

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

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# Guthrie Center Community School District

## Officials

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

**GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT**

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
**(A Professional Corporation)**  
117 West 3rd Street North, Newton, Iowa 50208-3040  
Telephone (641) 792-1910

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Education of the Guthrie Center Community School District:**

**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 Guthrie Center Community School District, Guthrie Center, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Guthrie Center 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 7 through 16 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Guthrie Center Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. Audits of States, Local Governments, and Non-Profit Organizations 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 January 29, 2014 on our consideration of Guthrie Center Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Guthrie Center Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

January 29, 2014  
Newton, Iowa

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Guthrie Center Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2013 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$5,617,313 in fiscal 2012 to \$5,193,933 in fiscal 2013, while General Fund expenditures decreased from \$5,135,051 in fiscal 2012 to \$5,127,415 in fiscal 2012. The District's General Fund balance increased from \$1,740,491 at the end of fiscal year 2012 to \$1,807,009 at the end of fiscal year 2013, a 3.82% increase.
- The fiscal year 2013 General Fund revenue decrease was attributable to decreases in state source and local tax revenue. The decrease in expenditures was due primarily to the decrease in the instructional functional areas.

### **USING THIS ANNUAL REPORT**

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Guthrie Center Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Guthrie Center Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Guthrie Center Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

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

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

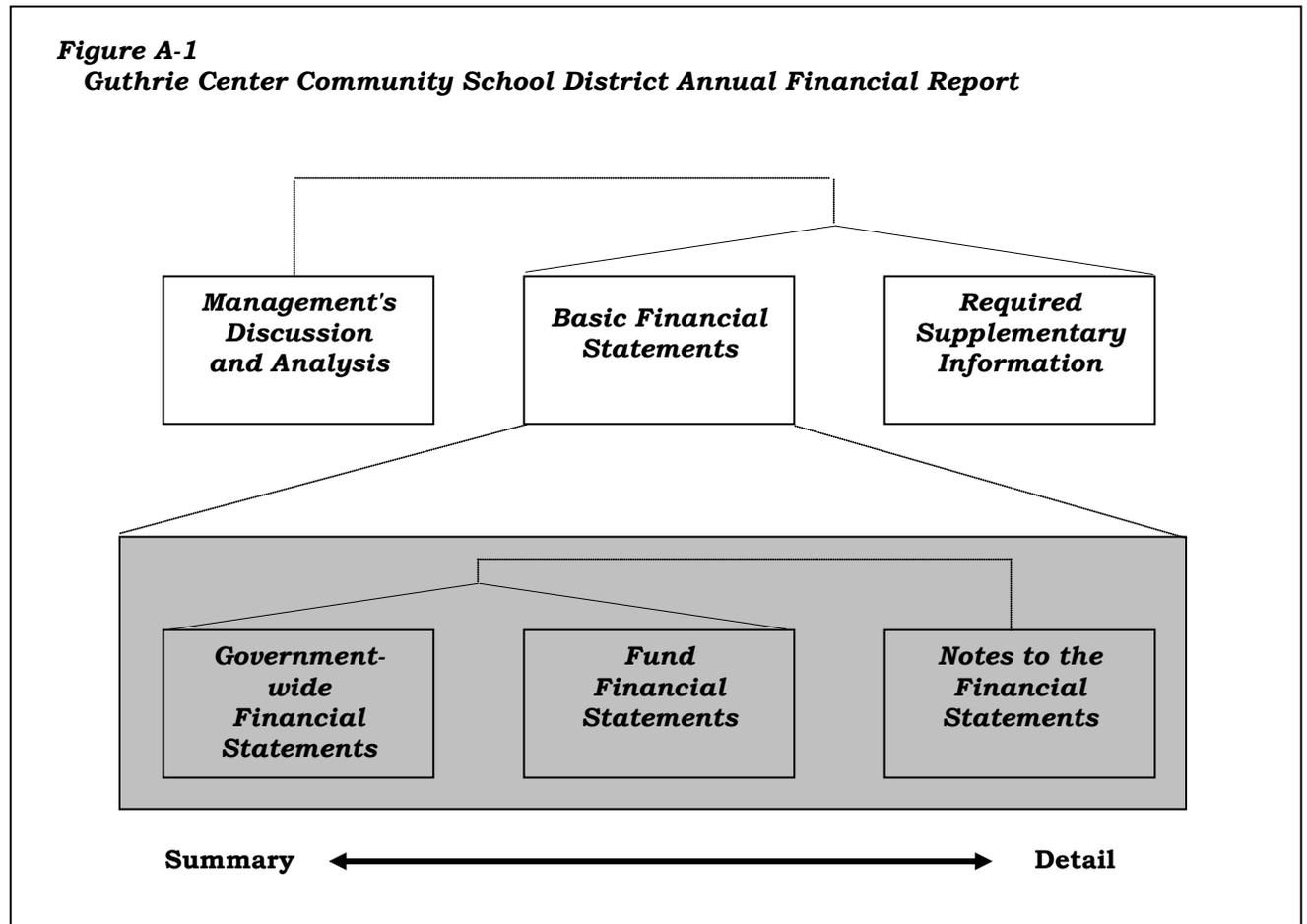


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides 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.

