

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

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

June 30, 2013

## Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis (MD&A)		4-10
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	12
Statement of Activities	B	13-14
Governmental Fund Financial Statements:		
Balance Sheet	C	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	16
Statement of Revenues, Expenditures and Changes in Fund Balances	E	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	18
Proprietary Fund Financial Statements:		
Statement of Net Position	G	19
Statement of Revenues, Expenses, and Changes in Fund Net Position	H	20
Statement of Cash Flows	I	21
Notes to Financial Statements		22-31
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund Proprietary Fund		33
Notes to Required Supplementary Information - Budgetary Reporting		34
Schedule of Funding Progress for the Retiree Health Plan		35
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	37
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	38
Capital Project Accounts:		
Combining Balance Sheet	3	39
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	40
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	41-42
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6	43
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 <u>Government Auditing Standards</u>		44-45
Schedule of Findings and Responses		46-49



Gary E. Horton CPA

902 Central Ave. E.-PO Box 384  
Clarion, IA 50525-0384  
(515)532-6681 Phone  
(515) 532-2405 Fax  
[BETCO@mchsi.com](mailto:BETCO@mchsi.com) E-mail

Independent Auditor's Report

To the Board of Education of  
Glidden-Ralston 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 Glidden-Ralston Community School District, Glidden, 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 presents 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 Glidden-Ralston Community School District as of June

30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Other Matters

##### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 33 through 35 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 operation, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### *Supplementary Information*

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

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

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2014 on our consideration of Glidden-Ralston Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and 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 Glidden-Ralston Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

March 31, 2014

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Glidden - Ralston 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.

### 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 Glidden - Ralston 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 Glidden - Ralston Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

### 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 it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

#### *Fund Financial Statements*

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

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

The District has two kinds of funds:

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

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

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

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

## Government-Wide Financial Analysis

Figure A-1 below provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012.

Figure A-1

	Condensed Statement of Net Position						Percentage Change 2012-2013
	Governmental Activities		Business-type Activities		Total School District		
	2013	2012	2013	2012	2013	2012	
	\$	\$	\$	\$	\$	\$	
Current and other assets	3,359,478	6,018,901	42,503	12,079	3,401,981	6,030,980	-44%
Capital assets	5,820,717	3,260,224	1,945	44,662	5,822,662	3,304,886	76%
<b>Total assets</b>	<b>9,180,195</b>	<b>9,279,125</b>	<b>44,448</b>	<b>56,741</b>	<b>9,224,643</b>	<b>9,335,866</b>	<b>-1%</b>
Long-term liabilities	1,689,900	1,692,475	-	8,099	1,689,900	1,700,574	-1%
Other liabilities	2,111,330	1,666,394	25,094	4,020	2,136,424	1,670,414	28%
<b>Total liabilities</b>	<b>3,801,230</b>	<b>3,358,869</b>	<b>25,094</b>	<b>12,119</b>	<b>3,826,324</b>	<b>3,370,988</b>	<b>14%</b>
Net Position:							
Net investment in capital assets	2,079,478	1,845,224	42,503	44,662	2,121,981	1,889,886	12%
Restricted	532,921	834,290	-	-	532,921	834,290	-36%
Unrestricted	2,766,566	3,240,742	(23,149)	(40)	2,743,417	3,240,702	-15%
<b>TOTAL NET POSITION</b>	<b>5,378,965</b>	<b>5,920,256</b>	<b>19,354</b>	<b>44,622</b>	<b>5,398,319</b>	<b>5,964,878</b>	<b>-9%</b>

The District's total net position decreased by nearly 9%, or approximately \$566,559, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position 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 decreased approximately \$301,369 or 36% over the prior year. The decrease was primarily a result of decreased revenues from operating grants and contributions as well as increased costs.

Unrestricted net position – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$497,285, or 15%. This change in unrestricted net position was a result of decreased revenues from income surtax and investment earnings.

Figure A-2 shows the change in net position for the years ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-2

	Change in Net Position						Percentage Change 2012-2013
	Governmental Activities		Business-type Activities		Total School District		
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
Revenues							
Program Revenues:							
Charges for services	544,467	557,934	102,396	101,749	646,863	659,683	-2%
Operating grants & contributions	556,509	587,515	71,511	77,045	628,020	664,560	-5%
Capital grants & contributions	-	-	-	-	-	-	-
General Revenues:							
Property taxes	1,327,470	1,283,042	-	-	1,327,470	1,283,042	3%
Income Surtax	164,428	164,568	-	-	164,428	164,568	<-1%
Statewide sales & service tax	282,610	331,707	-	-	282,610	331,707	-15%
Unrestricted state grants	1,125,134	1,250,421	-	-	1,125,134	1,250,421	-10%
Unrestricted investment earnings	30,993	35,101	59	155	31,052	35,256	-12%
Other revenue	3,000	-	-	-	3,000	-	100%
<b>Total Revenues</b>	<b>4,034,611</b>	<b>4,210,288</b>	<b>173,966</b>	<b>178,949</b>	<b>4,208,577</b>	<b>4,389,237</b>	<b>-4%</b>
Expenses:							
Instruction	2,691,978	2,286,333	-	-	2,691,978	2,286,333	18%
Support services	1,502,664	1,055,506	-	-	1,502,664	1,055,506	42%
Non-instructional programs	-	-	199,234	195,154	199,234	195,154	2%
Other expenditures	381,260	303,707	-	-	381,260	303,707	26%
<b>Total expenses</b>	<b>4,575,902</b>	<b>3,645,546</b>	<b>199,234</b>	<b>195,154</b>	<b>4,775,136</b>	<b>3,840,700</b>	<b>24%</b>
<b>CHANGE IN NET POSITION</b>	<b>(541,291)</b>	<b>564,742</b>	<b>(25,268)</b>	<b>(16,205)</b>	<b>(566,559)</b>	<b>548,537</b>	<b>-203%</b>
Net position beginning of year	5,920,256	5,355,514	44,622	60,827	5,964,878	5,416,341	10%
Net position end of year	5,378,965	5,920,256	19,354	44,622	5,398,319	5,964,878	-9%

