

EXIRA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

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Exira Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Benton	President	2013
Bart Peppers	Vice President	2013
Lisa Burmeister	Board Member	2015
Terri Harris	Board Member	2015
Ryan Wilson	Board Member	2015

School Officials

Dean Schnoes	Superintendent	2013
Marie Larson	Business Manager	2013
Rick Franck	Attorney	2013

EXIRA 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 Exira 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 Exira Community School District, Exira, 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 Exira Community School District as of June 30, 2013 and the respective changes in financial position and, when 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 Retiree Health Plan on pages 7 through 15 and 44 through 46 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 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 Exira 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 8, 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 4, 2014 on our consideration so Exira 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, 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 Exira Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Exira 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 \$3,622,776 at June 30, 2012 to \$3,355,476 at June 30, 2013, while General Fund expenditures decreased from \$3,108,685 at June 30, 2012 to \$2,811,803, at June 30, 2013. This resulted in an increase in the District's General Fund balance from \$183,729 at June 30, 2012 to \$727,402 at June 30, 2013, a 295.91% increase from the prior year.
- The decrease in General Fund revenues was attributable primarily to the decrease in state source revenues in fiscal 2013. The decrease in expenditures was attributable to the decrease in salaries and benefits paid to District employees due to sharing agreements with Elk Horn-Kimballton Community School District.

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 Exira 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 Exira 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 Exira 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 nonmajor funds.

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

Figure A-1
Exira Community School District Annual Financial Report

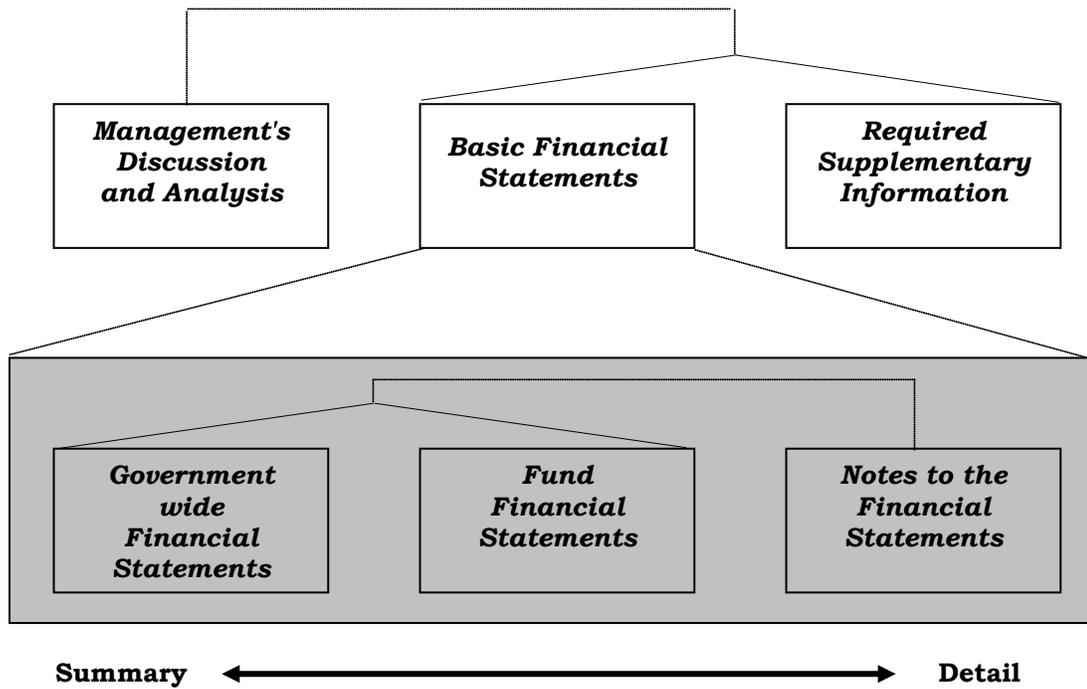


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets 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 three kinds of funds:

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

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund.
Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

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

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

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 total net position at June 30, 2013 compared to June 30, 2012.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 3,671,160	3,138,728	35,557	27,065	3,706,717	3,165,793	17.09%
Capital assets	2,045,224	2,142,955	10,251	10,044	2,055,475	2,152,999	-4.53%
Total assets	5,716,384	5,281,683	45,808	37,109	5,762,192	5,318,792	8.34%
Long-term obligations	1,454,780	1,539,796	-	-	1,454,780	1,539,796	-5.52%
Other liabilities	1,915,564	2,032,231	1,635	673	1,917,199	2,032,904	-5.69%
Total liabilities	3,370,344	3,572,027	1,635	673	3,371,979	3,572,700	-5.62%
Net position:							
Invested in capital assets, net of related debt	755,224	792,955	10,251	10,044	765,475	802,999	-4.67%
Restricted	1,043,884	1,033,439	-	-	1,043,884	1,033,439	1.01%
Unrestricted	546,932	(116,738)	33,922	26,392	580,854	(90,346)	742.92%
Total net position	\$ 2,346,040	1,709,656	44,173	36,436	2,390,213	1,746,092	36.89%

The District's combined net position increased by 36.89, or \$644,121, from the prior year. The largest portion of the District's net position is the invested in capital assets, net of related debt. The debt related to the investment in capital assets are liquidated with sources other than capital assets.

Restricted net position represent 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 by \$10,445, or 1.01% over the prior year. The increase was primarily due to the increase in fund balance in the Capital Projects accounts.

Unrestricted net position are the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$671,200, or 742.92%. The increase was primarily due to the increase in the General Fund balance.

