

BELLE PLAINE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

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Belle Plaine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Marie Stratford	President	2015
Brad Cook	Vice President	2015
Mike Bachelder	Board Member	2015
Jon Garling	Board Member	2013
Rima Johnson	Board Member	2013
School Officials		
William Lynch	Superintendent	2013
Lori McClenathan	Business Manager/ Board Treasurer	2013
Stacey Kolars	Board Secretary	
Lynch Dallas PC	Attorney	2013

Belle Plaine 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 Belle Plaine Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District, Belle Plaine, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Belle Plaine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2014 on our consideration of Belle Plaine Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Belle Plaine Community School District's internal control over financial reporting and compliance.


NOLTE, CORNMAN & JOHNSON, P.C.

March 25, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Belle Plaine 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, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$5,851,462 in fiscal 2012 to \$5,409,809 in fiscal 2013 and General Fund expenditures increased from \$5,617,530 in fiscal 2012 to \$5,758,058 in fiscal 2013. This resulted in a decrease in the District's General Fund balance from \$1,916,146 in fiscal 2012 to a balance of \$1,567,897 in fiscal 2013, an 18.17% decrease from the prior year.
- The District's solvency ratio decreased from 29.91% at June 30, 2012 to 24.03% at June 30, 2013.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Belle Plaine 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 Belle Plaine 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 Belle Plaine Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

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

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

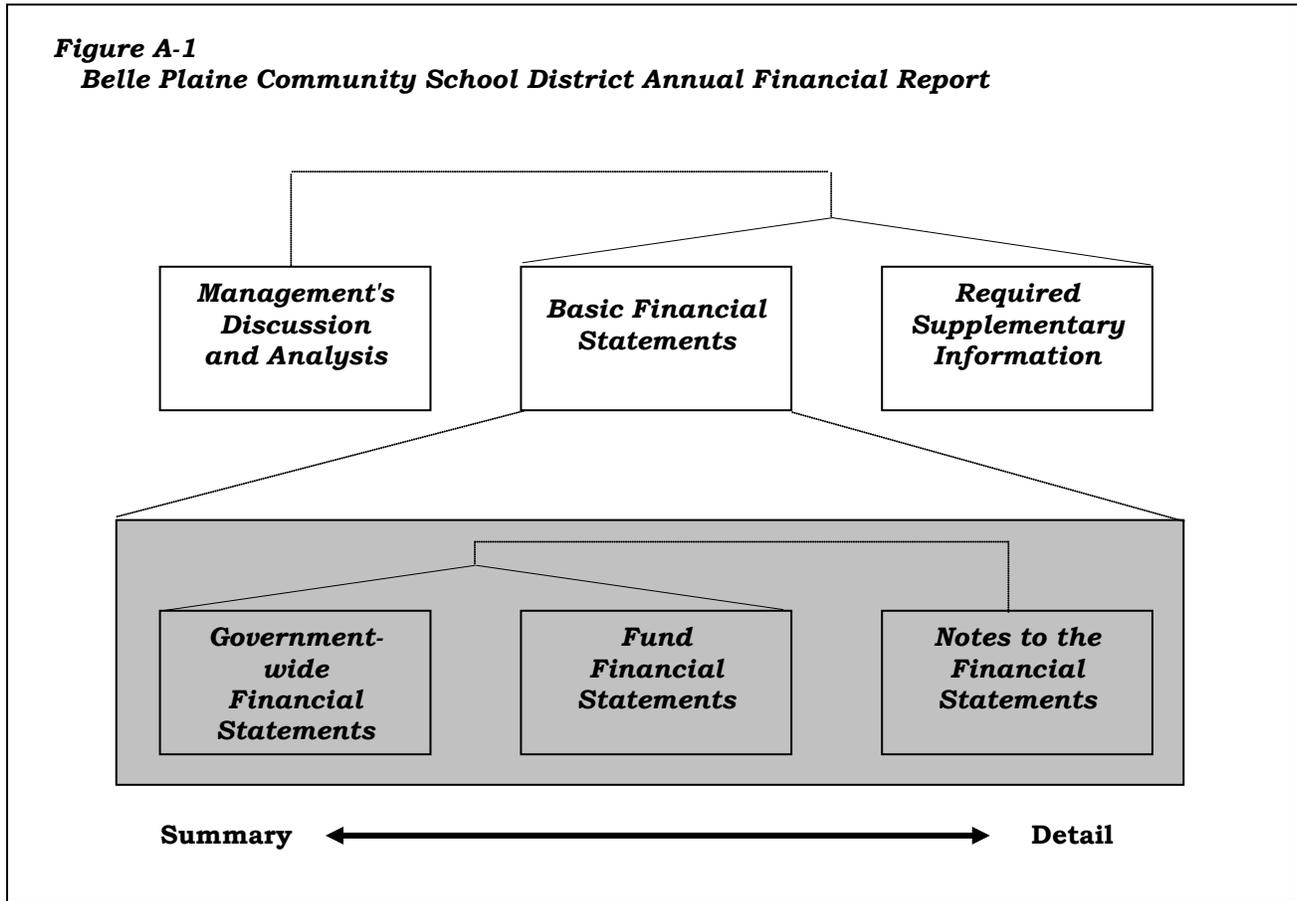


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

The District's governmental funds include the General Fund, Special Revenue Funds, the Debt Service Fund and 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

Figure A-3
Condensed Statement of Net Position

	Governmental		Business Type		Total		Total Change June 30, 2012-13
	Activities		Activities		School District		
	June 30,		June 30,		June 30,		
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 7,529,492	7,362,330	154,058	141,245	7,683,550	7,503,575	2.40%
Capital assets	10,278,908	10,345,137	58,898	43,824	10,337,806	10,388,961	-0.49%
Total assets	17,808,400	17,707,467	212,956	185,069	18,021,356	17,892,536	0.72%
Long-term obligations	7,724,402	8,073,991	1,837	2,293	7,726,239	8,076,284	-4.33%
Other liabilities	3,225,454	3,099,189	132,918	120,538	3,358,372	3,219,727	4.31%
Total liabilities	10,949,856	11,173,180	134,755	122,831	11,084,611	11,296,011	-1.87%
Net position:							
Invested in capital assets	2,793,908	2,540,137	58,898	43,824	2,852,806	2,583,961	10.40%
Restricted	2,786,171	2,431,408	-	-	2,786,171	2,431,408	14.59%
Unrestricted	1,278,465	1,562,742	19,303	18,414	1,297,768	1,581,156	-17.92%
Total net position	\$ 6,858,544	6,534,287	78,201	62,238	6,936,745	6,596,525	5.16%

The District's combined net position increased by 5.16%, or \$340,220, over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased 14.59%, or \$354,763, over the prior year. The increase in restricted net position can be mainly attributable to the increase in fund balances for the Management Levy Fund.