Property tax and unrestricted state grants account for 58% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 88% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$4,034,611 and expenses were \$4,575,902.

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

Figure A-3

**Total and Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>	<u>Total Cost Of Services</u>	<u>Net Cost of Services</u>	<u>Net Cost of Services</u>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	\$	\$	\$	\$
Instruction	2,691,978	2,286,333	1,748,732	1,289,803
Support Services	1,502,664	1,055,506	1,494,571	1,054,532
Other Expenses	381,260	303,707	231,623	155,762
<b>TOTAL</b>	<u>4,575,902</u>	<u>3,645,546</u>	<u>3,474,926</u>	<u>2,500,097</u>

- The cost financed by users of the District’s programs was \$544,467.
- Federal and state governments and others subsidized certain programs with grants and contributions totaling \$556,509.
- The net cost of governmental activities was financed with \$1,774,508 in property and other taxes and \$1,125,134 in unrestricted state grants.

**Business Type Activities**

Revenues for business type activities were \$173,966 and expenses were \$199,234. 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, Glidden-Ralston Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,534,137.

**Governmental Fund Highlights**

- The General Fund balance decreased from \$3,372,517 to \$3,010,438. The decrease was due primarily to staff restructuring, implementing a 1:1 computer initiative and decreased revenues from State and Federal sources.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District’s accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
  - The Physical Plant and Equipment Levy account balance decreased from \$39,011 at June 30, 2012 to \$12,979 at June 30, 2013.

- The Statewide Sales Tax account balance decreased from \$557,749 at June 30, 2012 to \$358,215 at June 30, 2013.

### Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$44,622 at June 30, 2012 to \$19,354 at June 30, 2013, representing a decrease of approximately 57%.

### BUDGETARY HIGHLIGHTS

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.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2013, the District had invested \$3,401,981 million, 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-4) This represents a net increase of 3% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$262,937.

*Figure A-4*

*Capital Assets (net of depreciation)*

	Governmental		Business type		Total		Percentage Change
	Activities		Activities		School District		
	2013	2012	2013	2012	2013	2012	2012-2013
	\$	\$	\$	\$	\$	\$	
Land	10,000	10,000	-	-	10,000	10,000	0%
Buildings	3,000,634	3,066,776	-	-	3,000,634	3,066,776	-2%
Improvements other than buildings	61,337	66,686	-	-	61,337	66,686	-8%
Equipment & Furniture	287,507	116,762	42,503	44,662	330,010	161,424	104%
<b>TOTAL</b>	<b>3,359,478</b>	<b>3,260,224</b>	<b>42,503</b>	<b>44,662</b>	<b>3,401,981</b>	<b>3,304,886</b>	<b>3%</b>

#### Long-Term Debt

At June 30, 2012, the District had \$1,689,900 in general obligation and other long-term debt outstanding. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

**Figure A-5  
Outstanding Long-Term Obligations**

	<b>Total School District</b>		<b>Percentage Change</b>
	2013	2012	2012-2013
	\$	\$	
Governmental activities:			
General obligation bonds	1,280,000	1,415,000	-10%
Termination benefits	54,900	18,300	200%
Net OPEB liability	<u>355,000</u>	<u>259,175</u>	<u>37%</u>
	<u>1,689,900</u>	<u>1,692,475</u>	<u>&lt;-1%</u>
Business type activities:			
Net OPEB liability	<u>-</u>	<u>8,099</u>	<u>-100%</u>

**ECONOMIC FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

- School financing is highly dependent upon student enrollment. The District’s October 1, 2013 enrollment decreased by 9 students.
- Increased opportunities for sharing (between neighboring districts and DMACC-Carroll Campus) may increase costs or decrease costs depending on annual negotiated agreements and legislative decisions about sharing incentive money.

**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 Denise Best, District Secretary/Treasurer and Business Manager, Glidden-Ralston Community School District, 602 Idaho, Glidden, Iowa 51443.