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

Figure A-4
Changes of Net Position

	Governmental Activities		Business type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for services	\$ 530,717	584,575	44,228	42,213	574,945	626,788	-8.27%
Operating grants and contributions and restricted interest	249,527	221,586	55,604	49,136	305,131	270,722	12.71%
General revenues:							
Property tax	1,617,411	1,736,888	-	-	1,617,411	1,736,888	-6.88%
Income surtax	142,460	122,287	-	-	142,460	122,287	16.50%
Statewide sales, services and use tax	197,268	186,572	-	-	197,268	186,572	5.73%
Unrestricted state grants	996,560	1,130,277	-	-	996,560	1,130,277	-11.83%
Nonspecific program federal grants	-	792	-	-	-	792	-100.00%
Unrestricted investment earnings	2,303	3,955	27	18	2,330	3,973	-41.35%
Other	36,865	81,865	-	-	36,865	81,865	54.97%
Total revenues	3,773,111	4,068,797	99,859	91,367	3,872,970	4,160,164	-6.90%
Program expenses:							
Governmental activities:							
Instructional	2,230,471	2,360,686	-	-	2,230,471	2,360,686	-5.52%
Support services	678,932	831,882	-	-	678,932	831,882	-18.39%
Non-instructional programs	-	-	92,122	80,572	92,122	80,572	14.34%
Other expenses	227,324	228,710	-	-	227,324	228,710	-0.61%
Total expenses	3,136,727	3,421,278	92,122	80,572	3,228,849	3,501,850	-7.80%
Change in net position	636,384	647,519	7,737	10,795	644,121	658,314	-2.16%
Beginning net position	1,709,656	1,062,137	36,436	25,641	1,746,092	1,087,778	60.52%
Ending net position	\$ 2,346,040	1,709,656	44,173	36,436	2,390,213	1,746,092	36.89%

Property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 78.28% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.97% of the revenue from business type activities.

The District's total revenues were \$3,872,970 of which \$3,773,111 was for governmental activities and \$99,859 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.90% decrease in revenues and a 7.80% decrease in expenses. The decrease in revenues was due to decreases in local and state source revenues, the District received during fiscal 2013. The decrease in expenses is related to decreases salaries and benefits paid to District employees due to a sharing agreement with Elk Horn-Kimballton Community School District.

Governmental Activities

Revenues for governmental activities were \$3,773,111 and expenses were \$3,136,727. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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	\$ 2,230,471	2,360,686	-5.52%	1,589,952	1,648,246	-3.54%
Support services	678,932	831,882	-18.39%	631,466	831,882	-24.09%
Other expenses	227,324	228,710	-0.61%	135,065	134,989	0.06%
Totals	\$ 3,136,727	3,421,278	-8.32%	2,356,483	2,615,117	-9.89%

For the year ended June 30, 2013:

- The costs financed by users of the District's programs were \$530,717.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$249,527.
- The net cost of governmental activities was financed with \$1,617,411 in property tax, \$142,460 in income surtax, \$197,268 in statewide sales, services and use tax, \$996,560 in unrestricted state grants, \$2,303 in interest income and \$36,865 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$99,859 and expenses were \$92,122. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,667,103, above last year's ending fund balance of \$1,033,312. The primary reason for the increase in combined fund balance in fiscal 2013 is due to the increase in the General Fund balance.

Governmental Fund Highlights

- The District's General Fund balance increased from \$183,729 on June 30, 2012 to \$727,402 on June 30, 2013. The District's General Fund financial position is the product of many factors. Decreased revenues from local and state sources during the year was offset by decreased instruction and support service expenditures which resulted in the District's General Fund balance increasing by \$543,673.
- The Capital Projects Fund balance increased from a balance of \$533,325 at the beginning of the fiscal year 2013 to \$651,599. This was partially a result of the increase in the Statewide Sales, Services and Use Tax received in fiscal year 2013.

Proprietary Fund Highlights

- The Proprietary Fund net position increased from \$36,436 at June 30, 2012 to \$44,173 at June 30, 2013, representing an increase of 21.23%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$213,524 less than budgeted revenues, a variance of 5.24%. The most significant variance resulted from the District receiving less in local, state and federal source revenues than originally anticipated.

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$2,055,475, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 4.53% from last year. Additional detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$119,789.

The original cost of the District's capital assets was \$3,928,516. Governmental funds account for \$3,877,090 with the remainder of \$51,426 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$116,400 at June 30, 2012, compared to \$83,573, reported at June 30, 2013. This decrease was due to depreciation during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 19,493	19,493	-	-	19,493	19,493	0.00%
Buildings	1,931,795	1,994,962	-	-	1,931,795	1,994,962	-3.17%
Land improvements	20,614	22,144	-	-	20,614	22,144	-6.91%
Machinery and equipment	73,322	106,356	10,251	10,044	83,573	116,400	-28.20%
Total	\$ 2,045,224	2,142,955	10,251	10,044	2,055,475	2,152,999	-4.53%

Long-Term Debt

At June 30, 2013, the District had \$1,454,780 in other long-term debt outstanding. This represents a decrease of 5.52% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total District		Total Change
	June 30, 2013	June 30, 2012	June 30, 2012-13
Revenue bonds	\$ 1,290,000	1,350,000	-4.44%
Termination benefits	5,880	30,001	-80.40%
Computer lease	56,900	111,245	-48.85%
Net OPEB liability	102,000	48,550	110.09%
Total	\$ 1,454,780	1,539,796	-5.52%

- The District had outstanding Revenue Bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$1,290,000 at June 30, 2013.
- The District had outstanding termination benefits(early retirement) payable from the Special Revenue, Management Fund of \$5,880 at June 30, 2013.
- The District had an outstanding Computer lease payable from the Capital Projects: Physical Plant and Equipment Levy Fund of \$56,900 at June 30, 2013.
- The District had a net OPEB liability of \$102,000 as of June 30, 2013.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at the state level will affect future projections. The District has been forced to shift funding to property taxes.
- On March 13, 2013, the Exira and Elk Horn-Kimballton Community School Districts held a public hearing regarding consolidation of the two districts. On June 25, 2013, residents voted and passed a resolution to merge the two school District's. The Exira and Elk Horn-Kimballton Community School Districts will be officially consolidated as of July 1, 2014 forming Exira-Elk Horn-Kimballton Community School District.

