023	528,187	475,794	474,363	416,550	374,308
Transportation	180,327	253,955	146,481	139,378	153,925	260,908	190,673	212,761	109,573
Non-instructional programs	6,219	4,957	5,506	2,566	2,296	2,067	2,646	-	-
Capital outlays	292,075	2,063,239	1,553,247	60,182	960,597	384,108	190,708	257,539	100,891
Long-term debt:									
Principal	210,000	95,000	90,000	85,000	80,000	75,000	80,000	75,000	70,000
Interest and fiscal charges	242,037	14,320	18,320	22,060	25,500	28,651	31,930	34,968	37,667
Other expenditures:									
AEA flow-through	186,212	205,527	206,244	186,955	169,446	157,855	151,690	139,824	135,150
Total	\$ 6,760,009	7,639,911	6,942,557	5,342,200	6,191,273	5,389,347	4,978,873	4,868,087	4,349,631

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
Guthrie Center 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 Guthrie Center 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 20, 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

In planning and performing our audit, we considered Guthrie Center 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 an opinion on the effectiveness of Guthrie Center Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Guthrie Center 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness 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 the 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 through I-D-12 to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guthrie Center 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.

Guthrie Center 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 Guthrie Center 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 Guthrie Center Community School District and other parties to whom Guthrie Center 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 Guthrie Center 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 20, 2013

GUTHRIE CENTER 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. In certain instances, 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 investigate available alternatives and implement them as soon as possible.

Conclusion - Response accepted.

I-B-12 Accounts Utilizing the District's Federal Identification Number - We noted during our audit, that the District has three bank accounts that were created using the District's Federal Identification Number but were not being maintained on the District's financial statements. These accounts are the Tiger Football Fund, Music Parents and Band Parents.

Recommendation - The District should contact the bank and have them contact the owners of these accounts and correct the Federal Identification Number to that of the owners of the accounts. The District should not allow other organizations to use its Federal Identification Number. The District should research any unfamiliar accounts and take necessary steps to remedy the situation.

Response - We have contacted the bank to correct this matter.

Conclusion - Response accepted.

I-C-12 Privately Sponsored Camps - We noted during our audit that privately sponsored camps were being held on District grounds. There were no contracts between camp facilitators and the District addressing facility and equipment use, rental fees, insurance and other costs of conducting the camp. The following are guidelines provided by the Iowa Department of Education in a September 9, 2011 information release and a Question and Answer on the State of Iowa Auditor's website regarding the operation of privately sponsored camps on District grounds:

- If the District's facilities or equipment will be used, the District has to charge for rent of the District's coach/sponsor if that coach/sponsor is part of the privately sponsored camp staff.
- The camp facilitator would need to pay the District rental of facilities and equipment pursuant to Chapters 297.9 and 297.10 of the Code of Iowa.
- The camp facilitator would have to provide a certificate of insurance liability to the District before the camp could be held on the District's grounds.

- All accounting for the camp could not be performed by the District’s accounting staff.
- All advertisements and other publication materials need to clearly identify that the camp is privately sponsored using the Districts facilities.
- No District funds can be used to pay for any fees associated with students of the District attending the camp.

Recommendation - The District should contact camp facilitators and discuss the guidelines to be followed if the camps are to be continued to be privately sponsored. Contracts should be developed with camp facilitators detailing facility and equipment use, rental fees, insurance and other costs of conducting the camp.

Response - A rental fee will now be charged and EMC will cover insurance for the camps by board action.

Conclusion - Response acknowledged. Under the Department of Education’s guidelines for sports camps, either the camp is sponsored by the District as a community service or it is privately sponsored. If the District decides to continue privately sponsored camps, it is the camp facilitator’s responsibility to provide liability insurance and not the District’s.

I-D-12 Supporting Documentation for Meal Money - We noted during our audit instances of students receiving meal money during District sponsored trips. However, there was no documentation as to who received funds and/or the amount of funds received.

Recommendation - The District should document who receives cash when going on trips. The District should have a list of who received the cash and the amount. The students should sign off upon receiving cash for the trip. The District should review the procedures in place and implement controls to ensure documentation is gathered to support the check written for cash needed for the trip.

Response - The coach or sponsor will sign the document or receipt for the amount.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting

II-A-12 Certified Budget - District disbursements for the year ended June 30, 2012, did not exceed the amount budgeted.

II-B-12 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

II-C-12 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-12 Business Transactions - Business transactions between the District and District officials and employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joni Rees, Business Manager Spouse owns Rees Repair	Purchased services	\$2,829

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the spouse of Joni Rees do not appear to represent a conflict of interest.

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 - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was understated by 0.64.

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

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

Conclusion - Response accepted.

II-H-12 Supplementary Weighting - No variance 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 filed with the Department of Education timely 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, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2012 audit.

Beginning Balance		\$ 812,986
Revenues/transfers in:		
Sales tax revenues	\$ 372,931	
Other local revenues	1,606	374,537
		<u>1,187,523</u>
Expenditures/transfers out:		
School Infrastructure	\$ 282,598	
Equipment	220,738	
Other	130,567	
Transfers to other funds:		
Debt Service	252,716	886,619
		<u>886,619</u>
Ending Balance		<u>\$ 300,904</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 Checks Outstanding - We noted during our audit that the District had checks included in the Student Activity Fund bank reconciliations that have been outstanding for over a year.

Recommendation - The District needs to determine if the checks need to be voided, reissued or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The checks have been reissued.

Conclusion - Response accepted.