Unrestricted net position - the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased 17.92%, or \$283,388, from the prior year. This decrease in unrestricted net position was due to the decrease in the fund balance of the General Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 as compared to year ended June 30, 2012.

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues and transfers:							
Program revenues:							
Charges for service	\$ 397,101	524,908	137,078	131,218	534,179	656,126	-18.59%
Operating grants, contributions and restricted interest	494,086	454,110	147,579	172,776	641,665	626,886	2.36%
Capital grants, contributions and restricted interest	28,375	43,306	-	-	28,375	43,306	100.00%
General revenues:							
Property tax	2,253,583	2,468,924	-	-	2,253,583	2,468,924	-8.72%
Income surtax	239,532	270,111	-	-	239,532	270,111	-11.32%
Statewide sales, services and use tax	495,616	439,425	-	-	495,616	439,425	12.79%
Unrestricted state grants	3,084,228	3,025,989	-	-	3,084,228	3,025,989	1.92%
Nonspecific program federal grants	-	125,005	-	-	-	125,005	-100.00%
Unrestricted investment earnings	12,449	17,081	163	170	12,612	17,251	-26.89%
Other	94,875	40,501	148	849	95,023	41,350	129.80%
Transfers	(1,475)	-	1,475	-	-	-	0.00%
Total revenues and transfers	7,098,370	7,409,360	286,443	305,013	7,384,813	7,714,373	-4.27%
Program expenses:							
Instructional	4,204,366	4,234,574	-	-	4,204,366	4,234,574	-0.71%
Support services	1,755,687	1,650,570	-	-	1,755,687	1,650,570	6.37%
Non-instructional programs	-	-	270,480	294,517	270,480	294,517	-8.16%
Other expenses	814,060	813,403	-	-	814,060	813,403	0.08%
Total expenses	6,774,113	6,698,547	270,480	294,517	7,044,593	6,993,064	0.74%
Change in net position	324,257	710,813	15,963	10,496	340,220	721,309	-52.83%
Net position beginning of year	6,534,287	5,823,474	62,238	51,742	6,596,525	5,875,216	12.28%
Net position end of year	\$ 6,858,544	6,534,287	78,201	62,238	6,936,745	6,596,525	5.16%

In fiscal 2013, local tax and unrestricted state grants account for 85.55% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.38% of the revenue from business type activities.

The District's total revenues were \$7,384,813 of which \$7,098,370 was for governmental activities and \$286,443 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.27% decrease in revenues and a 0.74% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$7,098,370 and expenses were \$6,774,113.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services and other expenses, for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 4,204,366	4,234,574	-0.71%	3,575,747	3,509,283	1.89%
Support services	1,755,687	1,650,570	6.37%	1,676,102	1,563,106	7.23%
Other expenses	814,060	813,403	0.08%	602,702	603,834	-0.19%
Totals	\$ 6,774,113	6,698,547	1.13%	5,854,551	5,676,223	3.14%

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$397,101.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$522,461.
- The net cost of governmental activities was financed with \$2,253,583 in property tax, \$239,532 in income surtax, \$495,616 in statewide sales, services and use tax, \$3,084,228 in unrestricted state grants, \$12,449 in interest income, \$94,875 in other general revenues, and \$1,475 in capital contributions to the nutrition fund shown as transfers.

Business type Activities

Revenues from the District's business type activities were \$286,443 and expenses were \$270,480. The District's business type activities include the School Nutrition Fund. Revenues of this activity were comprised of charges for service, federal and state reimbursements, investment income, and capital contributions from governmental funds.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,171,663, above last year's ending combined fund balance of \$4,126,032. The primary reason for the increase in the combined fund balance at the end of fiscal year 2013 is the increase in the Management Levy Fund balance.

Governmental Fund Highlights

The District's deteriorating General Fund financial position is the result of many factors. Growth during the year in state source revenues was not enough to offset the decrease in local and federal source revenues, causing total revenues to decrease from the prior year. In addition, increases in instruction and support service expenditures contributed to the overall decrease in fund balance at the end of the year.

-
- The General Fund balance decreased from \$1,916,146 to \$1,567,897, due to an overall decrease in revenues and increase in expenditures from the prior year. The largest decrease in revenues was revenues from local tax sources, dropping 15.99% from the prior year. Expenditures in each of the support services functions increased, increasing a total of 7.87% from the prior year.
 - The Management Levy Fund balance increased from \$379,415 to \$613,875, largely due to a 37.51% increase in local tax sources received over the prior year.
 - The Capital Projects Fund balance increased from \$1,311,380 to \$1,498,140, due to statewide sales, services and use tax and property tax revenues in excess of capital expenditures.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$62,238 at June 30, 2012 to \$78,201 at June 30, 2013, representing an increase of 25.65%.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Belle Plaine Community School District amended its budget one time to reflect additional expenditures associated with increased instructional and non-instructional program costs.

The District's revenues were \$361,054 more than budgeted revenues, a variance of 5.13%. The most significant variance resulted from the District receiving more from local sources than originally anticipated.

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$10,337,806, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 0.49% from the previous year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$342,007.

The original cost of the District's capital assets was \$13,805,703. Governmental funds account for \$13,660,727 with the remainder of \$144,976 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements category totaled \$82,128 at June 30, 2012, compared to \$200,633 reported at June 30, 2013. This increase is due to construction of a parking lot at Longfellow Elementary School.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 59,610	59,610	-	-	59,610	59,610	0.00%
Buildings	9,883,277	10,010,798	-	-	9,883,277	10,010,798	-1.27%
Land improvements	200,633	82,128	-	-	200,633	82,128	144.29%
Machinery and equipment	135,388	192,601	58,898	43,824	194,286	236,425	-17.82%
Total	\$ 10,278,908	10,345,137	58,898	43,824	10,337,806	10,388,961	-0.49%

Long-Term Debt

At June 30, 2013, the District had \$7,726,239 in long-term debt outstanding. This represents a decrease of 4.33% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had outstanding general obligation bonds payable of \$3,690,000 at June 30, 2013.