## BASIC FINANCIAL STATEMENTS

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2013

	Governmental Activities \$	Business Type Activities \$	Total \$
<b>Assets</b>			
Cash, cash equivalents and pooled investments	4,182,989	-	4,182,989
Receivables:			
Property tax:			
Delinquent	8,693	-	8,693
Succeeding year	1,339,496	-	1,339,496
Due from other governments	268,963	-	268,963
Inventories	-	1,945	1,945
Bond discount	20,576	-	20,576
Capital assets, net of accumulated depreciation	3,359,478	42,503	3,401,981
<b>Total assets</b>	<b>9,180,195</b>	<b>44,448</b>	<b>9,224,643</b>
<b>Liabilities</b>			
Warrants issued in excess of bank balance	39,300	19,218	58,518
Accounts payable	385,059	291	385,350
Salaries and benefits payable	346,502	1,207	347,709
Accrued interest payable	973	-	973
Deferred revenue:			
Succeeding year property tax	1,339,496	-	1,339,496
Other	-	4,378	4,378
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	190,000	-	190,000
Termination benefits	54,900	-	54,900
Portion due after one year:			
General obligation bonds payable	1,090,000	-	1,090,000
Net OPEB liability	355,000	-	355,000
<b>Total liabilities</b>	<b>3,801,230</b>	<b>25,094</b>	<b>3,826,324</b>
<b>Net position</b>			
Net investment in capital assets	2,079,478	42,503	2,121,981
Restricted for:			
Categorical funding	25,576	-	25,576
Management levy	68,131	-	68,131
Physical plant and equipment levy	12,979	-	12,979
Student activities	68,020	-	68,020
School infrastructure	358,215	-	358,215
Unrestricted	2,766,566	(23,149)	2,743,417
<b>Total net position</b>	<b>5,378,965</b>	<b>19,354</b>	<b>5,398,319</b>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2013

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Governmental activities:</b>				
<b>Instruction:</b>				
Regular	1,880,199	368,403	331,754	-
Special	304,804	53,962	32,632	-
Other	506,975	116,152	40,343	-
	<u>2,691,978</u>	<u>538,517</u>	<u>404,729</u>	<u>-</u>
<b>Support services:</b>				
Student	182,614	-	-	-
Instructional staff	88,737	-	-	-
Administration	374,689	-	-	-
Operation and maintenance of plant	738,837	5,950	-	-
Transportation services	117,787	-	2,143	-
	<u>1,502,664</u>	<u>5,950</u>	<u>2,143</u>	<u>-</u>
<b>Other expenditures:</b>				
Facilities acquisition	107,149	-	-	-
Long-term debt interest	51,665	-	30,682	-
AEA flowthrough	118,955	-	118,955	-
Depreciation/amortization (unallocated)*	103,491	-	-	-
	<u>381,260</u>	<u>-</u>	<u>149,637</u>	<u>-</u>
<b>Total governmental activities</b>	<u>4,575,902</u>	<u>544,467</u>	<u>556,509</u>	<u>-</u>
<b>Business type activities:</b>				
<b>Non-instructional programs:</b>				
Food service operations	199,234	102,396	71,511	-
<b>Total business type activities</b>	<u>4,775,136</u>	<u>646,863</u>	<u>628,020</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
<b>Total general revenues</b>				
Change in net position				
Net position beginning of year				
Net position end of year				

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,180,042)	-	(1,180,042)
(218,210)	-	(218,210)
(350,480)	-	(350,480)
<u>(1,748,732)</u>	<u>-</u>	<u>(1,748,732)</u>
(182,614)	-	(182,614)
(88,737)	-	(88,737)
(374,689)	-	(374,689)
(732,887)	-	(732,887)
(115,644)	-	(115,644)
<u>(1,494,571)</u>	<u>-</u>	<u>(1,494,571)</u>
(107,149)	-	(107,149)
(20,983)	-	(20,983)
-	-	-
<u>(103,491)</u>	<u>-</u>	<u>(103,491)</u>
<u>(231,623)</u>	<u>-</u>	<u>(231,623)</u>
<u>(3,474,926)</u>	<u>-</u>	<u>(3,474,926)</u>
-	(25,327)	(25,327)
<u>(3,474,926)</u>	<u>(25,327)</u>	<u>(3,500,253)</u>
1,170,694	-	1,170,694
115,189	-	115,189
41,587	-	41,587
164,428	-	164,428
282,610	-	282,610
1,125,134	-	1,125,134
30,993	59	31,052
3,000	-	3,000
<u>2,933,635</u>	<u>59</u>	<u>2,902,642</u>
(541,291)	(25,268)	(597,611)
<u>5,920,256</u>	<u>44,622</u>	<u>5,964,878</u>
<u>5,378,965</u>	<u>19,354</u>	<u>5,367,267</u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2013

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash, cash equivalents and pooled investments	3,636,791	-	352,866	193,332	4,182,989
Receivables:					
Property tax:					
Delinquent	7,306	754	272	361	8,693
Succeeding year	1,160,079	96,358	43,059	40,000	1,339,496
Due from other governments	224,307	-	44,656	-	268,963
<b>Total assets</b>	<b>5,028,483</b>	<b>97,112</b>	<b>440,853</b>	<b>233,693</b>	<b>5,800,141</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Bank overdraft	-	39,300	-	-	39,300
Accounts payable	355,817	-	26,600	2,642	385,059
Salaries and benefits payable	346,502	-	-	-	346,502
Deferred revenue:					
Succeeding year property tax	1,160,079	96,358	43,059	40,000	1,339,496
Income surtax	155,647	-	-	-	155,647
<b>Total liabilities</b>	<b>2,018,045</b>	<b>135,658</b>	<b>69,659</b>	<b>42,642</b>	<b>2,266,004</b>
Fund balances:					
Restricted for:					
Categorical funding	25,576	-	-	-	25,576
Management levy	-	-	-	123,031	123,031
Student activities	-	-	-	68,020	68,020
School infrastructure	-	-	358,215	-	358,215
Physical plant and equipment	-	-	12,979	-	12,979
Unassigned	2,984,862	(38,546)	-	-	2,946,316
<b>Total fund balances</b>	<b>3,010,438</b>	<b>(38,546)</b>	<b>371,194</b>	<b>191,051</b>	<b>3,534,137</b>
<b>Total liabilities and fund balances</b>	<b>5,028,483</b>	<b>97,112</b>	<b>440,853</b>	<b>233,693</b>	<b>5,800,141</b>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2013