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 5,775,267	5,773,216	48,985	28,679	5,824,252	5,801,895	0.39%
Capital assets	6,261,644	6,496,708	44,956	48,566	6,306,600	6,545,274	-3.65%
Total assets	12,036,911	12,269,924	93,941	77,245	12,130,852	12,347,169	-1.75%
Long-term obligations	3,799,909	3,977,915	-	-	3,799,909	3,977,915	-4.47%
Other liabilities	2,421,491	2,891,032	16,694	14,546	2,438,185	2,905,578	-16.09%
Total liabilities	6,221,400	6,868,947	16,694	14,546	6,238,094	6,883,493	-9.38%
Net position:							
Invested in capital assets, net of related debt	2,551,644	2,586,708	44,956	48,566	2,596,600	2,635,274	-1.47%
Restricted	1,517,303	1,161,355	-	-	1,517,303	1,161,355	30.65%
Unrestricted	1,746,564	1,652,914	32,291	14,133	1,778,855	1,667,047	6.71%
Total net position	\$ 5,815,511	5,400,977	77,247	62,699	5,892,758	5,463,676	7.85%

The District's combined net position increased by 7.85%, or approximately \$429,082, 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 represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$355,948 or 30.65% over the prior year. The increase in restricted net position is mainly attributable to the increase in the Capital Projects accounts and Management Levy Fund balances.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$111,808, or 6.71%. The increase in unrestricted net position was due primarily to the increase in the ending General Fund balance.

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

Figure A-4 Changes of Net Position							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for services	\$ 891,746	750,187	149,458	116,260	1,041,204	866,447	20.17%
Operating grants and contributions and restricted interest	506,821	480,662	149,171	151,064	655,992	631,726	3.84%
Capital grants and contributions and restricted interest	54,809	12,204	-	23,493	54,809	35,697	53.54%
General revenues:							
Property tax	2,139,193	2,394,652	-	-	2,139,193	2,394,652	-10.67%
Income surtax	147,411	130,361	-	-	147,411	130,361	13.08%
Statewide sales, services and use tax	399,287	372,931	-	-	399,287	372,931	7.07%
Unrestricted state grants	2,342,842	2,479,824	-	-	2,342,842	2,479,824	-5.52%
Nonspecific program federal grants	-	35,391	-	-	-	35,391	-100.00%
Unrestricted investment earnings	4,362	10,666	1	3	4,363	10,669	-59.11%
Other	8,709	25,762	-	-	8,709	25,762	-66.19%
Total revenues	6,495,180	6,692,640	298,630	290,820	6,793,810	6,983,460	-2.72%
Program expenses:							
Governmental activities:							
Instructional	3,603,992	4,078,947	-	-	3,603,992	4,078,947	-11.64%
Support services	1,798,449	1,899,807	5,740	3,818	1,804,189	1,903,625	-5.22%
Non-instructional programs	6,350	6,219	278,342	263,716	284,692	269,935	5.47%
Other expenditures	671,855	680,017	-	-	671,855	680,017	-1.20%
Total expenses	6,080,646	6,664,990	284,082	267,534	6,364,728	6,932,524	-8.19%
Change in net position	414,534	27,650	14,548	23,286	429,082	50,936	742.39%
Net position beginning of year	5,400,977	5,373,327	62,699	39,413	5,463,676	5,412,740	0.94%
Net position end of year	\$ 5,815,511	5,400,977	77,247	62,699	5,892,758	5,463,676	7.85%

In fiscal 2013, property tax and unrestricted state grants accounted for 69.01% of the revenue from governmental activities while charges for services and operating grants and contributions accounted for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$6.79 million of which approximately \$6.50 million was for governmental activities and approximately \$0.29 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 2.72% in revenues and a 8.19% decrease in expenses. The decrease in expenses was related to decreases in expenditures in the support services and other expenditures functional areas.

### Governmental Activities

Revenues for governmental activities were \$6,495,180 and expenses were \$6,080,646.

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

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 3,603,992	4,078,947	-11.64%	2,449,830	3,093,675	-20.81%
Support services	1,798,449	1,899,807	-5.34%	1,683,928	1,828,238	-7.89%
Non-instructional	6,350	6,219	2.11%	6,350	6,219	2.11%
Other expenses	671,855	680,017	-1.20%	487,162	493,805	-1.35%
Totals	<u>\$ 6,080,646</u>	<u>6,664,990</u>	<u>-8.77%</u>	<u>4,627,270</u>	<u>5,421,937</u>	<u>-14.66%</u>

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$891,746.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$561,630.
- The net cost of governmental activities was financed with \$2,139,193 in property tax, \$147,411 in income surtax, \$399,287 in statewide sales, services and use tax, \$2,342,842 in unrestricted state grants, \$4,362 in interest income and \$8,709 in other general revenues.

### Business type Activities

Revenues of the District's business type activities were \$298,630 and expenses were \$284,082. 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.

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## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,301,226, above last year's ending fund balance of \$2,836,723.

### **Governmental Fund Highlights**

- The District's General Fund balance increased from \$1,740,491 at June 30, 2012 to \$1,807,009 at June 30, 2013. The fluctuation in the District's General Fund financial position is the product of many factors. Decreases in state source and local tax revenues led to a decrease in revenues. The decrease in expenditures was due to the decrease in instruction functional areas.
- The Capital Projects accounts balance increased from \$492,855 in fiscal 2012 to \$680,210 in fiscal 2013. The increase was due primarily to the increase in local tax revenue and the decrease in the instructional staff function area expenditures.

### **Proprietary Fund Highlights**

- The School Nutrition Fund net position increased from \$62,699 at June 30, 2012 to \$77,247 at June 30, 2013, representing an increase of 23.20%.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$45,820 more than budgeted revenues, a variance of 0.68%. The most significant variance resulted from the District receiving more in local source revenues than originally anticipated.

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

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

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2013, the District had invested \$6,306,600, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$436,903.