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 Marie Larson, District Business Manager/Board Secretary, Exira Community School District, P.O. Box 335, Exira, Iowa, 50076.

EXIRA COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and pooled investments:	\$ 1,956,655	34,437	1,991,092
Receivables:			
Property tax:			
Delinquent	23,175	-	23,175
Succeeding year	1,490,863	-	1,490,863
Income surtax	116,697	-	116,697
Due from other governments	83,770	-	83,770
Inventories	-	1,120	1,120
Capital assets, net of accumulated depreciation	2,045,224	10,251	2,055,475
TOTAL ASSETS	5,716,384	45,808	5,762,192
LIABILITIES			
Accounts payable	225,399	-	225,399
Salaries and benefits payable	164,966	-	164,966
Interest payable	28,204	-	28,204
Unearned revenue	-	1,635	1,635
Deferred revenue:			
Succeeding year property tax	1,490,863	-	1,490,863
Other	6,132	-	6,132
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	60,000	-	60,000
Computer lease payable	56,900	-	56,900
Termination benefits payable	5,880	-	5,880
Portion due after one year:			
Revenue bonds payable	1,230,000	-	1,230,000
Net OPEB liability	102,000	-	102,000
TOTAL LIABILITIES	3,370,344	1,635	3,371,979
NET POSITION			
Invested in capital assets, net of related debt	755,224	10,251	765,475
Restricted for:			
Categorical funding	138,200	-	138,200
School infrastructure	516,650	-	516,650
Physical plant and equipment	134,949	-	134,949
Management levy purposes	51,041	-	51,041
Student activities	25,915	-	25,915
Debt service	177,129	-	177,129
Unrestricted	546,932	33,922	580,854
TOTAL NET POSITION	\$ 2,346,040	44,173	2,390,213

SEE NOTES TO FINANCIAL STATEMENTS

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Contributions and Restricted Interest	Govern-	Business	Total
				mental Activities	Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,512,485	458,681	49,371	(1,004,433)	-	(1,004,433)
Special	427,276	-	38,734	(388,542)	-	(388,542)
Other	290,710	26,057	67,676	(196,977)	-	(196,977)
	<u>2,230,471</u>	<u>484,738</u>	<u>155,781</u>	<u>(1,589,952)</u>	<u>-</u>	<u>(1,589,952)</u>
Support services:						
Student	1,356	-	-	(1,356)	-	(1,356)
Instructional staff	44,152	13,480	-	(30,672)	-	(30,672)
Administration	285,347	32,499	-	(252,848)	-	(252,848)
Operation and maintenance of plant	248,030	-	-	(248,030)	-	(248,030)
Transportation	100,047	-	1,487	(98,560)	-	(98,560)
	<u>678,932</u>	<u>45,979</u>	<u>1,487</u>	<u>(631,466)</u>	<u>-</u>	<u>(631,466)</u>
Long-term debt interest	57,081	-	-	(57,081)	-	(57,081)
Other expenses:						
AEA flowthrough	92,259	-	92,259	-	-	-
Depreciation(unallocated)*	77,984	-	-	(77,984)	-	(77,984)
	<u>170,243</u>	<u>-</u>	<u>92,259</u>	<u>(77,984)</u>	<u>-</u>	<u>(77,984)</u>
Total governmental activities	3,136,727	530,717	249,527	(2,356,483)	-	(2,356,483)
Business type activities:						
Non-instructional programs:						
Nutrition services	92,122	44,228	55,604	-	7,710	7,710
Total business type activities	<u>92,122</u>	<u>44,228</u>	<u>55,604</u>	<u>-</u>	<u>7,710</u>	<u>7,710</u>
Total	\$ <u>3,228,849</u>	<u>574,945</u>	<u>305,131</u>	<u>(2,356,483)</u>	<u>7,710</u>	<u>(2,348,773)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,485,137	-	1,485,137
Capital outlay				132,274	-	132,274
Income surtax				142,460	-	142,460
Statewide sales, services and use tax				197,268	-	197,268
Unrestricted state grants				996,560	-	996,560
Unrestricted investment earnings				2,303	27	2,330
Other				36,865	-	36,865
Total general revenues				<u>2,992,867</u>	<u>27</u>	<u>2,992,894</u>
Change in net position				636,384	7,737	644,121
Net position beginning of year				1,709,656	36,436	1,746,092
Net position end of year				<u>\$ 2,346,040</u>	<u>44,173</u>	<u>2,390,213</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Capital			Total
	General	Projects	Nonmajor	
ASSETS				
Cash and pooled investments	\$ 1,087,239	578,429	290,987	1,956,655
Receivables:				
Property tax:				
Delinquent	20,573	1,895	707	23,175
Succeeding year	1,240,998	174,865	75,000	1,490,863
Income surtax	116,697	-	-	116,697
Due from other governments	12,495	71,275	-	83,770
TOTAL ASSETS	\$ 2,478,002	826,464	366,694	3,671,160
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	221,807	-	3,592	225,399
Salaries and benefits payable	164,966	-	-	164,966
Deferred revenue:				
Succeeding year property tax	1,240,998	174,865	75,000	1,490,863
Income surtax	116,697	-	-	116,697
Other	6,132	-	-	6,132
TOTAL LIABILITIES	1,750,600	174,865	78,592	2,004,057
Fund balances:				
Restricted for:				
Categorical funding	138,200	-	-	138,200
School infrastructure	-	516,650	-	516,650
Physical plant and equipment	-	134,949	-	134,949
Management levy purposes	-	-	56,921	56,921
Student activities	-	-	25,915	25,915
Debt service	-	-	205,333	205,333
Unassigned:				
General	589,202	-	-	589,202
Student activities	-	-	(67)	(67)
Total fund balances	727,402	651,599	288,102	1,667,103
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,478,002	826,464	366,694	3,671,160