The District had outstanding revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$3,795,000 at June 30, 2013.

The District had termination benefits payable from the Special Revenue: Management Fund of \$20,992 at June 30, 2013.

The District had outstanding compensated absences payable from the General Fund of \$54,727 at June 30, 2013.

The District had a net OPEB liability of \$165,520 at June 30, 2013. Of this total, \$163,683 is included in the governmental activities, with the remaining \$1,837 included as part of the business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General obligation bonds	\$ 3,690,000	3,850,000	-	-	3,690,000	3,850,000	-4.16%
Revenue bonds	3,795,000	3,955,000	-	-	3,795,000	3,955,000	-4.05%
Termination benefits	20,992	6,997	-	-	20,992	6,997	200.01%
Compensated absences	54,727	45,778	-	-	54,727	45,778	19.55%
Net OPEB liability	163,683	216,216	1,837	2,293	165,520	218,509	-24.25%
Total	\$ 7,724,402	8,073,991	1,837	2,293	7,726,239	8,076,284	-4.33%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has faced declining enrollment which adversely affects District revenue and has impacted the budget.

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 Lori McClenathan, Business Manager, Belle Plaine Community School District, 707 7th Street, Belle Plaine, Iowa, 52208.

BASIC FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 4,578,782	144,552	4,723,334
Receivables:			
Property tax:			
Delinquent	37,825	-	37,825
Succeeding year	2,251,832	-	2,251,832
Income surtax	247,624	-	247,624
Accounts	1,090	675	1,765
Due from other funds	109,277	-	109,277
Due from other governments	303,062	-	303,062
Inventories	-	8,831	8,831
Capital assets, net of accumulated depreciation	10,278,908	58,898	10,337,806
TOTAL ASSETS	17,808,400	212,956	18,021,356
LIABILITIES			
Due to other funds	-	109,277	109,277
Accounts payable	266,390	63	266,453
Salaries and benefits payable	591,983	19,208	611,191
Interest payable	115,249	-	115,249
Deferred revenue:			
Succeeding year property tax	2,251,832	-	2,251,832
Unearned revenue	-	4,370	4,370
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	165,000	-	165,000
Revenue bonds payable	155,000	-	155,000
Termination benefits payable	20,992	-	20,992
Compensated absences payable	54,727	-	54,727
Portion due after one year:			
General obligation bonds payable	3,525,000	-	3,525,000
Revenue bonds payable	3,640,000	-	3,640,000
Net OPEB liability	163,683	1,837	165,520
TOTAL LIABILITIES	10,949,856	134,755	11,084,611
NET POSITION			
Invested in capital assets, net of related debt	2,793,908	58,898	2,852,806
Restricted for:			
Categorical funding	318,646	-	318,646
Debt service	607,204	-	607,204
Management levy purposes	592,883	-	592,883
Student activities	128,315	-	128,315
School infrastructure	624,167	-	624,167
Physical plant and equipment	514,956	-	514,956
Unrestricted	1,278,465	19,303	1,297,768
TOTAL NET POSITION	\$ 6,858,544	78,201	6,936,745

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Contributions	Capital Grants,	Governmental	Business	Total
		for	and Restricted	Contributions			
		Service	Interest	Interest	Activities	Activities	
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,715,120	98,813	78,174	-	(2,538,133)	-	(2,538,133)
Special	716,447	16,425	31,599	-	(668,423)	-	(668,423)
Other	772,799	230,985	172,623	-	(369,191)	-	(369,191)
	<u>4,204,366</u>	<u>346,223</u>	<u>282,396</u>	<u>-</u>	<u>(3,575,747)</u>	<u>-</u>	<u>(3,575,747)</u>
Support services:							
Student	117,554	-	-	-	(117,554)	-	(117,554)
Instructional staff	123,820	24,344	-	-	(99,476)	-	(99,476)
Administration	632,882	-	-	-	(632,882)	-	(632,882)
Operation and maintenance of plant	546,482	-	-	28,375	(518,107)	-	(518,107)
Transportation	334,949	26,534	332	-	(308,083)	-	(308,083)
	<u>1,755,687</u>	<u>50,878</u>	<u>332</u>	<u>28,375</u>	<u>(1,676,102)</u>	<u>-</u>	<u>(1,676,102)</u>
Long-term debt interest	340,758	-	-	-	(340,758)	-	(340,758)
Other expenses:							
AEA flowthrough	211,358	-	211,358	-	-	-	-
Depreciation(unallocated)*	261,944	-	-	-	(261,944)	-	(261,944)
	<u>473,302</u>	<u>-</u>	<u>211,358</u>	<u>-</u>	<u>(261,944)</u>	<u>-</u>	<u>(261,944)</u>
Total governmental activities	6,774,113	397,101	494,086	28,375	(5,854,551)	-	(5,854,551)
Business type activities:							
Non-instructional programs:							
Nutrition services	270,480	137,078	147,579	-	-	14,177	14,177
Total business type activities	<u>270,480</u>	<u>137,078</u>	<u>147,579</u>	<u>-</u>	<u>-</u>	<u>14,177</u>	<u>14,177</u>
Total	<u>\$ 7,044,593</u>	<u>534,179</u>	<u>641,665</u>	<u>28,375</u>	<u>(5,854,551)</u>	<u>14,177</u>	<u>(5,840,374)</u>
General Revenues and Transfers:							
Property tax levied for:							
General purposes					\$ 1,720,763	-	1,720,763
Capital outlay					207,314	-	207,314
Debt service					325,506	-	325,506
Statewide sales and service and use tax					495,616	-	495,616
Income surtax					239,532	-	239,532
Unrestricted state grants					3,084,228	-	3,084,228
Unrestricted investment earnings					12,449	163	12,612
Other					94,875	148	95,023
Transfers					(1,475)	1,475	-
Total general revenues and transfers					<u>6,178,808</u>	<u>1,786</u>	<u>6,180,594</u>
Change in net position					324,257	15,963	340,220
Net position beginning of year					<u>6,534,287</u>	<u>62,238</u>	<u>6,596,525</u>
Net position end of year					<u>\$ 6,858,544</u>	<u>78,201</u>	<u>6,936,745</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Manage- ment Levy	Capital Projects	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 2,180,212	615,431	1,296,778	486,361	4,578,782
Receivables:					
Property tax:					
Delinquent	23,561	5,441	3,433	5,390	37,825
Succeeding year	1,458,715	250,000	218,227	324,890	2,251,832
Income surtax	222,862	-	24,762	-	247,624
Accounts	1,090	-	-	-	1,090
Due from other funds	166,274	-	-	-	166,274
Due from other governments	47,522	-	255,540	-	303,062
TOTAL ASSETS	\$ 4,100,236	870,872	1,798,740	816,641	7,586,489
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	6,997	50,000	-	56,997
Accounts payable	258,779	-	7,611	-	266,390
Salaries and benefits payable	591,983	-	-	-	591,983
Deferred revenue:					
Succeeding year property tax	1,458,715	250,000	218,227	324,890	2,251,832
Income surtax	222,862	-	24,762	-	247,624
Total liabilities	<u>2,532,339</u>	<u>256,997</u>	<u>300,600</u>	<u>324,890</u>	<u>3,414,826</u>
Fund balances:					
Restricted for:					
Categorical funding	318,646	-	-	-	318,646
Debt service	-	-	359,017	363,436	722,453
School infrastructure	-	-	624,167	-	624,167
Physical plant and equipment levy	-	-	514,956	-	514,956
Management levy purposes	-	613,875	-	-	613,875
Student activities	-	-	-	128,315	128,315
Unassigned	1,249,251	-	-	-	1,249,251
Total fund balances	<u>1,567,897</u>	<u>613,875</u>	<u>1,498,140</u>	<u>491,751</u>	<u>4,171,663</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,100,236	870,872	1,798,740	816,641	7,586,489