The original cost of the District's capital assets was \$11,293,520. Governmental funds account for \$11,184,651 with the remaining of \$108,869 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$286,152 at June 30, 2012, compared to \$315,138 reported at June 30, 2013. The increase was a result of asset purchases including a new school bus, a new Chevy van, new phone systems, high school gym pads, a stage curtain, and two new computers capitalized during fiscal 2013.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	2012-13
Land	\$ 49,800	49,800	-	-	49,800	49,800	0.00%
Buildings	4,971,648	5,175,419	-	-	4,971,648	5,175,419	-3.94%
Land improvements	970,014	1,033,903	-	-	970,014	1,033,903	-6.18%
Machinery and equipment	270,182	237,586	44,956	48,566	315,138	286,152	10.13%
Total	\$ 6,261,644	6,496,708	44,956	48,566	6,306,600	6,545,274	-3.65%

### Long-Term Debt

At June 30, 2013, the District had \$3,799,909 in long-term debt outstanding. This represents a decrease of 4.47% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had outstanding revenue bonds payable of \$3,710,000 at June 30, 2013.

The District had a net OPEB liability of \$89,909 as of June 30, 2013.

	Total School District		Total Change
	June 30, 2013	June 30, 2012	2012-13
General obligation bonds	\$ -	100,000	-100.00%
Revenue bonds	3,710,000	3,810,000	-2.62%
Net OPEB liability	89,909	67,915	32.38%
Total	\$ 3,799,909	3,977,915	-4.47%

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- A decrease in student enrollment will have a negative impact on the District.
- The Affordable Health Care Act will have a negative impact causing a forced increase in benefit costs.
- The required contribution to IPERS for the District will increase from 8.67% to 8.98% for Fiscal 2014.

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## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joni Rees, District Secretary/Treasurer and Business Manager, Guthrie Center Community School District, 906 School Street, Guthrie Center, Iowa, 50115.

BASIC FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities	Business type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 3,459,754	44,009	3,503,763
Receivables:			
Property tax:			
Delinquent	36,090	-	36,090
Succeeding year	1,683,425	-	1,683,425
Income surtax	127,463	-	127,463
Accounts	555	-	555
Due from other governments	423,174	-	423,174
Prepaid expenses	44,806	-	44,806
Inventories	-	4,976	4,976
Capital assets, net of accumulated depreciation	6,261,644	44,956	6,306,600
<b>TOTAL ASSETS</b>	<b>12,036,911</b>	<b>93,941</b>	<b>12,130,852</b>
<b>LIABILITIES</b>			
Accounts payable	98,408	-	98,408
Salaries and benefits payable	564,745	13,638	578,383
Interest payable	74,913	-	74,913
Deferred revenue:			
Succeeding year property tax	1,683,425	-	1,683,425
Other	-	-	-
Unearned revenue	-	3,056	3,056
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	100,000	-	100,000
Portion due after one year:			
Revenue bonds payable	3,610,000	-	3,610,000
Net OPEB liability	89,909	-	89,909
<b>TOTAL LIABILITIES</b>	<b>6,221,400</b>	<b>16,694</b>	<b>6,238,094</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,551,644	44,956	2,596,600
Restricted for:			
Categorical funding	142,805	-	142,805
Management levy purposes	261,743	-	261,743
Student activities	25,183	-	25,183
School infrastructure	384,512	-	384,512
Physical plant and equipment levy	250,892	-	250,892
Debt service	452,168	-	452,168
Unrestricted	1,746,564	32,291	1,778,855
<b>TOTAL NET POSITION</b>	<b>\$ 5,815,511</b>	<b>77,247</b>	<b>5,892,758</b>