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA 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)	\$	1,667,103
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.		2,045,224
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		116,697
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(28,204)
Long-term liabilities, including bonds payable, termination benefits payable, computer lease payable and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(1,454,780)</u>
Net position of governmental activities(page 18)	\$	<u><u>2,346,040</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,564,623	329,542	49,348	1,943,513
Tuition	444,314	-	-	444,314
Other	91,099	20	35,840	126,959
State sources	1,114,692	-	-	1,114,692
Federal sources	130,007	-	-	130,007
TOTAL REVENUES	3,344,735	329,562	85,188	3,759,485
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,476,528	-	24,817	1,501,345
Special	419,629	-	-	419,629
Other	252,431	-	21,945	274,376
	2,148,588	-	46,762	2,195,350
Support services:				
Student	2,701	-	-	2,701
Instructional staff	38,341	7,500	-	45,841
Administration	277,993	1,000	-	278,993
Operation and maintenance of plant	155,949	-	63,037	218,986
Transportation	95,972	-	-	95,972
	570,956	8,500	63,037	642,493
Capital outlay	-	33,225	-	33,225
Long-term debt:				
Principal	-	-	114,345	114,345
Interest and fiscal charges	-	-	58,763	58,763
	-	-	173,108	173,108
Other expenditures:				
AEA Flowthrough	92,259	-	-	92,259
TOTAL EXPENDITURES	2,811,803	41,725	282,907	3,136,435
Excess(Deficiency) of revenues over(under) expenditures	532,932	287,837	(197,719)	623,050
Other financing sources(uses):				
Transfer in	-	-	169,563	169,563
Transfer out	-	(169,563)	-	(169,563)
Sale of equipment	10,741	-	-	10,741
Total other financing sources(uses)	10,741	(169,563)	169,563	10,741
Change in fund balances	543,673	118,274	(28,156)	633,791
Fund balances beginning of year	183,729	533,325	316,258	1,033,312
Fund balances end of year	\$ 727,402	651,599	288,102	1,667,103

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA 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) \$ 633,791

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

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

Capital outlays	\$ 18,737	
Depreciation expense	<u>(116,468)</u>	(97,731)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 114,345

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,682

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 13,626

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.

Termination benefits	24,121	
Other postemployment benefits	<u>(53,450)</u>	<u>(29,329)</u>

Change in net position of governmental activities(page 19) \$ 636,384

SEE NOTES TO FINANCIAL STATEMENTS

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

	School Nutrition
ASSETS	
Cash and pooled investments	\$ 34,437
Inventories	1,120
Capital assets, net of depreciation	10,251
TOTAL ASSETS	45,808
 LIABILITIES	
Unearned revenue	1,635
TOTAL LIABILITIES	1,635
 NET POSITION	
Invested in capital assets	10,251
Unrestricted	33,922
TOTAL NET POSITION	\$ 44,173

SEE NOTES TO FINANCIAL STATEMENTS

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 44,228
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	28,555
Benefits	4,589
Supplies	55,657
Depreciation	3,321
TOTAL OPERATING EXPENSES	92,122
OPERATING LOSS	(47,894)
NON-OPERATING REVENUES:	
State sources	962
Federal sources	54,642
Interest on investments	27
TOTAL NON-OPERATING REVENUES	55,631
Change in net position	7,737
Net position beginning of year	36,436
Net position end of year	\$ 44,173

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA 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	\$ 45,190
Cash payments to employees for services	(33,144)
Cash payments to suppliers for goods or services	(47,471)
Net cash used in operating activities	(35,425)
Cash flows from non-capital financing activities:	
State grants received	962
Federal grants received	47,593
Net cash provided by non-capital financing activities	48,555
Cash flows from capital and related financing activities:	
Purchase of capital assets	(3,528)
Cash flows from investing activities:	
Interest on investments	27
Net increase in cash and cash equivalents	9,629
Cash and cash equivalents at beginning of year	24,808
Cash and cash equivalents at end of year	\$ 34,437
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (47,894)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	7,049
Depreciation	3,321
Decrease in inventories	1,137
Increase in unearned revenue	962
Net cash used in operating activities	\$ (35,425)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$7,049.