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances of governmental funds(page 20)	\$	4,171,663
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		10,278,908
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		247,624
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(115,249)
Long-term liabilities, including compensated absences payable, termination benefits payable, other post employment benefits, general obligation bonds payable and revenue bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(7,724,402)
		<hr style="width: 100%;"/>
Net position of governmental activities(page 18)	\$	6,858,544
		<hr style="width: 100%;"/>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Management Levy	Capital Projects	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 1,620,373	322,821	727,645	325,506	2,996,345
Tuition	115,238	-	-	-	115,238
Other	125,199	2,535	87,196	231,947	446,877
State sources	3,372,603	-	-	-	3,372,603
Federal sources	176,396	-	-	-	176,396
TOTAL REVENUES	5,409,809	325,356	814,841	557,453	7,107,459
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,722,477	6,997	-	-	2,729,474
Special	730,209	-	-	-	730,209
Other	516,813	-	-	245,976	762,789
	3,969,499	6,997	-	245,976	4,222,472
Support services:					
Student	115,893	-	-	-	115,893
Instructional staff	129,172	-	-	-	129,172
Administration	546,285	83,899	-	2,000	632,184
Operation and maintenance of plant	499,976	-	29,168	-	529,144
Transportation	285,875	-	-	-	285,875
	1,577,201	83,899	29,168	2,000	1,692,268
Capital outlay	-	-	272,092	-	272,092
Long-term debt:					
Principal	-	-	-	320,000	320,000
Interest and fiscal charges	-	-	-	343,638	343,638
	-	-	-	663,638	663,638
Other expenditures:					
AEA flowthrough	211,358	-	-	-	211,358
TOTAL EXPENDITURES	5,758,058	90,896	301,260	911,614	7,061,828
Excess(Deficiency) of revenues over(under) expenditures	(348,249)	234,460	513,581	(354,161)	45,631
Other financing sources(uses):					
Transfer in	-	-	-	326,821	326,821
Transfer out	-	-	(326,821)	-	(326,821)
Total other financing sources(uses)	-	-	(326,821)	326,821	-
Change in fund balances	(348,249)	234,460	186,760	(27,340)	45,631
Fund balances beginning of year	1,916,146	379,415	1,311,380	519,091	4,126,032
Fund balances end of year	\$ 1,567,897	613,875	1,498,140	491,751	4,171,663

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE 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, 2013

Change in fund balances - total governmental funds(page 22)	\$	45,631
 <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Capital outlay	\$ 268,647	
Depreciation expense	<u>(334,876)</u>	(66,229)
 Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		320,000
 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 was due.		
		2,880
 Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.		
		(7,614)
 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.		
Compensated absences	(8,949)	
Termination benefits	(13,995)	
Other post employment benefits	<u>52,533</u>	<u>29,589</u>
 Change in net position of governmental activities(page 19)	 \$	 <u><u>324,257</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	<u>School Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 144,552
Accounts receivable	675
Inventories	8,831
Capital assets, net of accumulated depreciation	58,898
TOTAL ASSETS	<u>212,956</u>
LIABILITIES	
Due to other funds	109,277
Accounts payable	63
Salaries and benefits payable	19,208
Unearned revenue	4,370
Net OPEB liability	1,837
TOTAL LIABILITIES	<u>134,755</u>
NET POSITION	
Invested in capital assets	58,898
Unrestricted	19,303
TOTAL NET POSITION	<u>\$ 78,201</u>

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 137,078
Miscellaneous	148
TOTAL OPERATING REVENUES	137,226
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	105,948
Benefits	23,013
Services	389
Supplies	133,999
Depreciation	7,131
TOTAL OPERATING EXPENSES	270,480
OPERATING LOSS	(133,254)
NON-OPERATING REVENUES:	
State sources	2,172
Federal sources	145,407
Interest income	163
TOTAL NON-OPERATING REVENUES	147,742
Change in net position before other financing sources	14,488
OTHER FINANCING SOURCES:	
Capital contributions	1,475
Change in net position	15,963
Net position beginning of year	62,238
Net position end of year	\$ 78,201