SEE NOTES TO FINANCIAL STATEMENTS

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Operating Grants,	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Services	Contributions and Restricted Interest	Contributions and Restricted Interest			
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 1,995,460	436,418	103,798	-	(1,455,244)	-	(1,455,244)
Special	700,790	118,096	24,788	-	(557,906)	-	(557,906)
Other	907,742	277,520	193,542	-	(436,680)	-	(436,680)
	<u>3,603,992</u>	<u>832,034</u>	<u>322,128</u>	<u>-</u>	<u>(2,449,830)</u>	<u>-</u>	<u>(2,449,830)</u>
Support services:							
Student	114,134	-	-	-	(114,134)	-	(114,134)
Instructional staff	291,709	-	-	-	(291,709)	-	(291,709)
Administration	570,670	59,582	-	-	(511,088)	-	(511,088)
Operation and maintenance of plant	594,005	-	-	54,809	(539,196)	-	(539,196)
Transportation	227,931	130	-	-	(227,801)	-	(227,801)
	<u>1,798,449</u>	<u>59,712</u>	<u>-</u>	<u>54,809</u>	<u>(1,683,928)</u>	<u>-</u>	<u>(1,683,928)</u>
Non-instructional programs:							
Food service operations	6,350	-	-	-	(6,350)	-	(6,350)
Long-term debt interest							
	153,825	-	-	-	(153,825)	-	(153,825)
Other expenditures:							
AEA flowthrough	184,693	-	184,693	-	-	-	-
Depreciation(unallocated)*	333,337	-	-	-	(333,337)	-	(333,337)
	<u>518,030</u>	<u>-</u>	<u>184,693</u>	<u>-</u>	<u>(333,337)</u>	<u>-</u>	<u>(333,337)</u>
Total governmental activities	<u>6,080,646</u>	<u>891,746</u>	<u>506,821</u>	<u>54,809</u>	<u>(4,627,270)</u>	<u>-</u>	<u>(4,627,270)</u>
Business type activities:							
Support services:							
Administration	2,369	-	-	-	-	(2,369)	(2,369)
Operation and maintenance of plant	3,371	-	-	-	-	(3,371)	(3,371)
Non-instructional programs:							
Nutrition services	278,342	149,458	149,171	-	-	20,287	20,287
Total business type activities	<u>284,082</u>	<u>149,458</u>	<u>149,171</u>	<u>-</u>	<u>-</u>	<u>14,547</u>	<u>14,547</u>
Total	\$ <u>6,364,728</u>	<u>1,041,204</u>	<u>655,992</u>	<u>54,809</u>	<u>(4,627,270)</u>	<u>14,547</u>	<u>(4,612,723)</u>
<b>General Revenues and Transfers:</b>							
Property tax for:							
General purposes				\$ 1,798,973	-		1,798,973
Capital outlay				234,933	-		234,933
Debt service				105,287	-		105,287
Income surtax				147,411	-		147,411
Statewide sales, services and use tax				399,287	-		399,287
Unrestricted state grants				2,342,842	-		2,342,842
Unrestricted investment earnings				4,362	1		4,363
Other				8,709	-		8,709
Total general revenues				<u>5,041,804</u>	<u>1</u>		<u>5,041,805</u>
Change in net position				414,534	14,548		429,082
Net position beginning of year				5,400,977	62,699		5,463,676
Net position end of year				<u>\$ 5,815,511</u>	<u>77,247</u>		<u>5,892,758</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General	Capital Projects	Nonmajor Funds	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 2,179,779	472,802	807,173	3,459,754
Receivables:				
Property tax:				
Delinquent	25,308	3,948	6,834	36,090
Succeeding year	1,440,815	242,610	-	1,683,425
Income surtax	127,463	-	-	127,463
Accounts	555	-	-	555
Due from other governments	264,520	158,654	-	423,174
Prepaid expenses	-	44,806	-	44,806
<b>TOTAL ASSETS</b>	<b>\$ 4,038,440</b>	<b>922,820</b>	<b>814,007</b>	<b>5,775,267</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 98,408	-	-	98,408
Salaries and benefits payable	564,745	-	-	564,745
Deferred revenue:				
Succeeding year property tax	1,440,815	242,610	-	1,683,425
Income surtax	127,463	-	-	127,463
Total liabilities	<b>2,231,431</b>	<b>242,610</b>	<b>-</b>	<b>2,474,041</b>
Fund balances:				
Nonspendable	-	44,806	-	44,806
Restricted for:				
Categorical funding	142,805	-	-	142,805
Management levy purposes	-	-	261,743	261,743
Student activities	-	-	25,183	25,183
School infrastructure	-	384,512	-	384,512
Physical plant and equipment	-	250,892	-	250,892
Debt service	-	-	527,081	527,081
Unassigned	1,664,204	-	-	1,664,204
Total fund balances	<b>1,807,009</b>	<b>680,210</b>	<b>814,007</b>	<b>3,301,226</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,038,440</b>	<b>922,820</b>	<b>814,007</b>	<b>5,775,267</b>

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER 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 (page 20)</b>	\$ 3,301,226
 <b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	6,261,644
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	127,463
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.	(74,913)
Long-term liabilities, such as bonds payable and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,799,909)</u>
<b>Net position of governmental activities (page 18)</b>	<u><u>\$ 5,815,511</u></u>

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

	General	Capital Projects	Nonmajor Funds	Total
<b>REVENUES:</b>				
Local sources:				
Local tax	\$ 1,641,632	634,220	405,250	2,681,102
Tuition	531,091	-	-	531,091
Other	168,195	53,267	209,922	431,384
State sources	2,675,923	2,330	206	2,678,459
Federal sources	168,355	-	-	168,355
Total revenues	<u>5,185,196</u>	<u>689,817</u>	<u>615,378</u>	<u>6,490,391</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	1,973,325	-	11,577	1,984,902
Special	698,231	-	-	698,231
Other	662,510	-	222,672	885,182
	<u>3,334,066</u>	<u>-</u>	<u>234,249</u>	<u>3,568,315</u>
Support services:				
Student	110,282	-	215	110,497
Instructional staff	254,309	24,607	-	278,916
Administration	566,053	6,774	5,647	578,474
Operation and maintenance of plant	512,638	2,100	41,743	556,481
Transportation	165,374	105,520	11,571	282,465
	<u>1,608,656</u>	<u>139,001</u>	<u>59,176</u>	<u>1,806,833</u>
Non-instructional programs:				
Food service operations	-	-	6,350	6,350
Capital outlay	-	112,309	-	112,309
Long-term debt:				
Principal	-	-	200,000	200,000
Interest and fiscal charges	-	-	156,125	156,125
	<u>-</u>	<u>-</u>	<u>356,125</u>	<u>356,125</u>
Other expenditures:				
AEA flowthrough	184,693	-	-	184,693
Total expenditures	<u>5,127,415</u>	<u>251,310</u>	<u>655,900</u>	<u>6,034,625</u>
Excess (Deficiency) of revenues over (under) expenditures	57,781	438,507	(40,522)	455,766
Other financing sources (uses):				
Transfer in	-	-	251,152	251,152
Transfer out	-	(251,152)	-	(251,152)
Sale of equipment	8,737	-	-	8,737
Total other financing sources (uses)	<u>8,737</u>	<u>(251,152)</u>	<u>251,152</u>	<u>8,737</u>
Change in fund balances	66,518	187,355	210,630	464,503
Fund balance beginning of year	<u>1,740,491</u>	<u>492,855</u>	<u>603,377</u>	<u>2,836,723</u>
Fund balance end of year	<u>\$ 1,807,009</u>	<u>680,210</u>	<u>814,007</u>	<u>3,301,226</u>

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2013

**Change in fund balances - total governmental funds (page 22)** \$ 464,503

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

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

Expenditures for capital assets	\$ 198,229	
Depreciation expense	<u>(433,293)</u>	(235,064)

Repayment of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows: 200,000

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. 2,300

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 4,789

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:

Other postemployment benefits	<u>(21,994)</u>	
-------------------------------	-----------------	--