	\$
<b>Total fund balances of governmental funds (Exhibit C)</b>	3,534,137
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,359,478
Unamortized bond discounts are recorded in the governmental activities.	20,576
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	155,647
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.	(973)
Long-term liabilities, including bonds payable, termination benefits and other post employment benefits are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(1,689,900)</u>
<b>Net position of governmental activities (Exhibit A)</b>	<u><u>5,378,965</u></u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2013

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,272,000	115,189	324,197	54,812	1,766,198
Tuition	386,069	-	-	-	386,069
Other	65,530	30,682	6,015	117,846	220,073
State sources	1,562,696	48	17	22	1,562,783
Federal sources	88,178	-	-	-	88,178
Total revenues	<u>3,374,473</u>	<u>145,919</u>	<u>330,229</u>	<u>172,680</u>	<u>4,023,301</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,942,680	-	-	19,700	1,962,380
Special	295,057	-	-	-	295,057
Other	382,258	-	-	117,406	499,664
	<u>2,619,995</u>	<u>-</u>	<u>-</u>	<u>137,106</u>	<u>2,757,101</u>
Support services:					
Student	177,740	-	-	-	177,740
Instructional staff	86,300	-	-	-	86,300
Administration	366,117	-	-	-	366,117
Operation and maintenance of plant	259,793	-	431,364	43,895	735,052
Transportation	110,652	-	-	-	110,652
	<u>1,000,602</u>	<u>-</u>	<u>431,364</u>	<u>43,895</u>	<u>1,475,861</u>
Other expenditures:					
Facilities acquisition	-	-	124,431	-	124,431
Long-term debt:					
Principal	-	1,415,000	-	-	1,415,000
Interest and fiscal charges	-	79,296	-	-	79,296
AEA flowthrough	118,955	-	-	-	118,955
	<u>118,955</u>	<u>1,494,296</u>	<u>124,431</u>	<u>-</u>	<u>1,737,682</u>
Total expenditures	<u>3,739,552</u>	<u>1,494,296</u>	<u>555,795</u>	<u>181,001</u>	<u>5,970,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(365,079)</u>	<u>(1,348,377)</u>	<u>(225,566)</u>	<u>(8,321)</u>	<u>(1,947,343)</u>
Other financing sources (uses):					
Bonds issued	-	1,280,000	-	-	1,280,000
Sales of materials and equipment	3,000	-	-	-	3,000
Total other financing sources (uses)	<u>3,000</u>	<u>1,280,000</u>	<u>-</u>	<u>-</u>	<u>1,283,000</u>
Change in fund balances	<u>(362,079)</u>	<u>(68,377)</u>	<u>(225,566)</u>	<u>(8,321)</u>	<u>(664,343)</u>
Fund balances beginning of year	<u>3,372,517</u>	<u>29,831</u>	<u>596,760</u>	<u>199,372</u>	<u>4,198,480</u>
Fund balances end of year	<u>3,010,438</u>	<u>(38,546)</u>	<u>371,194</u>	<u>191,051</u>	<u>3,534,137</u>

See notes to financial statements.

## GLIDDEN-RALSTON 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

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		(664,343)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:		
Expenditures for capital assets	355,515	
Depreciation expense	<u>(256,261)</u>	99,254
Amortization of bond discount.		9,278
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		8,310
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		135,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		3,635
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	(36,600)	
Other postemployment benefits	<u>(95,825)</u>	<u>(132,425)</u>
<b>Changes in net position of governmental activities (Exhibit B)</b>		<u><u>(541,291)</u></u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Net Position  
Proprietary Funds

June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Current assets:	
Inventories	1,945
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>42,503</u>
<b>Total assets</b>	<u>44,448</u>
<b>Liabilities</b>	
Current liabilities:	
Bank overdraft	19,218
Accounts payable	291
Salaries and benefits payable	1,207
Deferred revenue	<u>4,378</u>
<b>Total liabilities</b>	<u>25,094</u>
<b>Net position</b>	
Invested in capital assets	42,503
Unrestricted	<u>(23,149)</u>
<b>Total net position</b>	<u><u>19,354</u></u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>102,396</u>
Operating expenses:	
Non-instructional programs:	
Salaries	52,050
Benefits	15,674
Purchased services	1,912
Supplies	122,922
Depreciation	6,676
Total operating expenses	<u>199,234</u>
Operating income (loss)	<u>(96,838)</u>
Non-operating revenues:	
State sources	1,799
Federal sources	69,712
Interest income	59
Total non-operating revenues	<u>71,570</u>
Change in net position	(25,268)
Net position beginning of year	<u>44,622</u>
Net position end of year	<u><u>19,354</u></u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	94,882
Cash payments to employees for services	(67,162)
Cash payments to suppliers for goods or services	(113,411)
Net cash used by operating activities	<u>(85,691)</u>
Cash flows from non-capital financing activities:	
State grants received	1,799
Federal grants received	60,367
Net cash provided by non-capital financing activities	<u>62,166</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(3,974)</u>
Cash flows from investing activities:	
Interest on investments	<u>59</u>
Net increase (decrease) in cash and cash equivalents	(27,440)
Cash and cash equivalents at beginning of year	<u>8,222</u>
Cash and cash equivalents at end of year	<u><u>(19,218)</u></u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>	
Operating income (loss)	(96,838)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	9,345
Depreciation	6,133
Decrease (increase) in inventories	1,912
(Decrease) increase in accounts payable	166
(Decrease) increase in salaries and benefits payable	562
(Decrease) increase in deferred revenue	1,128
(Decrease) increase in other postemployment benefits	(8,099)
Net cash used by operating activities	<u><u>(85,691)</u></u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2013 the District received \$9,345 of federal commodities.

# GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

### 1. Summary of Significant Accounting Policies

Glidden-Ralston 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. The geographic area served includes the Cities of Glidden and Ralston, Iowa and the predominately agricultural territory in a portion of Carroll and Greene 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, Glidden-Ralston 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 Elmer Smith Scholarship School Trust meets the criteria for a component unit.

The board of directors of the Glidden-Ralston Community School District is also the trustee of the Elmer Smith Scholarship School Trust. Up to 60% of the Trust's income may benefit the Glidden-Ralston Community School District, \$750 annually benefits other local charities and the rest of the income provides college scholarships to graduates of the Glidden-Ralston Community School District. Under U.S. generally accepted governmental accounting standards the Trust should be included in the District's financial statements. The Trust has not been included in these financial statements upon the advice of the Trust's legal counsel.

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

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to retire debt of the District.

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

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 judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

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

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

#### D. Assets, Liabilities and Fund Equity

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

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

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

Property Tax Receivable – Property tax in governmental funds is 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 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 became due and collectible in September and March of the fiscal year with a 1 ½% 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, furniture 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 repair 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.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-25 years
Intangibles	3-20 years
Furniture and equipment	3-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in 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.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

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 Equity – In the governmental fund financial statements fund balances are classified as follows:

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

Unassigned – All amounts not included in the preceding classifications.

#### 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 did not exceed the amounts budgeted.

## 2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks 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.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3 as amended by Statement No. 40.

### 3. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	10,000	-	-	10,000
Capital assets being depreciated:				
Buildings	4,886,645	32,000	-	4,918,645
Improvements other than buildings	107,912	-	-	107,912
Furniture and equipment	495,203	323,515	15,000	803,718
Total capital assets being deprec.	<u>5,489,760</u>	<u>355,515</u>	<u>15,000</u>	<u>5,830,275</u>
Less accumulated depreciation for:				
Buildings	1,819,869	98,142	-	1,918,011
Improvements other than buildings	41,226	5,349	-	46,575
Furniture and equipment	378,441	152,770	15,000	516,211
Total accumulated depreciation	<u>2,239,536</u>	<u>256,261</u>	<u>15,000</u>	<u>2,480,797</u>
Total capital assets being depreciated, net	<u>3,250,224</u>	<u>99,254</u>	<u>-</u>	<u>3,349,478</u>
Governmental activities capital assets, net	<u><u>3,260,224</u></u>	<u><u>99,254</u></u>	<u><u>-</u></u>	<u><u>3,359,478</u></u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Business type activities:</b>				
Furniture and equipment	175,149	3,974	(795)	179,918
Less accumulated depreciation	<u>130,487</u>	<u>6,676</u>	<u>(252)</u>	<u>137,415</u>
Business type activities capital assets, net	<u><u>44,662</u></u>	<u><u>(2,702)</u></u>	<u><u>(543)</u></u>	<u><u>42,503</u></u>

Depreciation expense was charged to the following functions:

	\$
Instruction:	
Regular instruction	102,074
Support services:	
Administration	3,698
Operation and maintenance	1,348
Transportation	45,650
	<u>152,770</u>
Unallocated depreciation	<u>103,491</u>
Total depreciation expense – governmental activities	<u><u>256,261</u></u>

Business type activities:  
Food services

6,676

#### 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	1,415,000	1,280,000	1,415,000	1,280,000	190,000
Termination benefits	18,300	54,900	18,300	54,900	54,900
Net OPEB liability	<u>259,175</u>	<u>95,825</u>	<u>-</u>	<u>355,000</u>	<u>-</u>
Total	<u>1,692,475</u>	<u>1,430,725</u>	<u>1,433,300</u>	<u>1,689,900</u>	<u>244,900</u>
Business type activities:					
Net OPEB liability	<u>8,099</u>	<u>-</u>	<u>8,099</u>	<u>-</u>	<u>-</u>

#### Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits will be paid in the next year.

At June 30, 2013, the District has an obligation to three participants with a total liability of \$54,900. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$18,300.

#### General Obligation Bonds Payable

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

Year Ended June 30,	Refunding Bond Issue of May 2013			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2014	0.40	190,000	10,836	200,836
2015	0.55	195,000	9,243	204,243
2016	0.60	195,000	8,170	203,170
2017	0.75	200,000	7,000	207,000
2018	1.00	200,000	5,500	205,500
2019-2020	1.10-1.30	<u>300,000</u>	<u>4,800</u>	<u>304,800</u>
		<u>1,280,000</u>	<u>45,549</u>	<u>1,325,549</u>

#### Bond Refunding

On May 1, 2013, the District issued \$1,280,000 of general obligation refunding bonds with interest rates ranging between 0.4% and 1.3%. The District issued the bonds to refund \$1,415,000 of the outstanding November, 2005 general obligation refunding bonds with interest rates of 3.7% to 4.1%. The District used the net proceeds to call and pay the balance of the 2005 issue.