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 137,426
Cash received from miscellaneous sources	148
Cash payments to employees for services	(131,307)
Cash payments to suppliers for goods or services	(108,129)
Net cash used in operating activities	(101,862)
Cash flows from non-capital financing activities:	
Borrowings from the General Fund	13,589
State grants received	2,172
Federal grants received	119,359
Net cash provided by non-capital financing activities	135,120
Cash flows from capital and related financing activities:	
Purchase of capital assets	(20,730)
Cash flows from investing activities:	
Interest on investments	163
Net increase in cash and cash equivalents	12,691
Cash and cash equivalents at beginning of year	131,861
Cash and cash equivalents at end of year	\$ 144,552
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (133,254)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	26,048
Depreciation	7,131
Decrease in inventories	216
Increase in accounts receivable	(338)
Decrease in accounts payable	(5)
Decrease in salaries and benefits payable	(1,890)
Increase in unearned revenue	686
Decrease in other postemployment benefits	(456)
Net cash used in operating activities	\$ (101,862)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$26,048.

During the year ended June 30, 2013, the District received Capital Projects: Physical Plant and Equipment Levy Fund of \$1,475.

SEE NOTES TO FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies

The Belle Plaine Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool 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 Belle Plaine, Iowa, and the predominate agricultural territory in Poweshiek, Benton, Iowa and Tama 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, Belle Plaine 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 Belle Plaine 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 Benton and Iowa County Assessors' Conference Board.

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Position (formerly referred to as 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 Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor 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 Special Revenue Management Fund is utilized to account for the District's termination benefits, workmen's comprehensive claims, and payments for the District's property insurance.

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

The District reports the following nonmajor proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due to and Due from other funds - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as June 30, 2013, balances of interfund accounts receivable or payable have been recorded.

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 Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Intangibles	35,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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
Improvements other than buildings	20 years
Intangibles	2 or more
Machinery and equipment	12 years

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

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

Deferred revenue on the Statement of Net Position 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.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures exceeded the amounts budgeted in the instruction function.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2013, the District had no investments.

(3) Due To and Due From Other Funds

The detail of the interfund receivables and payables at June 30, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Management Levy	\$ 6,997
General Fund	Capital Projects: Physical Plant and Equipment Levy	50,000
General Fund	Nutrition Fund	109,277
Total		<u>\$ 166,274</u>

The Management Levy Fund is repaying the General Fund for termination benefits incorrectly paid by the General Fund.

The Capital Projects: Physical Plant and Equipment Levy Fund is repaying the General Fund for revenues receipted to the wrong fund.

The Nutrition Fund is repaying the General Fund for salaries and benefits paid in prior years by the General Fund.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Service and Use Tax	<u>\$ 326,821</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed to pay principal and interest payments on the District's revenue bond indebtedness

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 59,610	-	-	59,610
Capital assets being depreciated:				
Buildings	12,042,109	119,648	-	12,161,757
Land improvements	201,060	133,280	-	334,340
Machinery and equipment	1,089,301	15,719	-	1,105,020
Total capital assets being depreciated	13,332,470	268,647	-	13,601,117
Less accumulated depreciation for:				
Buildings	2,031,311	247,169	-	2,278,480
Land improvements	118,932	14,775	-	133,707
Machinery and equipment	896,700	72,932	-	969,632
Total accumulated depreciation	3,046,943	334,876	-	3,381,819
Total capital assets being depreciated, net	10,285,527	(66,229)	-	10,219,298
Governmental activities capital assets, net	\$ 10,345,137	(66,229)	-	10,278,908
Business type activities:				
Machinery and equipment	\$ 122,771	22,205	-	144,976
Less accumulated depreciation	78,947	7,131	-	86,078
Business type activities capital assets, net	\$ 43,824	15,074	-	58,898

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 5,252
Special	2,071
Other	4,520
Support services:	
Instructional staff	1,149
Administration	9,060
Operation and maintenance of plant	3,435
Transportation	47,445
	<u>72,932</u>
Unallocated depreciation	<u>261,944</u>
Total governmental activities depreciation expense	\$ <u>334,876</u>
Business type activities:	
Food services	\$ <u>7,131</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Balance			Balance	Due
	Beginning			End of	Within
	of Year	Additions	Deletions	Year	One Year
Governmental activities:					
General obligation bonds	\$ 3,850,000	-	160,000	3,690,000	165,000
Revenue bonds	3,955,000	-	160,000	3,795,000	155,000
Termination benefits	6,997	20,992	6,997	20,992	20,992
Compensated absences	45,778	54,727	45,778	54,727	54,727
Net OPEB liability	216,216	-	52,533	163,683	-
Total	\$ 8,073,991	75,719	425,308	7,724,402	395,719
Business type activities:					
Net OPEB liability	\$ 2,293	-	456	1,837	-

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

Year	Bond issue May 1, 2009				
Ending	Interest		Principal	Interest	Total
June 30,	Rate				
2014	3.25	% \$	165,000	159,390	324,390
2015	3.50		175,000	154,028	329,028
2016	3.75		180,000	147,902	327,902
2017	4.00		185,000	141,152	326,152
2018	4.25		195,000	133,753	328,753
2019-2023	4.25-4.50		1,105,000	536,651	1,641,651
2024-2028	4.50-4.65		1,370,000	268,402	1,638,402
2029	4.70		315,000	14,805	329,805
Total			\$ 3,690,000	1,556,083	5,246,083

Revenue Bonds Payable

Details of the District's June 30, 2013 revenue bonded indebtedness are as follows:

Year	Bond issue May 1, 2009				
Ending	Interest		Principal	Interest	Total
June 30,	Rate				
2014	3.00	% \$	155,000	174,042	329,042
2015	3.40		185,000	168,573	353,573
2016	3.60		185,000	163,097	348,097
2017	3.80		195,000	156,062	351,062
2018	4.00		195,000	148,458	343,458
2019-2023	4.20-4.90		1,060,000	607,702	1,667,702
2024-2028	5.00-5.35		1,245,000	324,384	1,569,384
2029-2030	5.40-5.50		575,000	31,897	606,897
Total			\$ 3,795,000	1,774,215	5,569,215

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,150,000 bonds issued in May 2009. The bonds were issued for the purpose of financing a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales,

services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 66% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$5,569,215. For the current year, \$160,000 in principal \$179,448 interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$495,616.