**Change in net position of governmental activities (page 19)** \$ 414,534

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

	<u>School Nutrition</u>
<b>ASSETS</b>	
Cash and pooled investments	\$ 44,009
Inventories	4,976
Capital assets, net of accumulated depreciation	44,956
<b>TOTAL ASSETS</b>	<u>93,941</u>
<b>LIABILITIES</b>	
Salaries and benefits payable	13,638
Unearned revenue	3,056
<b>TOTAL LIABILITIES</b>	<u>16,694</u>
<b>NET POSITION</b>	
Invested in capital assets	44,956
Unrestricted	32,291
<b>TOTAL NET POSITION</b>	<u>\$ 77,247</u>

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 149,458
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	265
Supplies	2,104
Operation and maintenance of plant:	
Services	3,371
	5,740
Non-instructional programs:	
Food service operations:	
Salaries	86,553
Benefits	13,780
Services	737
Supplies	172,836
Depreciation	3,610
Other	826
	278,342
TOTAL OPERATING EXPENSES	284,082
OPERATING LOSS	(134,624)
NON-OPERATING REVENUES:	
State sources	2,317
Federal sources	146,854
Interest income	1
TOTAL NON-OPERATING REVENUES	149,172
Change in net position	14,548
Net position beginning of year	62,699
Net position end of year	\$ 77,247

SEE NOTES TO FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 149,957
Cash payments to employees for services	(98,684)
Cash payments to suppliers for goods or services	(160,252)
Net cash used in operating activities	(108,979)
Cash flows from non-capital financing activities:	
State grants received	2,317
Federal grants received	128,537
Net cash provided by non-capital financing activities	130,854
Cash flows from investing activities:	
Interest on investments	1
Net increase in cash and cash equivalents	21,876
Cash and cash equivalents at beginning of year	22,133
Cash and cash equivalents at end of year	\$ 44,009
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (134,624)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	18,317
Depreciation	3,610
Decrease in inventories	1,570
Increase in salaries and benefits payable	1,649
Increase in unearned revenue	499
Net cash used in operating activities	\$ (108,979)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$18,317.

SEE NOTES TO FINANCIAL STATEMENTS

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

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

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**(1) Summary of Significant Accounting Policies**

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

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

**A. Reporting Entity**

For financial reporting purposes, Guthrie Center Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Guthrie Center Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

**B. Basis of Presentation**

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

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

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

*Restricted net 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 that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment and intangibles are reported in the applicable governmental or business type activities columns in the Government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ -
Buildings	10,000
Land improvements	10,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

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

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

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

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

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

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

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

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

Unassigned - All amounts not included in other spendable classifications.

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

#### E. Budgeting and Budgetary Control

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

#### **(2) Cash and Pooled Investments**

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

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

At June 30, 2013 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$54,989 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were both rated AAA by Standard & Poor's Financial Services.

**(3) Interfund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 251,152</u>

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

**(4) Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,800	-	-	49,800
Total capital assets not being depreciated	<u>49,800</u>	<u>-</u>	<u>-</u>	<u>49,800</u>
Capital assets being depreciated:				
Buildings	8,531,267	55,883	-	8,587,150
Land improvements	1,548,187	9,794	-	1,557,981
Machinery and equipment	872,662	132,552	15,494	989,720
Total capital assets being depreciated	<u>10,952,116</u>	<u>198,229</u>	<u>15,494</u>	<u>11,134,851</u>
Less accumulated depreciation for:				
Buildings	3,355,848	259,654	-	3,615,502
Land improvements	514,284	73,683	-	587,967
Machinery and equipment	635,076	99,956	15,494	719,538
Total accumulated depreciation	<u>4,505,208</u>	<u>433,293</u>	<u>15,494</u>	<u>4,923,007</u>
Total capital assets being depreciated, net	<u>6,446,908</u>	<u>(235,064)</u>	<u>-</u>	<u>6,211,844</u>
Governmental activities capital assets, net	<u>\$ 6,496,708</u>	<u>(235,064)</u>	<u>-</u>	<u>6,261,644</u>
Business type activities:				
Machinery and equipment	\$ 108,869	-	-	108,869
Less accumulated depreciation	60,303	3,610	-	63,913
Total	<u>\$ 48,566</u>	<u>(3,610)</u>	<u>-</u>	<u>44,956</u>

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular		\$	7,523
Other			4,584
Support services:			
Student			364
Instructional staff			13,700
Administration			3,073
Operation and maintenance of plant			19,726
Transportation			50,986
			<u>99,956</u>
Unallocated depreciation			<u>333,337</u>
		\$	<u>433,293</u>
Business type activities:			
Food services		\$	<u>3,610</u>

**(5) Long-Term Liabilities**

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

	Balance			Balance	Due
	Beginning	Additions	Deletions	End of	Within
	of Year			Year	One Year
General Obligation Bonds	\$ 100,000	-	100,000	-	-
Revenue Bonds	3,810,000	-	100,000	3,710,000	100,000
Net OPEB Liability	67,915	21,994	-	89,909	-
Total	<u>\$ 3,977,915</u>	<u>21,994</u>	<u>200,000</u>	<u>3,799,909</u>	<u>100,000</u>

Revenue Bonds Payable

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

Year	Bond issue of July 1, 2010				
	Ending	Interest			
June 30,	Rates	Principal	Interest	Total	
2014	3.00	% \$ 100,000	148,325	248,325	
2015	3.00	150,000	144,575	294,575	
2016	3.50	165,000	139,438	304,438	
2017	4.00	170,000	133,150	303,150	
2018	4.00	175,000	126,250	301,250	
2019-2023	4.00	980,000	518,750	1,498,750	
2024-2028	4.00-4.25%	1,200,000	298,731	1,498,731	
2029-2030	4.38	770,000	43,094	813,094	
Total		<u>\$ 3,710,000</u>	<u>1,552,313</u>	<u>5,262,313</u>	

**(6) Pension and Retirement Benefits**

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of the annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$267,848, \$250,344, and \$202,125, respectively, equal to the required contributions for each year.