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Private Purpose Trust
	Scholarship
ASSETS	
Cash and pooled investments	\$ 381,161
LIABILITIES	-
NET POSITION	
Restricted for scholarships	\$ 381,161

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 193
Interest income	5,701
Total additions	5,894
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	6,600
Change in net position	(706)
Net position beginning of year	381,867
Net position end of year	\$ 381,161

SEE NOTES TO FINANCIAL STATEMENTS

EXIRA COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies

The Exira Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Exira, Iowa, and the predominate agricultural territory in Guthrie, Audubon and Cass 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, Exira 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 Exira Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously 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 three categories:

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

Restricted net 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 two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

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

The District also reports a fiduciary fund which focus on net position and changes in net position. The District's fiduciary fund is the Private Purpose Trust Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - restricted 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 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	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 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 are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

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 or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

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

(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 investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1,034,088 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) 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, Services and Use Tax	\$ 109,988
Debt Service	Capital Projects: Physical Plant and Equipment Levy	59,575
Total		\$ 169,563

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

The Capital Projects: Physical Plant and Equipment Levy transfer to Debt Service was needed for principal payments on the District's computer lease indebtedness.

(4) 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	\$ 19,493	-	-	19,493
Total capital assets not being depreciated	19,493	-	-	19,493
Capital assets being depreciated:				
Buildings	3,026,197	13,287	-	3,039,484
Land improvements	30,612	-	-	30,612
Machinery and equipment	854,051	5,450	72,000	787,501
Total capital assets being depreciated	3,910,860	18,737	72,000	3,857,597
Less accumulated depreciation for:				
Buildings	1,031,235	76,454	-	1,107,689
Land improvements	8,468	1,530	-	9,998
Machinery and equipment	747,695	38,484	72,000	714,179
Total accumulated depreciation	1,787,398	116,468	72,000	1,831,866
Total capital assets being depreciated, net	2,123,462	(97,731)	-	2,025,731
Governmental activities capital assets, net	\$ 2,142,955	(97,731)	-	2,045,224

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 47,898	3,528	-	51,426
Less accumulated depreciation	37,854	3,321	-	41,175
Business type activities capital assets, net	<u>\$ 10,044</u>	<u>207</u>	<u>-</u>	<u>10,251</u>

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular			\$ 12,627
Other			4,836
Support services:			
Instructional			340
Operation and maintenance of plant			3,097
Transportation			17,584
			<u>38,484</u>
Unallocated depreciation			<u>77,984</u>
Total governmental activities depreciation expense			<u>\$ 116,468</u>
Business type activities:			
Food services			<u>\$ 3,321</u>

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue bonds	\$ 1,350,000	-	60,000	1,290,000	60,000
Computer lease	111,245	-	54,345	56,900	56,900
Termination benefits	30,001	-	24,121	5,880	5,880
Net OPEB liability	48,550	53,450	-	102,000	-
Total	<u>\$ 1,539,796</u>	<u>53,450</u>	<u>138,466</u>	<u>1,454,780</u>	<u>122,780</u>

Revenue Bonds

Details of the District's June 30, 2013 statewide sales, services and use tax revenue bonded indebtedness is as follows:

Year Ending June 30,	Bond issue of September 30, 2009				
	Interest Rates	Principal	Interest	Total	
2014	3.25	% \$ 60,000	50,084	110,084	
2015	3.25	70,000	47,971	117,971	
2016	3.25	70,000	45,696	115,696	
2017	3.25	70,000	43,421	113,421	
2018	3.63	70,000	41,146	111,146	
2019-2023	3.63-4.00	350,000	167,144	517,144	
2024-2028	4.30-4.63	385,000	92,593	477,593	
2029-2030	4.63	215,000	12,488	227,488	
Total		<u>\$ 1,290,000</u>	<u>500,543</u>	<u>1,790,543</u>	

The District has pledged future statewide sales, services and use tax revenues to repay \$1,450,000 of bonds dated September 30, 2009. The bonds were issued for the purpose 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 nearly 56 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,790,543. For the current year, \$60,000 in principal and \$52,034 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$197,268.

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

- a) \$119,109 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales and services 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.

Computer Leases

Details of the District's June 30, 2013 computer lease indebtedness payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund is as follows:

Year Ending June 30,	Computer lease dated August 12, 2010				
	Interest Rates	Principal	Interest	Total	
2014	4.70	% \$ 56,900	2,675	59,575	

Termination Benefits

The District offered a voluntary early retirement plan in 2011 and 2012 to its licensed employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education. The early retirement benefit is paid at \$115 per unused sick days, not to exceed \$12,000. A liability has been

recorded in the Statement of Net Position for government-wide activities for these early retirement benefits. Early retirement expenditures for the year ended June 30, 2013 totaled \$24,121.

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% 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 \$94,268, \$97,773 and \$94,385 respectively, equal to the required contributions for each year.

(7) Risk Management

The Exira Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health, dental, vision, prescription drugs and long-term disability.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2013 was \$215,891.

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

Exira 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.

(8) 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 \$92,259 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.

(9) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 35 active and 2 retired members in the plan. Participants must be age 55 or older at 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	\$ 72,000
Interest on net OPEB obligation	2,185
Adjustment to annual required contribution	(1,735)
Annual OPEB cost	<u>72,450</u>
Contributions made	<u>(19,000)</u>
Increase in net OPEB obligation	53,450
Net OPEB obligation beginning of year	48,550
Net OPEB obligation end of year	<u>\$ 102,000</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 \$19,000 to the medical and explicit plans. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 27,186	29.4%	\$ 39,186
2012	27,364	65.8%	48,550
2013	72,450	26.2%	102,000

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 \$292,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$292,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$892,686, and the ratio of the UAAL to covered payroll was 32.7%. 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 unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by .5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are for the \$535 per month for retirees who have attained age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed the certified budget amounts. During the year ended June 30, 2013, the expenditures in the instruction functional area exceeded the certified budget.