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

- a) \$357,718 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Termination Benefits (Early Retirement)

The District offers a voluntary early retirement plan to its full-time and part-time employees. Eligible employees must be at least age fifty-five and must have completed at least fifteen years of service to the District. Employees who have at least fifteen years of service will receive \$4,500, employees with at least twenty years of service will receive \$5,500 and employees with at least twenty five years of service will receive \$6,500. Retirees have the option to apply for continued health coverage at their own expense under the District's policy. Employees must complete an application which is subject to approval by the Board of Education. For the year ended June 30, 2013, the District paid \$6,997 for termination benefits.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health plan which provides medical and prescription drug benefits for employees, retirees, and their spouses. There are 37 active and 5 retired members in the plan. Retired participants must be age 55 or older at time of retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 12,792
Interest on net OPEB obligation	9,833
Adjustment to annual required contribution	(9,314)
Annual OPEB cost	<u>13,311</u>
Contributions made	<u>(66,300)</u>
Increase in net OPEB obligation	(52,989)
Net OPEB obligation beginning of year	218,509
Net OPEB obligation end of year	<u><u>\$ 165,520</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$66,300 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 131,526	46.38%	\$ 151,526
2012	131,983	49.25%	218,509
2013	13,311	498.08%	165,520

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$147,016, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$147,016. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,880,008, and the ratio of the UAAL to covered payroll was 7.8%. As of June 30, 2013, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. Life expectancy rates are from the Life Expectancy Table from National Center Health Statistics updated in 2008.

Projected increases in medical insurance premiums are as follows.

Year	Premium Increase
1	8%
2	7%
3	6%
4+	5%

The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) 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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$321,024, \$295,186, and \$243,852 respectively, equal to the required contributions for each year.

(9) Risk Management

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

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$211,358 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Program	Amount
Returning dropout and dropout prevention program	\$ 189,851
Iowa early intervention block grant	5,858
Teacher salary supplement	28,542
Beginning administrator mentoring	1,346
Professional development	26,859
Professional development for model core curriculum	7,661
Four year old preschool state aid	58,529
Total	<u>\$ 318,646</u>

(12) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position are as follows:

	Invested in Capital Assets	Debt Service	Management Levy	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	722,453	613,875	1,249,251
Capital assets, net of accumulated depreciation	10,278,908	-	-	-
General obligation bond capitalized indebtedness	(3,690,000)	-	-	-
Revenue bond capitalized indebtedness	(3,795,000)	-	-	-
Accrued interest payable	-	(115,249)	-	-
Termination benefits liability	-	-	(20,992)	-
Income surtax receivable	-	-	-	247,624
Compensated absences liability	-	-	-	(54,727)
Net OPEB liability	-	-	-	(163,683)
Net position (Exhibit A)	<u>\$ 2,793,908</u>	<u>607,204</u>	<u>592,883</u>	<u>1,278,465</u>

(13) Budget Overexpenditure

During the year ended June 30, 2013, the District's expenditures in the instruction function exceeded the amounts budgeted.

(14) 28E Lease Agreement

On September 17, 2008, the District entered into a 28E agreement with HLV Community School District, for the lease of a shared maintenance facility owned by John Grieder. Monthly payments of \$600 are split evenly between the two Districts, each paying \$300 per month until either the Districts or the landlord terminates this lease.

REQUIRED SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,558,460	137,389	3,695,849	3,347,437	3,347,437	348,412
State sources	3,372,603	2,172	3,374,775	3,410,936	3,410,936	(36,161)
Federal sources	176,396	145,407	321,803	273,000	273,000	48,803
Total revenues	<u>7,107,459</u>	<u>284,968</u>	<u>7,392,427</u>	<u>7,031,373</u>	<u>7,031,373</u>	<u>361,054</u>
Expenditures/Expenses:						
Instruction	4,222,472	-	4,222,472	4,113,890	4,200,000	(22,472)
Support services	1,692,268	-	1,692,268	2,167,737	2,167,737	475,469
Non-instructional programs	-	270,480	270,480	294,000	350,000	79,520
Other expenditures	1,147,088	-	1,147,088	1,273,931	1,350,000	202,912
Total expenditures/expenses	<u>7,061,828</u>	<u>270,480</u>	<u>7,332,308</u>	<u>7,849,558</u>	<u>8,067,737</u>	<u>735,429</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	45,631	14,488	60,119	(818,185)	(1,036,364)	1,096,483
Other financing sources, net	-	1,475	1,475	-	-	1,475
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	45,631	15,963	61,594	(818,185)	(1,036,364)	1,097,958
Balance beginning of year	<u>4,126,032</u>	<u>62,238</u>	<u>4,188,270</u>	<u>3,056,259</u>	<u>3,056,259</u>	<u>1,132,011</u>
Balance end of year	<u>\$ 4,171,663</u>	<u>78,201</u>	<u>4,249,864</u>	<u>2,238,074</u>	<u>2,019,895</u>	<u>2,229,969</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$218,179.

During the year ended June 30, 2013, expenditures in the instruction function exceeded the amounts budgeted.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 1,532,000	\$ 1,532,000	0.0%	\$ 3,304,982	46.4%
2011	July 1, 2009	-	1,532,000	1,532,000	0.0%	3,177,384	48.2%
2012	July 1, 2009	-	1,532,000	1,532,000	0.0%	3,657,823	41.9%
2013	July 1, 2012	-	147,016	147,016	0.0%	1,880,008	7.8%

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

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue		
	Student	Debt	
	Activity	Service	Total
ASSETS			
Cash and pooled investments	\$ 128,315	358,046	486,361
Receivables:			
Property tax:			
Delinquent	-	5,390	5,390
Succeeding year	-	324,890	324,890
TOTAL ASSETS	\$ 128,315	688,326	816,641
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	324,890	324,890
Fund balances:			
Restricted for:			
Student activities	128,315	-	128,315
Debt service	-	363,436	363,436
Total fund balances	128,315	363,436	491,751
TOTAL LIABILITIES AND FUND BALANCES	\$ 128,315	688,326	816,641