**(7) Other Postemployment Benefits**

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 35 active members and 1 retired member in the plan.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which result in an implicit rate subsidy and an OPEB liability.

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

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

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

Annual required contribution	\$ 26,435
Interest on net OPEB obligation	1,698
Adjustment to annual required contribution	(4,063)
Annual OPEB cost	<u>24,070</u>
Contributions made	<u>(2,076)</u>
Increase in net OPEB obligation	21,994
Net OPEB obligation beginning of year	<u>67,915</u>
Net OPEB obligation end of year	<u>\$ 89,909</u>

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

For the year ended June 30, 2013, the District contributed \$2,076 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 22,121	0.00%	\$ 43,897
2012	24,018	0.00%	67,915
2013	24,070	8.62%	89,909

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 \$207,977, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$207,977. The covered payroll (annual payroll of active employees covered by the plan) was \$1,519,009, and the ratio of the UAAL to covered payroll was 13.69%. 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 event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2012 actuarial valuation date, the Frozen Entry Age Actuarial Cost Method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

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

**(8) Risk Management**

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2013 were \$344,649.

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

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

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$184,693 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 ending balances for categorical funding by project as of the year ended June 30, 2013 are as follows:

Project	Amount
Dropout and dropout prevention	\$ 31,867
Teacher salary supplement	792
Iowa early intervention	8,452
Statewide voluntary preschool	95,831
Core curriculum	4,056
Professional development	<u>1,807</u>
Total	<u><u>\$ 142,805</u></u>

**(11) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budget appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the support services functional area exceeded the budgeted amounts.

**GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 3,643,577	149,459	3,793,036	3,733,712	3,733,712	59,324
State sources	2,678,459	2,317	2,680,776	2,699,489	2,699,489	(18,713)
Federal sources	168,355	146,854	315,209	310,000	310,000	5,209
Total revenues	<u>6,490,391</u>	<u>298,630</u>	<u>6,789,021</u>	<u>6,743,201</u>	<u>6,743,201</u>	<u>45,820</u>
Expenditures/expenses:						
Instruction	3,568,315	-	3,568,315	4,440,138	4,440,138	871,823
Support services	1,806,833	5,740	1,812,573	1,803,600	1,803,600	(8,973)
Non-instructional programs	6,350	278,342	284,692	315,002	315,002	30,310
Other expenditures	653,127	-	655,127	1,029,708	1,029,708	374,581
Total expenditures/expenses	<u>6,034,625</u>	<u>284,082</u>	<u>6,320,707</u>	<u>7,588,448</u>	<u>7,588,448</u>	<u>1,267,741</u>
Deficiency of revenues under expenditures/expenses	455,766	14,548	468,314	(845,247)	(845,247)	1,313,561
Other financing sources, net	<u>8,737</u>	<u>-</u>	<u>8,737</u>	<u>100,000</u>	<u>100,000</u>	<u>91,263</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures	464,503	14,548	477,051	(745,247)	(745,247)	1,404,824
Balance beginning of year	<u>2,836,723</u>	<u>62,699</u>	<u>2,899,422</u>	<u>2,375,536</u>	<u>2,375,536</u>	<u>523,886</u>
Balance end of year	<u>\$ 3,301,226</u>	<u>77,247</u>	<u>3,376,473</u>	<u>1,630,289</u>	<u>1,630,289</u>	<u>1,928,710</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

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

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

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

During the year ended June 30, 2013, expenditures in the support services functional area exceeded the amounts budgeted.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE  
RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2013

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	\$ -	\$ 191,420	\$ 191,420	0.00%	\$ 1,575,144	12.15%
2011	July 1, 2009	-	187,151	187,151	0.00%	1,321,381	14.16%
2012	July 1, 2009	-	177,449	177,449	0.00%	1,504,066	11.80%
2013	July 1, 2012	-	207,977	207,977	0.00%	1,519,009	13.69%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

Supplementary Information

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

	Special Revenue				
	Management Levy	Student Activity	Total	Debt Service	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 256,679	25,183	281,861	525,312	807,173
Receivables:					
Property tax:					
Delinquent	5,064	-	5,065	1,769	6,834
<b>TOTAL ASSETS</b>	<b>\$ 261,743</b>	<b>25,183</b>	<b>286,926</b>	<b>527,081</b>	<b>814,007</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:	-	-	-	-	-
Fund balances:					
Restricted for:					
Student activities	-	25,183	25,183	-	25,183
Management levy purposes	261,743	-	261,743	-	261,743
Debt Service	-	-	-	527,081	527,081
Total fund balances	261,743	25,183	286,926	527,081	814,007
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 261,743</b>	<b>25,183</b>	<b>286,926</b>	<b>527,081</b>	<b>814,007</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Special Revenue				
	Management Levy	Student Activity	Total	Debt Service	Total
REVENUES:					
Local sources:					
Local tax	\$ 299,963	-	299,963	105,287	405,250
Other	3,822	205,827	209,649	273	209,922
State sources	153	-	153	53	206
<b>TOTAL REVENUES</b>	<b>303,938</b>	<b>205,827</b>	<b>509,765</b>	<b>105,613</b>	<b>615,378</b>
EXPENDITURES:					
Current:					
Instruction:					
Regular	11,577	-	11,577	-	11,577
Other	-	222,672	222,672	-	222,672
Support services:					
Student	215	-	215	-	215
Administration	2,647	-	2,647	3,000	5,647
Operation and maintenance of plant	41,743	-	41,743	-	41,743
Transportation	11,571	-	11,571	-	11,571
Non-instructional programs:					
Food service operations	6,350	-	6,350	-	6,350
Long-term debt:					
Principal	-	-	-	200,000	200,000
Interest and fiscal charges	-	-	-	156,125	156,125
<b>TOTAL EXPENDITURES</b>	<b>74,103</b>	<b>222,672</b>	<b>296,775</b>	<b>359,125</b>	<b>655,900</b>
Excess(Deficiency) of revenues over(under) expenditures	229,835	(16,845)	212,990	(253,512)	(40,522)
Other financing sources:					
Transfer in	-	-	-	251,152	251,152
Change in fund balances	229,835	(16,845)	212,990	(2,360)	210,630
Fund balances beginning of year	31,908	42,028	73,936	529,441	603,377
Fund balances end of year	\$ 261,743	25,183	286,926	527,081	814,007

