

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2013**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

JUNE 30, 2013

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**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

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**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kathy Ihde	President	2013
Janice Andregg	Board Member	2015
Michael Finnegan	Board Member	2013
Mary Waterman	Board Member	2013
Dr. Jeff Hoffman	Board Member	2015
John Heying	Board Member	2015
Christine Aulwes	Board Member	2015
School Officials		
Allan Nelson	Superintendent	2013
Mary Seifert	Board Secretary	2013
David Schlueter	Business Manager/Treasurer	2013
Brett Nitschke	Attorney	Indefinite

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. McCARTHY, CPA
E.A. SCHILLING, CPA
S.H. ROBERTS, CPA
J.L. WOOLF, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Clayton Ridge 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 Clayton Ridge Community School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District's primary government as 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.

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

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for component units to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets of \$93,000, liabilities of \$169,000, net deficit of \$76,000, revenues of \$356,000, and expenses of \$432,000 of the discretely presented component unit would have been reported.

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the Clayton Ridge Community School District, as of June 30, 2013, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the respective financial statements referred to in the first paragraph of this report present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Clayton Ridge Community School District as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity 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 5 through 14 and 46 through 48 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 Clayton Ridge 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 seven years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, 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 February 26, 2014, on our consideration of the Clayton Ridge 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 Clayton Ridge Community School District's internal control over financial reporting and compliance.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks, & Co. P.C.

Dubuque, Iowa
February 26, 2014

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section of the Clayton Ridge Community School District's Comprehensive Annual Financial Report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. The analysis focuses on District financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

2013 Financial Highlights

- A resolution was adopted asking the voters to approve a \$.67 PPEL for ten years beginning in fiscal 2009. The voters approved this levy at the September 15, 2006 election.
- The district established the Iowa Virtual Academy (IVA), an online school for students in grades K-6. Students are accepted for enrollment in IVA on a statewide open enrollment basis. Revenues are received from the resident district in the same manner as all other open enrollment students. Clayton Ridge contracts with K12 Inc to provide the educational services for IVA. In 2013-14, the IVA was expanded to include students in grades K-12.
- The capital campaign to fund the 2009 construction of the Stephen D Shannon Athletic Complex is complete. As of June 30, 2013, the District has received over \$615,000 in pledges and cash contributions from donors. The remaining cost of the project was funded through an interfund loan totaling \$750,000 from the Management levy fund. The board has made annual transfers of \$175,000 from the Capital Projects fund to repay the loan from the Management Fund and will continue to make transfers through fiscal 2014.
- General fund revenues increased from \$6,748,856 in fiscal 2012 to \$7,278,627 in fiscal 2013 while General fund expenditures increased from \$6,615,694 in fiscal 2012 to \$6,984,519 in fiscal 2013. The District's General fund balance increased from \$1,038,926 on June 30, 2012 to \$1,325,172 on June 30, 2013.
- General fund revenues increased \$529,771. The increase is primarily due to open enrollment revenues related to the Iowa Virtual Academy and increased property tax collections.
- General fund expenditures increased \$368,825. The increase is due to purchased services from K12 Inc to operate the Iowa Virtual Academy and timing of payments for open enrollment out students.
- Total state-wide sales tax revenues for fiscal 2013 were \$542,567.

- The Instructional Support Levy was renewed by the Board in 2008 for an additional five years. This levy generates an additional 10% of regular program district cost. The income surtax rate for fiscal 2013 was 5%.
- The fiscal 2013 budget enrollment of 645.0 students increased 3.4 versus fiscal 2012.

Overview of Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Position and Statement of Activities provide information on a district-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. The District's governmental funds include the General, Special Revenue, Capital Projects, and Debt Service funds.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as food services. The District currently has one proprietary fund, the Nutrition fund.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others. These funds include a private purpose trust fund and agency fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year and a schedule of funding progress for the retiree health plan. Other supplementary information provides non-major fund details, along with comparisons of revenues and expenses by fiscal year.

Government-wide Statements

The Government-wide 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 statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases

in the District's net position are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall financial health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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 taxes 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

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:

- *Governmental funds*: Most of the District's basic services are included in the 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 funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- *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 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.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds. The District accounts for outside donations for specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these 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.