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013

	Special Revenue		
	Student	Debt	
	Activity	Service	Total
REVENUES:			
Local sources:			
Local tax	\$ -	325,506	325,506
Other	226,623	5,324	231,947
TOTAL REVENUES	226,623	330,830	557,453
EXPENDITURES:			
Current:			
Instruction:			
Other	245,976	-	245,976
Support services:			
Administration	-	2,000	2,000
Long-term debt:			
Principal	-	320,000	320,000
Interest and fiscal charges	-	343,638	343,638
TOTAL EXPENDITURES	245,976	665,638	911,614
Deficiency of revenues under expenditures	(19,353)	(334,808)	(354,161)
Other financing sources:			
Transfer in	-	326,821	326,821
Change in fund balances	(19,353)	(7,987)	(27,340)
Fund balance beginning of year	147,668	371,423	519,091
Fund balance end of year	\$ 128,315	363,436	491,751

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 727,644	569,134	1,296,778
Receivables:			
Property tax:			
Delinquent	-	3,433	3,433
Succeeding year	-	218,227	218,227
Income surtax	-	24,762	24,762
Due from other governments	255,540	-	255,540
TOTAL ASSETS	\$ 983,184	815,556	1,798,740
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	50,000	50,000
Accounts payable	-	7,611	7,611
Deferred revenue			
Succeeding year property tax	-	218,227	218,227
Income surtax	-	24,762	24,762
Total liabilities	-	300,600	300,600
Fund balances:			
Restricted for:			
Debt service	359,017	-	359,017
School infrastructure	624,167	-	624,167
Physical plant and equipment levy	-	514,956	514,956
Total fund balances	983,184	514,956	1,498,140
TOTAL LIABILITIES AND FUND BALANCES	\$ 983,184	815,556	1,798,740

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 495,616	232,029	727,645
Other	55,380	31,816	87,196
TOTAL REVENUES	550,996	263,845	814,841
EXPENDITURES:			
Current:			
Support services:			
Operation and maintenance of plant	-	29,168	29,168
Capital outlay	-	272,092	272,092
TOTAL EXPENDITURES	-	301,260	301,260
Excess(Deficiency) of revenues over(under) expenditures	550,996	(37,415)	513,581
Other financing uses:			
Transfer out	(326,821)	-	(326,821)
Change in fund balances	224,175	(37,415)	186,760
Fund balance beginning of year	759,009	552,371	1,311,380
Fund balance end of year	\$ 983,184	514,956	1,498,140

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Interest	\$ 590	487	-	1,077
K-8 Art Club	281	140	252	169
Junior High/Elementary Drama	196	316	295	217
Camp Courageous	774	1,099	1,200	673
6th Grade	152	1,200	988	364
Elementary Student Council	12,330	1,360	1,140	12,550
Junior High Student Council	2,732	207	511	2,428
School Play	-	500	459	41
Speech	157	43	59	141
Speech fundraiser	63	-	-	63
Vocal	200	-	-	200
Band	200	-	101	99
Boys Cross Country	26	174	200	-
Girls Cross Country	-	200	114	86
Boys Cross Country Fundraiser	384	613	865	132
Boys/Girls Golf	-	750	686	64
Boys Basketball	2	748	741	9
Boys Basketball Fundraiser	-	505	292	213
Football	1	1,249	1,250	-
Football Fundraiser	509	7,872	6,107	2,274
Baseball	-	750	750	-
Baseball Fundraiser	590	2,035	1,872	753
Boys Track	-	375	375	-
Boys Track Fundraiser	337	501	757	81
Boys Golf Fundraiser	85	880	476	489
Wrestling	145	605	750	-
Wrestling Fundraiser	101	-	85	16
Girls Basketball	-	750	746	4
Girls Basketball Fundraiser	1,638	2,698	3,029	1,307
Volleyball	-	750	740	10
Volleyball Fundraiser	1,581	6,058	4,193	3,446
Softball	-	750	636	114
Softball Fundraiser	-	654	591	63
Girls Track	-	1,251	1,196	55
Girls Track Fundraiser	1,724	2,361	2,479	1,606
Activities	28,313	70,014	89,783	8,544
Cheerleading Fundraiser	812	2,473	2,395	890
Cheerleading	-	400	400	-
Dance/Drill Team	744	443	802	385
PBIS-HS	53	57	91	19
Science Club	1,340	38	25	1,353
Pep Club	305	513	319	499
High School Student Council	5,987	827	1,104	5,710
Annual	11,893	7,919	6,443	13,369
Close Up	14,009	33,164	46,834	339
Spanish club	133	54	-	187
FFA	39,976	52,875	48,053	44,798
Win With Wellness	1,115	-	308	807
Video Club	437	348	224	561
German Club	182	-	-	182
Prom	-	2,847	2,234	613
Lego Club	-	499	363	136
Student/Staff Pop fund	5,237	4,446	5,520	4,163
Field Trip	1,511	-	-	1,511
Class of 2011	274	-	-	274
Class of 2012	620	-	50	570
Class of 2013	1,416	2,231	2,625	1,022
Class of 2014	1,357	289	73	1,573
Class of 2015	1,128	340	-	1,468
Class of 2016	3,820	454	-	4,274
Class of 2017	2,208	3,347	1,620	3,935
Class of 2018	-	5,164	2,775	2,389
Total	\$ 147,668	226,623	245,976	128,315