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 228,068	244,734	472,802
Receivables:			
Property tax:			
Delinquent	-	3,948	3,948
Succeeding year property tax	-	242,610	242,610
Due from other governments	156,444	2,210	158,654
Prepaid expenses	-	44,806	44,806
<b>TOTAL ASSETS</b>	<b>\$ 384,512</b>	<b>538,308</b>	<b>922,820</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	242,610	242,610
Fund Balances:			
Nonspendable	-	44,806	44,806
Restricted for:			
School infrastructure	384,512	-	384,512
Physical plant and equipment	-	250,892	250,892
Total fund balances	384,512	295,698	680,210
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 384,512</b>	<b>538,308</b>	<b>922,820</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
 CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 399,287	234,933	634,220
Other	280	52,987	53,267
State sources	-	2,330	2,330
TOTAL REVENUES	<u>399,567</u>	<u>290,250</u>	<u>689,817</u>
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	-	24,607	24,607
Administration	-	6,774	6,774
Operation and maintenance of plant	-	2,100	2,100
Transportation	-	105,520	105,520
Capital outlay	64,807	47,502	112,309
TOTAL EXPENDITURES	<u>64,807</u>	<u>186,503</u>	<u>251,310</u>
Excess of revenues over expenditures	334,760	103,747	438,507
Other financing uses:			
Transfer out	(251,152)	-	(251,152)
Change in fund balances	83,608	103,747	187,355
Fund balances beginning of year	300,904	191,951	492,855
Fund balances end of year	<u>\$ 384,512</u>	<u>295,698</u>	<u>680,210</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Drama	\$ 2,690	1,401	771	(444)	2,876
Odyssey of Mind	28	8,269	8,300	298	295
Vocal Club	2,836	5,050	5,329	-	2,557
Band Club	-	4,042	5,171	1,225	96
Basketball	233	18,168	20,032	1,700	69
Track	-	15,197	16,965	1,768	-
Cheerleaders	2,678	11,777	9,354	-	5,101
Football	189	15,034	11,881	(2,000)	1,342
Baseball/Softball	-	7,090	12,512	5,422	-
Wrestling	-	14,057	16,714	2,657	-
Volleyball	-	10,724	11,289	565	-
Summer Little League	25	4,235	4,704	444	-
FFA	3,905	28,588	29,504	(2,643)	346
FCCLA	353	4,727	4,994	-	86
Honor Society	1,060	196	513	(629)	114
Student Council	2,224	2,728	3,289	-	1,663
Foreign Language	536	-	-	-	536
Art Club	3,186	873	573	(3,237)	249
Yearbook	5,622	8,531	15,916	1,763	-
Change Fund	-	800	800	-	-
General Fund	1,110	6,386	6,053	1,725	3,168
Student Activities	1,833	-	-	-	1,833
Marketing	2,511	6,624	6,365	(2,291)	479
JH Student Council	4,149	246	1,706	(1,595)	1,094
Extra Curricular	-	16,411	13,804	(1,096)	1,511
Elementary Fund	644	1,662	4,118	2,276	464
Class of 2013	4,584	3,001	6,831	(725)	29
Class of 2014	1,257	9,353	5,184	(5,183)	243
Class of 2015	375	340	-	-	715
Class of 2016	-	317	-	-	317
Total	<u>\$ 42,028</u>	<u>205,827</u>	<u>222,672</u>	<u>-</u>	<u>25,183</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES/EXPENSES BY FUNCTION  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 2,681,102	2,895,049	2,719,373	2,619,623	2,165,778	2,044,827	2,058,026	1,896,372	1,787,200	1,673,830
Tuition	531,091	455,303	496,928	490,821	381,379	355,036	365,542	346,632	312,103	270,742
Other	431,384	349,966	474,158	327,972	465,896	431,007	290,594	307,241	371,945	344,208
Intermediate sources	-	-	-	1,995	-	-	-	-	-	-
State sources	2,678,459	2,790,855	2,660,183	2,570,926	2,848,072	2,612,972	2,270,100	2,411,023	2,151,274	1,917,582
Federal sources	168,355	198,572	355,094	540,674	138,623	155,879	227,259	186,001	209,267	331,065
Total	\$ 6,490,391	6,689,745	6,705,736	6,552,011	5,999,748	5,599,721	5,211,521	5,147,269	4,831,789	4,537,427
Expenditures:										
Current:										
Instruction:										
Regular	\$ 1,984,902	2,418,613	2,257,264	2,081,803	2,106,776	1,961,550	1,818,112	1,753,552	1,785,551	1,779,400
Special	698,231	803,532	714,045	735,246	714,039	843,242	695,899	717,294	595,563	593,548
Other	885,182	833,500	744,545	738,978	680,516	661,836	681,401	588,608	697,022	500,945
Support services:										
Student	110,497	102,759	56,999	98,876	99,716	111,899	115,251	103,558	92,388	108,849
Instructional staff	278,916	392,006	162,135	189,091	173,996	188,349	228,469	240,937	116,313	101,570
Administration	578,474	582,434	545,566	547,194	559,993	504,446	465,832	452,914	444,608	437,730
Operation and maintenance of plant	556,481	510,295	522,359	531,571	511,023	528,187	475,794	474,363	416,550	374,308
Transportation	282,465	180,327	253,955	146,481	139,378	153,925	260,908	190,673	212,761	109,573
Non-instructional programs	6,350	6,219	4,957	5,506	2,566	2,296	2,067	2,646	-	-
Capital outlays	112,309	292,075	2,063,239	1,553,247	60,182	960,597	384,108	190,708	257,539	100,891
Long-term debt:										
Principal	200,000	210,000	95,000	90,000	85,000	80,000	75,000	80,000	75,000	70,000
Interest and fiscal charges	158,125	242,037	14,320	18,320	22,060	25,500	28,651	31,930	34,968	37,667
Other expenditures:										
AEA flow-through	184,693	186,212	205,527	206,244	186,955	169,446	157,855	151,690	139,824	135,150
Total	\$ 6,036,625	6,760,009	7,639,911	6,942,557	5,342,200	6,191,273	5,389,347	4,978,873	4,868,087	4,349,631