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

Financial Analysis of the District as a Whole

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

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current assets	\$ 6,464	\$ 5,801	\$ 32	\$ 42	\$ 6,496	\$ 5,843	11.17%
Capital assets	3,691	3,972	4	1	3,695	3,973	-7.00%
Total assets	\$ 10,155	\$ 9,773	\$ 36	\$ 43	\$ 10,191	\$ 9,816	3.82%
Current liabilities	\$ 4,531	\$ 4,322	\$ -	\$ 4	\$ 4,531	\$ 4,326	4.73%
Non-current liabilities	402	617	7	4	409	621	-34.13%
Total liabilities	\$ 4,933	\$ 4,939	\$ 7	\$ 8	\$ 4,940	\$ 4,947	-0.14%
Net position							
Invested in capital assets, net of related debt	\$ 3,509	\$ 3,611	\$ 4	\$ 1	\$ 3,513	\$ 3,612	-2.74%
Restricted	584	586	-	-	584	586	-0.34%
Unrestricted	1,129	637	25	34	1,154	671	71.98%
Total net position	\$ 5,222	\$ 4,834	\$ 29	\$ 35	\$ 5,251	\$ 4,869	7.84%

The District's combined net position increased approximately 7.84% over the prior year.

Unrestricted net assets - the part of net position that can be used to finance day to day activity without constraints such as enabling legislation or other legal requirements - increased 71.9% or \$489,975.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The district's restricted net position consist primarily of fund balances in the General Fund for categorical funding, management levy, and student activities. The District's restricted net position decreased .34% or \$1,762.

Changes in net position. Figure A-2 below provides a summary of the changes in net position at June 30, 2013 as compared to June 30, 2012.

Figure A-2							
Changes in Net Position (\$000)							
(Expressed in Thousands)							
	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues							
Program revenues:							
Charges for services	\$ 1,230	\$ 631	\$ 218	\$ 202	\$ 1,448	\$ 833	73.82%
Operating grants and contributions	958	1,012	160	171	1,118	1,183	-5.49%
Capital gains and contributions	-	25	-	-	-	25	-100.00%
General revenues:							
Property taxes	3,222	3,114	-	-	3,222	3,114	3.46%
Statewide sales tax	542	483	-	-	542	483	12.21%
Unrestricted state grants	2,477	2,456	-	-	2,477	2,456	0.85%
Other	239	267	-	-	239	267	-10.48%
Total Revenues	\$ 8,668	\$ 7,988	\$ 378	\$ 373	\$ 9,046	\$ 8,361	8.19%
Expenses							
Instruction	\$ 5,258	\$ 4,781	\$ -	\$ -	\$ 5,258	\$ 4,781	9.97%
Student and instructional services	687	767	-	-	687	767	-10.43%
Administrative & business	626	638	-	-	626	638	-1.88%
Maintenance & operations	561	509	-	-	561	509	10.21%
Transportation	547	571	-	-	547	571	-4.20%
Other	603	760	384	368	987	1,128	-12.50%
Total Expenses	\$ 8,282	\$ 8,026	\$ 384	\$ 368	\$ 8,666	\$ 8,394	3.24%
Increase (Decrease) in net position	\$ 386	\$ (38)	\$ (6)	\$ 5	\$ 380	\$ (33)	1,251.51%

In fiscal 2013, property tax and unrestricted state grants account for 66% of the revenue from governmental activities while charges for services and operating grants and contributions account for 100% of the revenue from business type activities.

As shown in Figure A-2, the District as a whole experienced a 8.19% increase in revenue and a 3.2% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$8,667,996 while total expenses were \$8,280,841. Figure A-3 below presents the cost of six major district activities and each activity's net cost. Net cost shows the total cost less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

The total cost of all governmental activities in 2013 was \$8,280,841. The net cost is \$2,187,103 less due to funds received for instructional services provided to students from other districts, and due to funds received from the federal and state governments for certain programs they choose to subsidize (such as Title I). Transportation aid is also received from the State for the non-public school in our district.

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change	2013	2012	Change
			2012-2013			2012-2013
Instruction	\$ 5,258	\$ 4,781	9.98%	\$ 3,458	\$ 3,516	-1.64%
Student and instructional services	687	767	-10.43%	683	763	-10.48%
Administrative & business	626	638	-1.88%	545	561	-2.85%
Maintenance & operations	561	509	10.21%	553	501	10.38%
Transportation	547	571	-4.20%	507	534	-5.06%
Other	603	760	-20.66%	348	481	-27.65%
Total	\$ 8,282	\$ 8,026	3.19%	\$ 6,094	\$ 6,356	-4.12%

Business-Type Activities

Revenues of the District's business-type activities (school nutrition) were comprised of charges for meals, federal and state reimbursements, and interest earnings. (See Figure A-2.)