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 2,996,345	3,156,043	3,085,771	2,878,235	2,650,971	2,488,684	2,311,470	2,187,039	2,197,074	1,913,270
Tuition	115,238	194,965	177,573	164,036	176,204	138,590	167,612	128,317	263,300	187,117
Other	446,877	403,119	451,601	508,547	613,970	420,898	357,117	319,339	237,063	266,261
State sources	3,372,603	3,313,223	3,283,645	2,984,563	3,205,102	3,190,242	3,114,097	2,986,849	3,019,856	2,948,051
Federal sources	176,396	319,593	175,498	578,831	112,634	127,976	120,028	129,567	126,370	119,061
Total	\$ 7,107,459	7,386,943	7,174,088	7,114,212	6,758,881	6,366,390	6,070,324	5,751,111	5,843,663	5,433,760
Expenditures:										
Instruction:										
Regular	\$ 2,729,474	2,831,661	2,836,335	2,619,266	2,392,766	2,450,902	2,534,811	2,546,399	2,496,924	2,462,224
Special	730,209	731,631	775,040	649,172	741,855	624,013	705,497	671,141	675,667	744,499
Other	762,789	628,846	633,044	686,781	799,478	558,205	512,360	498,777	489,880	431,840
Support services:										
Student	115,893	85,638	84,377	77,507	50,455	44,050	77,402	79,791	92,382	92,838
Instructional staff	129,172	108,546	141,436	79,796	76,334	79,943	150,924	170,979	108,201	101,460
Administration	632,184	614,326	553,608	683,918	1,095,919	618,806	724,720	693,490	662,511	652,031
Operation and maintenance of plant	529,144	489,315	524,192	468,412	447,593	453,011	460,129	472,027	493,409	436,307
Transportation	285,875	363,978	393,408	248,164	216,812	294,431	311,662	228,354	208,482	169,826
Capital outlay	272,092	66,963	1,902,308	7,128,710	152,655	16,188	59,558	139,931	51,903	134,568
Long Term Debt:										
Principal	320,000	285,000	215,000	145,000	-	-	-	-	-	-
Interest and fiscal charges	343,638	353,218	357,275	300,685	600	-	-	-	-	-
Other expenditures:										
AEA flow-through	211,358	209,569	237,896	236,563	216,427	211,997	208,301	201,163	201,940	205,191
Total	\$ 7,061,828	6,768,691	8,653,919	13,323,974	6,190,894	5,351,546	5,745,364	5,702,052	5,481,299	5,430,784

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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Telephone (641) 792-1910

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

To the Board of Education of the Belle Plaine Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness and 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 described in Part I of the accompanying Schedule of Findings as item I-A-13 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-13 and I-C-13 to be significant deficiencies.

Compliance and Other Matters

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

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 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.

Belle Plaine Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Belle Plaine 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 25, 2014
Newton, Iowa

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-13 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Receipts - collecting, recording, depositing, journalizing, posting and 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 - The District will continue to look for ways to improve internal controls.

Conclusion - Response accepted.

I-B-13 Bank Reconciliations - We noted during our audit that bank reconciliations for the Bankers Trust statements were not being completed timely.

The District is currently reconciling the Bank Statements for the District's checking accounts; however, many of the reconciling items appear to be repeated for several months prior to posting of the reconciling items.

Recommendation - Bankers Trust statements should be reconciled monthly to the District's financial statements.

The bank reconciliation serves as a control for the receipting process as well as the disbursement process. We suggest that the bank reconciliations, when completed, are initialed by an independent person who compares the general ledger balances to the reconciled balances to ensure that reconciling items are being cleared from bank reconciliations in a timely manner.

Response - The District will balance Bankers Trust statements monthly.

Conclusion - Response accepted.

I-C-13 Student Activity Fund Interest Allocation - We noted during the year that it appears that interest earned within the Student Activity Fund was not allocated during the year.

Recommendation - Interest received in the Student Activity Fund should be allocated among the individual activity fund accounts that earned the interest during the year. Allocation of interest should be done at least annually.

Response - The District will allocate interest at least annually.

Conclusion - Response accepted.

OTHER MATTERS:

I-D-13 Board Policies - We noted during our audit the District's board policy book appears to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a more timely manner.

Response - The District will review and update board policies.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - Expenditures for the year ended June 30, 2013 exceeded the certified budget amount in the instruction functional area.

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

Response - The District amended the budget; however the increased amount did not cover total expenditures. The District will properly amend the budget in the future.

Conclusion - Response accepted.

II-B-13 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-13 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-13 Business Transactions - No business transactions between the District and District officials were noted.

II-E-13 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-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-13 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education.

II-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- II-I-13 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-13 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-13 Categorical Funding - No instances of categorical funding used to supplant rather than supplement other funds were noted.
- II-L-13 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, 2013, 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 2013 audit.

Beginning Balance		\$	759,009
Revenues:			
Statewide sales and service tax revenue	\$	495,616	
Other local revenue		<u>55,380</u>	<u>550,996</u>
			1,310,005
Expenditures/transfers out:			
Transfers to other funds:			
Debt service fund			<u>326,821</u>
Ending Balance		<u>\$</u>	<u>983,184</u>

For the year ended June 30, 2013, 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-13 Interfund Loans - The District has interfund loans which were on the balance sheets in the prior year and still on the current year balance sheets. As of June 30, 2013, the Management Levy Fund needs to repay the General Fund \$6,997 and the Nutrition Fund needs to repay the General Fund \$109,278.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2008, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must seek external borrowing options to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - It appears that the District has adequate funding to repay the interfund loans. In the future, the District should repay interfund loans in a timely manner and seek external funding if they are unable to repay a loan.

Response - The District will repay the interfund loans. In the future, the District will repay interfund loans in a timely manner.

Conclusion - Response accepted.

II-N-13 Student Activity Fund - During our audit concerns arose about the propriety of certain receipts, expenditures and accounts within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.8).

Questionable Accounts: We noted that the Student/Staff Pop and PBIS accounts within the Student Activity Fund do not appear to be extra or co-curricular in nature. The Student/Staff Pop account is used for miscellaneous expenses for the District. The PBIS account is used for rewards given to students for good behavior.

Recommendation - The Student/Staff Pop and PBIS accounts should be accounted for in the General Fund. The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund.

Response - The District will review accounts in the Student Activity Fund and make necessary adjustments. The Student/Staff Pop and PBIS accounts will be transferred to the General Fund.

Conclusion - Response accepted.

Inactive Accounts: We noted that the Class of 2011 and Class of 2012 accounts within the Student Activity Fund are still being maintained on the District's books.

Recommendation - The Class of 2011 and Class of 2012 accounts should be closed, with the balances allocated to other Student Activity accounts per the Board's discretion.

Response - The District will review accounts in the Student Activity Fund and make necessary adjustments. The Class of 2011 and Class of 2012 accounts will be closed, with the balances allocated to other Student Activity accounts per the Board's discretion.

Conclusion - Response accepted.

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

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

Response - The District will review accounts in the Student Activity Fund and make necessary adjustments. Commissions will be receipted into the General Fund in compliance with Chapter 298A.2.

Conclusion - Response accepted.