(11) Deficit Fund Balances/Net Position

The Student Activity Fund had a deficit unassigned fund balance of \$67 at June 30, 2013.

(12) Categorical Funding

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

Program	Amount
Home school assistance program	\$ 48,784
At-risk programs	1,163
Dropout and dropout prevention	49,905
Salary improvement program	6,151
Educator quality, professional development	17,756
Core curriculum	12,941
Beginning administrator mentoring	1,500
Total	<u>\$ 138,200</u>

(13) Reconciliation of Governmental Fund Balances to Net Position

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

	Invested in Capital Assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	56,921	205,333	589,135
Invested in capital assets, net of accumulated depreciation	2,045,224	-	-	-
Revenue bond capitalized indebtedness	(1,290,000)	-	-	-
Computer Lease	-	-	-	(56,900)
Income Surtax	-	-	-	116,697
Termination benefits	-	(5,880)	-	-
Accrued interest payable	-	-	(28,204)	-
Net OPEB liability	-	-	-	(102,000)
Net position (Exhibit A)	<u>\$ 755,224</u>	<u>51,041</u>	<u>177,129</u>	<u>546,932</u>

(14) District Consolidation

On March 13, 2013, the Exira and Elk Horn-Kimballton Community School Districts held a public hearing regarding consolidation of the two districts. On June 25, 2013, residents voted and passed a resolution to merge the two District's. The Exira and Elk Horn-Kimballton Community School Districts will be officially consolidated as of July 1, 2014 forming Exira-Elk Horn-Kimballton Community School District.

REQUIRED SUPPLEMENTARY INFORMATION

EXIRA 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	\$ 2,514,786	44,255	2,559,041	2,698,875	2,698,875	(139,834)
State sources	1,114,692	962	1,115,654	1,168,993	1,168,993	(53,339)
Federal sources	130,007	54,642	184,649	205,000	205,000	(20,351)
Total revenues	<u>3,759,485</u>	<u>99,859</u>	<u>3,859,344</u>	<u>4,072,868</u>	<u>4,072,868</u>	<u>(213,524)</u>
Expenditures/expenses:						
Instruction	2,195,350	-	2,195,350	2,188,000	2,188,000	(7,350)
Support services	642,493	-	642,493	785,500	785,500	143,007
Non-instructional programs	-	92,122	92,122	110,000	110,000	17,878
Other expenditures	298,592	-	298,592	519,118	519,118	220,526
Total expenditures/expenses	<u>3,136,435</u>	<u>92,122</u>	<u>3,228,557</u>	<u>3,602,618</u>	<u>3,602,618</u>	<u>374,061</u>
Excess of revenues over expenditures/expenses	623,050	7,737	630,787	470,250	470,250	160,537
Other financing sources(uses), net	10,741	-	10,741	(65,000)	(65,000)	75,741
Excess of revenues and other financing sources over expenditures/expenses	633,791	7,737	641,528	405,250	405,250	236,278
Balances beginning of year	1,033,312	36,436	1,069,748	1,123,587	1,123,587	(53,839)
Balances end of year	<u>\$ 1,667,103</u>	<u>44,173</u>	<u>1,711,276</u>	<u>1,528,837</u>	<u>1,528,837</u>	<u>182,439</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

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

During the year ended June 30, 2013, the expenditures in the instruction functional area exceeded the certified budget.

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

For 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	\$ -	\$ 196,000	\$ 196,000	0.0%	\$ 1,677,432	11.7%
2011	July 1, 2009	-	196,000	196,000	0.0%	1,373,842	14.3%
2012	July 1, 2009	-	196,000	196,000	0.0%	1,096,026	17.9%
2013	July 1, 2012	-	292,000	292,000	0.0%	892,686	32.7%

See Note 9 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

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

	Special Revenue			Debt Service	Total Other Nonmajor Funds
	Management Levy	Student Activity	Total Special Revenue		
ASSETS					
Cash and pooled investments	\$ 59,806	25,848	85,654	205,333	290,987
Receivables:					
Property tax:					
Delinquent	707	-	707	-	707
Succeeding year	75,000	-	75,000	-	75,000
TOTAL ASSETS	\$ 135,513	25,848	161,361	205,333	366,694
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	3,592	-	3,592	-	3,592
Deferred revenue:					
Succeeding year property tax	\$ 75,000	-	75,000	-	75,000
TOTAL LIABILITIES	78,592	-	78,592	-	78,592
Fund balances:					
Restricted for:					
Management levy purposes	56,921	-	56,921	-	56,921
Student activities	-	25,915	25,915	-	25,915
Debt service	-	-	-	205,333	205,333
Unassigned	-	(67)	(67)	-	(67)
Total fund balances	56,921	25,848	82,769	205,333	288,102
TOTAL LIABILITIES AND FUND BALANCES	\$ 135,513	25,848	161,361	205,333	366,694

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Special Revenue			Debt Service	Total Other Nonmajor Funds
	Management Levy	Student Activity	Total		
			Special Revenue		
REVENUES:					
Local sources:					
Local tax	\$ 49,348	-	49,348	-	49,348
Other	7,804	26,057	33,861	1,979	35,840
TOTAL REVENUES	57,152	26,057	83,209	1,979	85,188
EXPENDITURES:					
Current:					
Instruction:					
Regular	24,817	-	24,817	-	24,817
Other	-	21,945	21,945	-	21,945
Support services:					
Operation and maintenance of plant	62,287	750	63,037	-	63,037
Long-term debt:					
Principal	-	-	-	114,345	114,345
Interest and fiscal charges	-	-	-	58,763	58,763
TOTAL EXPENDITURES	87,104	22,695	109,799	173,108	282,907
Excess(Deficiency) of revenues over(under) expenditures	(29,952)	3,362	(26,590)	(171,129)	(197,719)
Other financing sources:					
Transfer in	-	-	-	169,563	169,563
Change in fund balances	(29,952)	3,362	(26,590)	(1,566)	(28,156)
Fund balances beginning of year	86,873	22,486	109,359	206,899	316,258
Fund balances end of year	\$ 56,921	25,848	82,769	205,333	288,102