The refunding reduced total debt service payments over the next seven years by \$132,846. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$127,764.

## 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 contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$181,927, \$162,852 and \$133,588 respectively, equal to the required contributions for each year.

## 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 36 active members covered by the District's health plan, 15 active members who have waived coverage, and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Mercer. 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	119,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	<u>10,000</u>
Annual OPEB cost	121,000
Contributions made	<u>33,274</u>
Increase in net OPEB obligation	87,726
Net OPEB obligation beginning of year	<u>267,274</u>
Net OPEB obligation end of year	<u><u>355,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. 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 \$33,274 to the medical plan. Plan members eligible for benefits contributed \$26,559, or 100% 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:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u> %	<u>Net OPEB Obligation</u> \$
2010	125,000	25.6%	93,000
2011	125,637	28.9%	183,637
2012	125,637	33.4%	267,274
2013	121,000	27.5%	355,000

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 \$1,110,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,110,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,533,000 and the ratio of the UAAL to covered payroll was 72.4%. 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 alternative measurement method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% 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, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

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.

**8. Risk Management**

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

**9. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$118,955 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.

**10. Categorical Funding**

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

<u>Program</u>	<u>Amount</u>
	\$
Dropout prevention	357
At-Risk	2,437
Teacher salary supplement	4,762
Core curriculum	7,590
Educator quality, professional development	10,430
	<u>25,576</u>

REQUIRED SUPPLEMENTARY INFORMATION

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2013

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	2,372,340	102,455	2,474,795	2,435,417	2,435,417	39,378
State sources	1,562,783	1,799	1,564,582	1,794,517	1,794,517	(229,935)
Federal sources	88,178	69,712	157,890	240,836	240,836	(82,946)
Total revenues	<u>4,023,301</u>	<u>173,966</u>	<u>4,197,267</u>	<u>4,470,770</u>	<u>4,470,770</u>	<u>(273,503)</u>
Expenditures/Expenses:						
Instruction	2,757,101	-	2,757,101	3,770,300	3,770,300	1,013,199
Support services	1,475,861	-	1,475,861	2,111,500	2,111,500	635,639
Non-instructional programs	-	199,234	199,234	575,000	575,000	375,766
Other expenditures	1,737,682	-	1,737,682	453,506	1,860,000	122,318
Total expenditures/expenses	<u>5,970,644</u>	<u>199,234</u>	<u>6,169,878</u>	<u>6,910,306</u>	<u>8,316,800</u>	<u>2,146,922</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,947,343)	(25,268)	(1,972,611)	(2,439,536)	(3,846,030)	1,873,419
Other financing sources (uses) net	<u>1,283,000</u>	<u>-</u>	<u>1,283,000</u>	<u>(164,000)</u>	<u>(164,000)</u>	<u>1,447,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(664,343)	(25,268)	(689,611)	(2,603,536)	(4,010,030)	3,320,419
Balance beginning of year	<u>4,198,480</u>	<u>44,622</u>	<u>4,243,102</u>	<u>3,259,708</u>	<u>3,259,708</u>	<u>983,394</u>
Balance end of year	<u><u>3,534,137</u></u>	<u><u>19,354</u></u>	<u><u>3,553,491</u></u>	<u><u>656,172</u></u>	<u><u>(750,322)</u></u>	<u><u>4,303,813</u></u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2013

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

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

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

During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted .

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a ) \$	Actuarial Accrued Liability (AAL) ( b ) \$	Unfunded AAL (UAAL) ( b-a ) \$	Funded Ratio ( a/b ) %	Covered Payroll ( c ) \$	UAAL as a Percentage of Covered Payroll ( (b-a)/c ) %
2010	July 1, 2009	-	1,127,000	1,127,000	0.0%	1,140,000	98.9%
2011	July 1, 2009	-	1,127,000	1,127,000	0.0%	1,310,000	86.0%
2012	July 1, 2009	-	1,127,000	1,127,000	0.0%	1,425,000	79.1%
2013	July 1, 2012	-	1,110,000	1,110,000	0.0%	1,533,000	72.4%

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

SUPPLEMENTARY INFORMATION

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2013

<b>Assets</b>	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	
	\$	\$	\$
Cash, cash equivalents and pooled investments	122,670	70,662	193,332
Receivables:			
Property tax:			
Delinquent	361	-	361
Succeeding year	40,000	-	40,000
	<u>163,031</u>	<u>70,662</u>	<u>233,693</u>
<b>Total assets</b>	<b><u>163,031</u></b>	<b><u>70,662</u></b>	<b><u>233,693</u></b>
<b>Liabilities &amp; Fund Balances</b>			
Liabilities:			
Accounts payable	-	2,642	2,642
Deferred revenue:			
Succeeding year property tax	40,000	-	40,000
Total liabilities	<u>40,000</u>	<u>2,642</u>	<u>42,642</u>
Fund balances:			
Restricted for:			
Management levy	123,031	-	123,031
Student activities	-	68,020	68,020
Total fund balances	<u>123,031</u>	<u>68,020</u>	<u>191,051</u>
<b>Total liabilities and fund balances</b>	<b><u>163,031</u></b>	<b><u>70,662</u></b>	<b><u>233,693</u></b>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2013