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

# **NOLTE, CORNMAN & JOHNSON P.C.**

**Certified Public Accountants**

**(A Professional Corporation)**

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

**Telephone (641) 792-1910**

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

### **To the Board of Education of the Guthrie Center Community School District:**

We have audited 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 Guthrie Center Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Guthrie Center 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 Guthrie Center Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Guthrie Center Community School District's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Guthrie Center Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

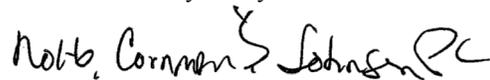
### **Guthrie Center Community School District's Responses to Findings**

Guthrie Center Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Guthrie Center 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 Guthrie Center Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

January 29, 2014  
Newton, Iowa

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

- 1)    Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2)    Investments - investing, detailed recordkeeping, and custody of investments.
- 3)    Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4)    Disbursements - check preparation, approving, and reconciling.
- 5)    Wire transfers - processing and approving.
- 6)    Payroll - recording approved pay rates and deductions, recordkeeping, posting and distribution.
- 7)    Transfers - preparing and approving.
- 8)    Financial reporting - preparing, reconciling and approving.
- 9)    Computer systems - performing all general accounting functions and controlling all data input and output.
- 10)   School lunch program - recording, journalizing, posting, reconciling, and check preparation.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The District will continue to investigate available alternatives and implement them as soon as possible.

Conclusion - Response accepted.

- I-B-13 Supporting Documentation for Meal Money - We noted during our audit instances of students receiving meal money during District sponsored trips. However, there was no documentation as to who received funds and/or the amount of funds received.
- Recommendation - The District should document who receives cash when going on trips. The District should have a list of who received the cash and the amount. The students should sign off upon receiving cash for the trip. The District should review the procedures in place and implement controls to ensure documentation is gathered to support the check written for cash needed for the trip.
- Response - The District now documents who is receiving cash by having the students sign documentation that they have received the money.
- Conclusion - Response accepted.
- I-C-13 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for non-certified coaches.
- Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.
- Response - The District will issue timesheets to non-certified staff coaches.
- Conclusion - Response accepted.
- I-D-13 Deposit Process - We noted during our audit, instances of deposit slips lacking sufficient detail. The lack of sufficient detail on the deposit slip provides a risk of loss due to possible theft, improper use or loss, as well as, lack of reporting of the funds.
- Recommendation - The District should review and implement procedures to insure that sufficient detail is on the deposit slip. The District should make sure that the appropriate staff is trained on the process.
- Response - The District now writes detail on deposit slips.
- Conclusion - Response accepted.

## **Part II: Other Findings Related to Required Statutory Reporting**

- II-A-13 Certified Budget - District expenditures for the year ended June 30, 2013 exceeded the amounts budgeted in the support services functional area.
- Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response - The District will continue to monitor expenditures and follow the budget amendment process when necessary.
- Conclusion - Response accepted.
- II-B-13 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-13 Business Transactions - Business transactions between the District and District officials and employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joni Rees, Board Secretary/Business Manager Spouse owns Rees Repair	Purchased services	\$1,566
Tara Embleton, Activity/Nutrition Secretary Father and husband own Doug's Plumbing and Heating	Purchased services	\$3,043

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

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the father and husband of Tara Embleton do not appear to represent a conflict of interest.

II-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

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

II-G-13 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was understated by 1.00.

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

Response - The District's auditors will contact the Iowa Department of Education and the Department of management to resolve this manner.

Conclusion - Response accepted.

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

II-I-13 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-J-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2013 audit.

Beginning Balance		\$	300,904
Revenues:			
Sales tax revenues	\$	399,287	
Other local revenues		280	399,567
		<u>          </u>	<u>700,471</u>
Expenditures/transfers out:			
School Infrastructure	\$	31,542	
Equipment		33,004	
Other		261	
Transfers to other funds:			
Debt service		<u>251,152</u>	<u>315,959</u>
Ending Balance			<u><u>\$ 384,512</u></u>

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

II-M-13 Payroll Authorization - We noted during our audit, the District does not have written authorization to mail employee's payroll checks. Chapter 91 A.3 of the Code of Iowa requires that an employer have a written request from an employee before wages can be sent to an employee by mail.

Recommendation - The District should obtain written authorization from each employee who desires to receive a payroll check by mail.

Response - The District will obtain proper written authorization to comply with Chapter 91 A.3 of the Code of Iowa.

Conclusion - Response accepted.