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA 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	\$ 445,375	133,054	578,429
Receivables:			
Property tax:			
Delinquent	-	1,895	1,895
Succeeding year	-	174,865	174,865
Due from other governments	71,275	-	71,275
TOTAL ASSETS	\$ 516,650	309,814	826,464
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	174,865	174,865
Fund balances:			
Restricted for:			
School infrastructure	516,650	-	516,650
Physical plant and equipment	-	134,949	134,949
Total fund balances	516,650	134,949	651,599
TOTAL LIABILITIES AND FUND BALANCES	\$ 516,650	309,814	826,464

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT 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	\$ 197,268	132,274	329,542
Other	20	-	20
Total revenues	<u>197,288</u>	<u>132,274</u>	<u>329,562</u>
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	7,500	-	7,500
Administration	1,000	-	1,000
Capital outlay	30,933	2,292	33,225
Total expenditures	<u>39,433</u>	<u>2,292</u>	<u>41,725</u>
Excess of revenues over expenditures	157,855	129,982	287,837
Other financing uses:			
Transfer out	(109,988)	(59,575)	(169,563)
Change in fund balances	47,867	70,407	118,274
Fund balances beginning of year	<u>468,783</u>	<u>64,542</u>	<u>533,325</u>
Fund balances end of year	<u>\$ 516,650</u>	<u>134,949</u>	<u>651,599</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA 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	Intra Fund Transfers	Balance End of Year
Art	\$ 140	-	-	-	140
Athletics	19,478	14,632	18,113	796	16,793
Cheerleading	123	-	123	-	-
Drill Team	487	-	487	-	-
Leadership Club	348	10,372	3,033	-	7,687
Student Council	207	-	-	-	207
FFA	248	-	248	-	-
Pals	159	-	1	-	158
Spanish	79	-	-	(79)	-
National Honor Society	106	-	-	(106)	-
Faces	399	-	-	-	399
JH TAG	-	146	-	-	146
Band	(620)	150	-	620	150
Class of 2009	79	-	-	(79)	-
Class of 2010	748	-	-	(748)	-
Class of 2011	589	-	185	(404)	-
Class of 2015	5	-	-	-	5
Class of 2017	-	735	505	-	230
Interest	(89)	22	-	-	(67)
Total	\$ 22,486	26,057	22,695	-	25,848

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund			
	Hansen Scholarship	Sorensen Scholarship	Kommers Scholarship	Total
ASSETS				
Cash and pooled investments	\$ 258,096	121,183	1,882	381,161
LIABILITIES	-	-	-	-
NET POSITION				
Restricted for scholarships	\$ 258,096	121,183	1,882	381,161

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund			
	Hansen Scholarship	Sorensen Scholarship	Kommes Scholarship	Total
Additions:				
Local sources:				
Gifts and contributions	-	193	-	193
Interest income	\$ 5,263	435	3	5,701
Total additions	5,263	628	3	5,894
Deductions:				
Instruction:				
Regular:				
Scholarships awarded	2,600	3,500	500	6,600
Change in net position	2,663	(2,872)	(497)	(706)
Net position beginning of year	255,433	124,055	2,379	381,867
Net position end of year	\$ 258,096	121,183	1,882	381,161

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

EXIRA 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	\$ 1,943,513	2,054,755	1,888,289	1,696,276	1,406,221	1,285,459	1,340,675	1,226,960	1,213,463	1,019,143
Tuition	444,314	504,953	5,852	28,835	40,531	57,519	82,465	82,801	50,198	228,444
Other	126,959	166,367	205,918	209,295	139,673	200,339	166,746	136,159	187,492	259,823
Intermediate sources	-	-	-	-	-	-	-	-	-	8,501
State sources	1,114,692	1,256,013	1,239,194	1,156,372	1,545,708	1,621,046	1,375,450	1,383,015	1,381,716	1,243,062
Federal sources	130,007	95,717	192,942	290,899	133,491	116,129	141,076	156,475	104,680	226,247
Total	\$ 3,759,485	4,077,805	3,532,195	3,381,677	3,265,624	3,280,492	3,106,412	2,985,410	2,937,549	2,985,220
Expenditures:										
Instruction:										
Regular	\$ 1,501,345	1,694,654	1,242,762	1,378,272	1,484,015	1,481,617	1,311,369	1,377,586	1,364,905	1,332,693
Special	419,629	390,059	369,028	232,407	386,566	332,071	316,938	260,313	274,345	360,844
Other	274,376	258,949	242,902	334,338	323,855	319,683	309,460	294,968	139,941	358,266
Support services:										
Student	2,701	63,322	69,045	65,024	92,401	85,598	79,930	76,484	67,789	41,595
Instructional staff	45,841	67,828	362,519	109,928	106,717	101,009	116,746	103,906	96,062	59,972
Administration	278,993	361,303	347,471	402,385	341,719	372,074	334,110	311,712	295,432	281,365
Operation and maintenance of plant	218,986	170,215	270,971	271,475	262,427	308,008	308,785	283,948	247,495	214,094
Transportation	95,972	110,672	114,736	111,480	119,285	138,609	93,507	88,585	88,432	108,074
Central	-	-	-	-	-	-	-	-	-	954
Non-instructional programs	-	-	-	-	-	-	-	-	122	3,425
Capital outlay	33,225	1,262,455	378,944	302,713	189,278	188,677	91,734	87,299	151,776	63,857
Long-term debt:										
Principal	114,345	101,906	109,575	-	-	145,000	60,000	60,000	30,000	-
Interest	58,763	61,490	71,167	-	-	943	6,725	8,480	9,630	-
Other expenditures:										
AEA flow-through	92,259	93,721	107,676	107,475	103,200	101,287	97,203	95,304	93,982	90,188
Total	\$ 3,136,435	4,636,574	3,686,796	3,315,497	3,409,463	3,574,576	3,126,507	3,048,585	2,859,911	2,915,327