	Special Revenue Funds		Total
	Management Levy	Student Activity	
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	54,812	-	54,812
Other	1,292	116,554	117,846
State sources	22	-	22
Total revenues	<u>56,126</u>	<u>116,554</u>	<u>172,680</u>
Expenditures:			
Current:			
Instruction:			
Regular	19,700	-	19,700
Other	-	117,406	117,406
Support services:			
Operation and maintenance of plant	43,895	-	43,895
Total expenditures	<u>63,595</u>	<u>117,406</u>	<u>181,001</u>
Change in fund balance	(7,469)	(852)	(8,321)
Fund balances beginning of year	<u>130,500</u>	<u>68,872</u>	<u>199,372</u>
Fund balances end of year	<u><u>123,031</u></u>	<u><u>68,020</u></u>	<u><u>191,051</u></u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Capital Project Accounts

June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>	\$	\$	\$
Cash and pooled investments	336,828	16,038	352,866
Receivables:			
Property tax:			
Delinquent	-	272	272
Succeeding year	-	43,059	43,059
Due from other governments	44,656	-	44,656
	<u>381,484</u>	<u>59,369</u>	<u>440,853</u>
<b>Total assets</b>			
	<u>381,484</u>	<u>59,369</u>	<u>440,853</u>
<b>Liabilities &amp; Fund Balances</b>			
Liabilities:			
Accounts payable	23,269	3,331	26,600
Deferred revenue:			
Succeeding year property tax	-	43,059	43,059
Total liabilities	<u>23,269</u>	<u>46,390</u>	<u>69,659</u>
Fund balances:			
Restricted for:			
School infrastructure	358,215	-	358,215
Physical plant and equipment	-	12,979	12,979
Total fund balances	<u>358,215</u>	<u>12,979</u>	<u>371,194</u>
<b>Total liabilities and fund balances</b>	<u>381,484</u>	<u>59,369</u>	<u>440,853</u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor 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	282,610	41,587	324,197
Other	3,735	2,280	6,015
State sources	-	17	17
Total revenues	<u>286,345</u>	<u>43,884</u>	<u>330,229</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	383,394	47,970	431,364
Other expenditures:			
Facilities acquisition	102,485	21,946	124,431
Total expenditures	<u>485,879</u>	<u>69,916</u>	<u>555,795</u>
Change in fund balance	(199,534)	(26,032)	(225,566)
Fund balances beginning of year	<u>557,749</u>	<u>39,011</u>	<u>596,760</u>
Fund balance end of year	<u><u>358,215</u></u>	<u><u>12,979</u></u>	<u><u>371,194</u></u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

Account	Balance	Revenues	Expenditures	Intra-Fund Transfers	Balance
	Beginning of Year				End of Year
	\$	\$	\$	\$	\$
Officials	(928)	-	130	-	(1,058)
Drama	131	860	448	-	543
Speech	(929)	-	822	822	(929)
Vocal	115	300	172	-	243
Instrumental	1,520	6,995	3,611	-	4,904
Boys high school basketball	2,262	4,777	3,696	(2,000)	1,343
Junior high basketball	(2,120)	-	1,320	1,320	(2,120)
High school football	12,074	19,894	18,236	(2,113)	11,619
Junior high football	(930)	-	355	985	(300)
Baseball	(5,665)	913	4,944	1,471	(8,225)
Boys high school track	(923)	28	1,019	1,092	(822)
Girls high school basketball	2,666	3,020	2,386	(1,800)	1,500
Cheerleading	1,055	2,361	2,405	-	1,011
Dance team	434	700	1,112	-	22
Volleyball	74	2,445	2,176	(1,200)	(857)
Junior high volleyball	(780)	-	320	320	(780)
Softball	(3,073)	955	4,520	3,277	(3,361)
Girls high school track	(752)	-	711	774	(689)
Junior high track	(473)	-	1,189	1,129	(533)
Student services	1,032	816	2,407	1,484	925
Towels & padlocks	1,910	748	297	(450)	1,911
Fund raiser	114	1,169	1,136	-	147
Resale	1,197	1,056	770	-	1,483
Activities resale	1,846	9,124	11,878	-	(908)
Activity tickets	18,387	6,050	-	(6,050)	18,387
Class of 2009	75	-	-	-	75
Class of 2010	435	-	-	-	435
Class of 2011	18	-	-	-	18
Class of 2012	210	-	-	-	210
Class of 2013	2,067	279	1,702	-	644
Class of 2014	2,468	3,884	3,606	-	2,746
Class of 2015	749	2,957	1,265	-	2,441
Class of 2016	614	-	-	-	614
FFA	8,126	28,148	27,274	-	9,000
FHA	1,441	32	-	-	1,473
Golf	(1,866)	32	939	939	(1,834)
Interest	(2,627)	444	1,480	-	(3,663)
Science club	398	8,690	6,141	-	2,947
Spanish club	2,910	894	1,089	-	2,715

See accompanying independent auditor's report.