Business-type activities expenses exceeded revenues by \$5,831. Charges for meals accounts for 57% of the total revenues, while contributions from the federal and state government for free and reduced meals and commodities accounts for the remaining 43%.

Fund Analysis of the District's Funds

Clayton Ridge Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal 2013, the governmental funds reported combined ending fund balances of \$2,066,959, which was a \$468,004 increase from fiscal 2012. The increase is related to the General and Capital Projects funds (see following paragraphs).

The General fund is the chief operating fund of the District. The fund balance increased from \$1,038,926 in fiscal 2012 to \$1,325,172 in fiscal 2013. The increase is due to utilization of the cash reserve levy and revenue increases exceeding expenditure increases as described in the Financial Highlights.

The Management fund is used to account for health and retirement benefits for the employees of the district. The fund balance decreased \$94,569 from fiscal 2012. The decrease is due to a reduction in the tax levy combined with increased expenditures for new participants in the early retirement program.

The Capital Projects fund increased \$257,119 due to increased sales tax revenues, and reduced spending on capital improvements as planned to improve the ending fund balance. The deficit fund balance attributed to the construction on the Stephen D Shannon Athletic Complex continues to be reduced on schedule and will be \$0 on June 30, 2014.

Proprietary Funds

The Nutrition fund consists of revenues and expenditures related to the operation of the food services department. The net position at the end of fiscal 2013 was \$28,552. This represented a \$5,831 decrease from fiscal 2012. The decrease in net position is due to increased expenditures for food costs and payroll and reduced meals sold due to declining enrollment.

Budgetary Highlights

The District adopts a budget in April for the following fiscal year. A comparison of the District's budget amounts compared to actual financial activity is provided in this report in the required supplementary information.

Total revenues were under budget by \$408,057 or 4.3%. Total expenditures were under budget by \$1,848,909 which is 17.71%.

The total revenues were under budget due to the unknown factors regarding the number of students anticipated to enroll in Iowa Virtual Academy.

The total expenditures were less than budget primarily due to the District's General fund, Capital Projects fund and PPEL fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General fund. The District then controls General fund spending through its line-item budget. As a result, the certified budget should always exceed actual expenditures for the year, as required by law. The District also budgets to spend the entire balance in the capital projects and PPEL funds as it does with the General funds. Spending is controlled through the line item budgets.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional expenditures functional area. This amount exceeded budget by \$15,756 due to costs of purchased food for food services.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2013 for its governmental and business-type activities was \$3,691,207 net accumulated depreciation. This investment includes land, buildings, and equipment. This represents a net decrease of approximately 12% from the prior year. Major improvements included snow removal pickup and plow, scoreboards, HVAC equipment, and a portable stage.

Figure A-4
Capital Assets (net of depreciation) (\$000)
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$ 55	\$ 55	\$ -	\$ -	\$ 55	\$ 55	0%
Buildings	1,846	1,969	-	-	1,846	1,969	-6.24%
Improvements other than buildings	1,269	1,273	-	-	1,269	1,273	-.31%
Equipment & furniture	520	675	4	1	524	676	-22.49%
Total	\$ 3,690	\$ 3,972	\$ 4	\$ 1	\$ 3,694	\$ 3,973	-7.02%

More detailed information about the Districts' capital assets is presented in Note 3 to the financial statements.

Depreciation expense for the year was \$417,218.

Long-Term Debt

At June 30, 2013, the District had the following long term debt outstanding:

- The Capital Projects fund has an outstanding interfund loan with the Management fund to pay for construction costs with the Stephen D. Shannon Athletic Complex. The balance at June 30, 2013 was \$195,000.
- The Capital Projects fund has an outstanding interfund loan with the General fund to pay for summer projects completed prior to FY13 revenues received after fiscal year end. Those projects were window replacements, installation of new scoreboards, and carpets. The balance at June 30, 2013 was \$85,000.
- The District entered into a capital lease to finance the purchase of 420 laptop computers in fiscal 2010. At June 30, 2013 the balance of the outstanding capital lease was \$181,834.

See Note 4 and Note 10 for additional information regarding the District's long term debt.