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

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

We have audited 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Exira 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 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Exira Community School District's internal control over financial reporting to determine the auditing 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 Exira Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Exira 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, there can be no assurance all deficiencies, significant material weaknesses or deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control we consider to be material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-13 to be a material weakness.

Compliance and Other Matters

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

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

Exira Community School District's Responses to Findings

Exira Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Exira 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 of 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 Exira 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 4, 2014
Newton, Iowa

EXIRA 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 the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - bank reconciliations, cash receipts and the disbursement function, handles petty cash, replenishing petty cash and custody.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Inventories - purchasing, handling, counting and maintaining inventory records.
- 4) Capital Assets - purchasing, recording and reconciling.
- 5) Long-term debt - maintaining long-term debt records and control of the cash function, payments and reconciliations.
- 6) Receipts - recording, depositing, posting and reconciling.
- 7) Disbursements - voucher preparation, purchasing, recording and reconciliations.
- 8) Payroll - approval of and recording employees added or deleted from the payroll system, approval and recording sick and vacation leave, approval of and payment of payroll taxes, write checks, sign checks and post payroll to the general ledger.
- 9) Wire transfers - processing and approval.
- 10) Financial reporting - preparing, reconciling and approving.
- 11) Computer systems - performing all general accounting functions and controlling all data input and output.
- 12) Journal entries - approval and posting.

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 review the control procedures and obtain the maximum internal control possible with our limited number of employees.

Conclusion - Response accepted.

OTHER MATTERS:

I-B-13 Board Policies - We noted during our audit some of the policies in 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 - We are currently in the process of reviewing board policies, series 600-900 will be completed by June 2014

Conclusion - Response accepted.

I-C-13 Commodity Pricing - We noted during the audit that commodity food items were not priced out using commodity values provided by the Department of Education and therefore the amount of inventory was overstated on the Balance Sheet.

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

Response - The District will look more closely at the nutrition commodity pricing procedures and take the necessary steps to comply with the pricing guidelines.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - District expenditures for the year ended June 30, 2013, exceeded the certified budget amounts 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 will keep a closer watch on expenditures throughout the year and especially towards the budget amendment time to be able to make the needed changes in a timely manner.

Conclusion - Response accepted.

II-B-13 Questionable Disbursements - We noted no expenditures 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. However, we noted instances of employees being reimbursed for meals purchased while on District business without turning in a detailed receipt. District policy 401.12 states "Prior to reimbursement of actual and necessary expenses, the employee must submit a detailed receipt indicating the date, purpose and nature of the expense for each claim item."

Recommendation - The District should review its procedures regarding travel reimbursements and ensure that the District is following its policies set forth by the Board of Education.

Response - Future travel reimbursements will meet the board policy requirements before payment is approved.

Conclusion - Response accepted.

- 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 - We noted 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 were noted of categorical funding used to supplant rather than supplement other funds.
- 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.3 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 reports (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 year 2013 audit:

Beginning balance		\$ 468,783
Revenues:		
Sales tax revenues	\$ 197,268	
Other local revenues	<u>20</u>	<u>197,288</u>
		666,071
Expenditures/transfers out:		
School infrastructure construction	\$ 30,933	
Equipment	7,500	
Other	1,000	
Transfers to other funds:		
Debt service fund	<u>109,988</u>	<u>149,421</u>
Ending balance		<u><u>\$ 516,650</u></u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

II-M-13 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be re-issued. Once checks have been outstanding for two years, the checks should be submitted to the Treasurer of Iowa as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - We are currently verifying the outstanding checks and have started the paperwork process of submitting these to the Treasurer of Iowa as unclaimed property.

Conclusion - Response accepted.

II-N-13 Financial Condition - The Student Activity Fund had one account with a deficit unassigned balance of \$67.

Recommendation - The District should monitor the fund and investigate alternatives to eliminate the deficit account.

Response - The District will address the negative balance and take the needed steps to correct it as quickly as possible.

Conclusion - Response accepted.

II-O-13 Student Activity Fund - During our audit concerns arose about certain expenditures paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. Moneys in this fund shall be used to support only the cocurricular program defined in Department of Education administrative rules (298A.8).

We noted that \$888.34 was paid for the football field water bill. This is considered field and grounds maintenance and is more appropriately paid from the General Fund.

We noted several expenses for repairs to the football field sprinklers, bleachers and an outside basketball hoop. These appear to be routine maintenance and repairs and are more appropriately paid from the General Fund.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as part of the education program for the students established under Iowa Administrative Code 281-12.6(1).

Response - It was the District's hope to use the Student Activity Fund to pay for those expenses related to the extracurricular activities. However, future expenditures will be correctly coded to the General Fund to follow the Iowa Administrative Code.

Conclusion - Response accepted.