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2012

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra-Fund Transfers</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$	\$
Art club	57	-	6	-	51
Student council	2,486	1,360	1,755	-	2,091
Yearbook	16,407	7,553	6,089	-	17,871
Glidden school newspaper	71	70	-	-	141
Undesignated	6,589	-	-	-	6,589
Accruals beginning of year					
Totals	<u>68,872</u>	<u>116,554</u>	<u>117,406</u>	<u>-</u>	<u>68,020</u>

## GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	1,766,198	1,770,443	1,650,245	1,543,282	1,662,973	1,427,211	1,455,241	1,293,991	1,322,892	1,492,713
Tuition	386,069	287,090	291,067	267,262	289,657	250,925	210,555	190,555	167,328	120,103
Other	220,073	337,752	275,439	332,069	311,201	309,670	236,498	300,778	192,146	213,455
State sources	1,562,783	1,661,774	1,607,956	1,479,943	1,826,112	1,876,970	1,694,426	1,576,713	1,589,601	1,385,722
Federal sources	88,178	144,355	199,075	355,247	141,917	141,766	125,152	309,604	146,316	186,944
Total revenues	<u>4,023,301</u>	<u>4,201,414</u>	<u>4,023,782</u>	<u>3,977,803</u>	<u>4,231,860</u>	<u>4,006,542</u>	<u>3,721,872</u>	<u>3,671,641</u>	<u>3,418,283</u>	<u>3,398,937</u>
Expenditures:										
Instruction:										
Regular	1,962,380	1,535,821	1,431,274	1,468,617	1,416,188	1,471,511	1,363,502	1,080,908	1,354,536	1,318,801
Special	295,057	234,639	268,291	261,329	265,548	202,786	258,081	225,238	250,374	249,298
Other	499,664	466,659	393,474	416,495	449,658	439,349	434,083	433,517	346,666	393,174
Support services:										
Student	177,740	168,723	175,254	139,914	154,582	128,839	127,748	163,758	140,147	142,473
Instructional staff	86,300	85,974	150,157	214,362	195,013	143,006	162,873	222,871	65,348	62,310
Administration	366,117	337,217	312,127	315,866	304,656	299,061	265,158	268,196	293,552	258,168
Operation and maintenance	735,052	330,526	296,430	274,744	268,289	285,027	301,348	271,928	191,399	194,765
Transportation	110,652	84,845	110,159	100,459	128,023	98,903	164,648	110,003	96,621	79,725
Other expenditures:										
Facilities acquisition	124,431	131,639	102,424	149,503	70,342	80,939	197,596	97,977	41,733	24,576
Long-term debt:										
Principal	1,415,000	160,000	150,000	120,000	140,000	135,000	130,000	195,000	110,000	105,000
Interest and other charges	79,296	61,480	66,680	71,175	75,614	79,291	82,465	145,680	104,665	108,812
AEA flowthrough	118,955	119,778	135,075	134,385	126,171	124,474	114,464	106,775	107,439	107,798
Total expenditures	<u>5,970,644</u>	<u>3,717,301</u>	<u>3,591,345</u>	<u>3,666,849</u>	<u>3,594,084</u>	<u>3,488,186</u>	<u>3,601,966</u>	<u>3,321,851</u>	<u>3,102,480</u>	<u>3,044,900</u>

See accompanying independent auditor's report.

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384  
Clarion, IA 50525-0384  
(515)532-6681 Phone  
(515) 532-2405 Fax  
[BETCO@mchsi.com](mailto:BETCO@mchsi.com) E-mail

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  
Glidden-Ralston Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Glidden-Ralston Community School District and 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 31, 2014.

Internal Control Over Financial Reporting

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

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

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

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

### Compliance and Other Matters

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

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.

### Glidden-Ralston Community School District's Responses to Findings

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

### Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Glidden-Ralston 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

March 31, 2014

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

13-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, payroll processing, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

13-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part I: Findings Related to the Financial Statements (continued):

13-I-C      Signature Stamp: We noted that a stamp bearing the signatures of the Board President and Board Secretary is used to sign checks. The Board Secretary prints the checks and uses the stamp to sign the checks.

Recommendation: This practice negates the control established by requiring two signatures on the checks. The board secretary should not have access to or use a stamp with the Board President's signature.

District Response: We will discuss methods to limit access to the stamp.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

- 13-II-A Certified Budget: Expenditures for the year ended June 30, 2013 did not exceed the certified budget amount.
- 13-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 13-II-C Travel Expenses: 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.
- 13-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Butch Gregory, board member, contractor	repairs	\$499

The transaction does not appear to represent a conflict of interest since the dollar amount was less than \$2,500.

- 13-II-E 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.
- 13-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 13-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 13-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 13-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 13-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education by the due date.
- 13-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 13-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting (continued):

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the following information includes the amounts 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	\$	\$
		557,749
Revenues/transfers in:		
Statewide sales, services and use tax revenue	282,610	
Other local revenues	<u>3,735</u>	286,345
Expenditures/transfers out:		
School infrastructure construction	102,485	
Operation and maintenance	<u>383,394</u>	<u>485,879</u>
Ending balance		<u>358,215</u>

For the year ended June 30, 2013, the District reduced the following levies as a result of the moneys received under Chapter 423E of 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
	<u>\$</u>	<u>\$</u>
Debt Service Levy	1.53454	180,000

13-II-M Fund Deficits: We noted several accounts in the Student Activity Fund with deficit balances and the Debt Service Fund had a deficit balance at June 30, 2013.

Recommendation: The District should seek ways to eliminate the deficits.

District Response: We are trying to reduce those accounts with deficit balances.

Conclusion: Response accepted.