Factors Bearing on the District's Future

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

- The District anticipates the trend of declining enrollment will continue.
- The certified employees' bargaining unit contract is a two-year contract, and open for negotiation in 2013. Salary and benefits represent a majority of the general fund expenses. Since the District receives only minimal or no increases in spending authority, any increase in settlements causes an adverse effect on the general fund budget and related fund balance.
- Lower interest rates and reduced cash balances will result in reduced interest income and spending authority.
- Fluctuating prices for gasohol and diesel continue to create added costs for transportation of students.
- The district has the following long-term obligations – bus leases, computer leases, early retirement benefits, and inter-fund loans to finance the construction of the Stephen D. Shannon Athletic Complex.
- In February, 2011 the district began studying the possibility of establishing an online academy through a services agreement with K12Inc. In January, 2013 a five-year agreement was completed and approved to form the Iowa Virtual Academy. Clayton Ridge should receive annual income of \$50,000 for administering this academy. Full funding for virtual school open enrollment students is allowed by the Iowa legislature through the 2014-15 school year.
- The Instructional Support Levy expires at the end of FY14. The Levy has been renewed and will expire at the end of FY19.
- Superintendent sharing incentives have not yet been renewed beyond the FY14 budget year. The sharing agreement with Central was not renewed, and the Superintendent is no longer shared with another district.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives.

If you have questions about this report or need additional financial information, contact David Schlueter, Clayton Ridge Community School District, PO Box 520, Guttenberg, Iowa, 52052.

**BASIC
FINANCIAL
STATEMENTS**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities -----	Business Type Activities -----	Total -----
Assets			
Cash and cash equivalents	\$ 2,504,669	\$ 14,309	\$ 2,518,978
Receivables:			
Property tax:			
Succeeding year property tax	3,320,620	---	3,320,620
Pledges, net of allowance of \$6,500	19,113	---	19,113
Income surtax	147,373	---	147,373
Accounts	1,530	3,620	5,150
Due from other governments	467,869	---	467,869
Prepaid expenses	2,147	---	2,147
Inventories	---	14,678	14,678
Capital assets, net of accumulated depreciation	3,691,207	3,538	3,694,745
	-----	-----	-----
Total Assets	\$10,154,528	\$ 36,145	\$10,190,673
	-----	-----	-----
Liabilities			
Accounts payable	\$ 177,770	\$ 321	\$ 178,091
Salaries and benefits payable	669,856	---	669,856
Due to other governments	55,130	---	55,130
Deferred revenue - succeeding year property tax	3,320,620	---	3,320,620
Long-term liabilities:			
Portion due within one year:			
Lease payable	181,834	---	181,834
Early retirement payable	125,484	---	125,484
Portion due after one year:			
Early retirement payable	297,450	---	297,450
Net OPEB liability	104,936	7,272	112,208
	-----	-----	-----
Total Liabilities	\$ 4,933,080	\$ 7,593	\$ 4,940,673
	-----	-----	-----
Net Position			
Net investment in capital assets	\$ 3,509,373	\$ 3,538	\$ 3,512,911
Restricted for:			
Categorical funding	127,867	---	127,867
Management levy purposes	377,968	---	377,968
Student activities	78,608	---	78,608
Unrestricted	1,127,632	25,014	1,152,646
	-----	-----	-----
Total Net Position	\$ 5,221,448	\$ 28,552	\$ 5,250,000
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total	
Functions/Programs:							
Governmental Activities:							
Instruction:							
Regular	\$ 3,066,026	\$ 532,914	\$ 552,957	\$ (1,980,155)	\$ ---	\$ (1,980,155)	
Special	1,144,465	236,623	106,513	(801,329)	---	(801,329)	
Other	1,047,307	370,972	---	(676,335)	---	(676,335)	
	\$ 5,257,798	\$ 1,140,509	\$ 659,470	\$ (3,457,819)	\$ ---	\$ (3,457,819)	
Support Services:							
Student	\$ 292,497	\$ ---	\$ ---	\$ (292,497)	\$ ---	\$ (292,497)	
Instructional staff	394,315	---	3,920	(390,395)	---	(390,395)	
Administration	625,682	80,229	---	(545,453)	---	(545,453)	
Operation and maintenance of plant	560,974	7,715	38,454	(553,259)	---	(553,259)	
Transportation	546,895	1,917	---	(506,524)	---	(506,524)	
	\$ 2,420,363	\$ 89,861	\$ 42,374	\$ (2,288,128)	\$ ---	\$ (2,288,128)	
Non-instructional Programs	\$ 1,805	\$ ---	\$ ---	\$ (1,805)	\$ ---	\$ (1,805)	

The accompanying notes are an integral part of these financial statements.

EXHIBIT "B" (CONTINUED)

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Other Expenditures:							
Facilities acquisition	\$ 142,146	\$ ---	\$ ---	\$ ---	\$ (142,146)	\$ ---	\$ (142,146)
Long-term debt interest	3,393	---	---	---	(3,393)	---	(3,393)
AEA flowthrough	254,889	---	254,889	---	---	---	---
Depreciation (unallocated)*	200,447	---	---	---	(200,447)	---	(200,447)
	\$ 600,875	\$ ---	\$ 254,889	\$ ---	\$ (345,986)	\$ ---	\$ (345,986)
Total Governmental Activities	\$ 8,280,841	\$ 1,230,370	\$ 956,733	\$ ---	\$ (6,093,738)	\$ ---	\$ (6,093,738)
Business Type Activities:							
Noninstructional Programs:							
Food service operations	\$ 383,951	\$ 217,893	\$ 160,126	\$ ---	\$ ---	\$ (5,932)	\$ (5,932)
Total	\$ 8,664,792	\$ 1,448,263	\$ 1,116,859	\$ ---	\$ (6,093,738)	\$ (5,932)	\$ (6,099,670)

The accompanying notes are an integral part of these financial statements.

EXHIBIT "B" (CONTINUED)

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
General Revenues:							
Property tax levied for:					\$ 2,950,669	\$ ---	\$ 2,950,669
General purposes					271,526	---	271,526
Capital outlay					542,453	---	542,453
Statewide sales, services and use tax					155,958	---	155,958
Instructional support surtax					2,476,910	---	2,476,910
Unrestricted state grants					13,957	101	14,058
Unrestricted investment earnings					(4,104)	---	(4,104)
Loss on disposal of fixed assets					39,580	---	39,580
Medicaid reimbursements					33,944	---	33,944
Other							
Total General Revenues					\$ 6,480,893	\$ 101	\$ 6,480,994
Change in Net Position					\$ 387,155	\$ (5,831)	\$ 381,324
Net Position Beginning of Year					4,834,293	34,383	4,868,676
Net Position End of Year					\$ 5,221,448	\$ 28,552	\$ 5,250,000

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

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Management Levy	Capital Projects	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 1,791,608	\$ 604,837	\$ 11,081	\$ 97,143	\$ 2,504,669
Receivables:					
Property tax:					
Succeeding year property tax	2,911,747	125,000	283,873	---	3,320,620
Pledges, net of allowance of \$6,500	---	---	19,113	---	19,113
Income surtax	147,373	---	---	---	147,373
Accounts	1,530	---	---	---	1,530
Due from other funds	85,000	195,000	---	---	280,000
Due from other governments	295,207	1,065	171,597	---	467,869
Prepaid expenses	2,147	---	---	---	2,147
Total Assets	<u>\$ 5,234,612</u>	<u>\$ 925,902</u>	<u>\$ 485,664</u>	<u>\$ 97,143</u>	<u>\$ 6,743,321</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 125,334	\$ ---	\$ 33,901	\$ 18,535	\$ 177,770
Salaries and benefits payable	669,856	---	---	---	669,856
Due to other governments	55,130	---	---	---	55,130
Due to other funds	---	---	280,000	---	280,000
Deferred revenue:					
Succeeding year property tax	2,911,747	125,000	283,873	---	3,320,620
Income surtax	147,373	---	---	---	147,373
Pledges receivable	---	---	25,613	---	25,613
Total Liabilities	<u>\$ 3,909,440</u>	<u>\$ 125,000</u>	<u>\$ 623,387</u>	<u>\$ 18,535</u>	<u>\$ 4,676,362</u>

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Management Levy	Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances:					
Non spendable:					
Prepaid expenses	\$ 2,147	\$ ---	\$ ---	\$ ---	\$ 2,147
Restricted for:					
Categorical funding	127,867	---	---	---	127,867
Management levy purposes	---	800,902	---	---	800,902
Student activities	---	---	---	78,608	78,608
Unassigned	1,195,158	---	(137,723)	---	1,057,435
Total Fund Balances	\$ 1,325,172	\$ 800,902	\$ (137,723)	\$ 78,608	\$ 2,066,959
Total Liabilities and Fund Balances	\$ 5,234,612	\$ 925,902	\$ 485,664	\$ 97,143	\$ 6,743,321

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

Total fund balances of governmental funds (page 20) \$ 2,066,959

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

Capital assets of \$7,948,774, net of accumulated depreciation of (\$4,257,567) are not financial resources and, therefore, are not reported in the funds. 3,691,207

Long-term liabilities are not due and payable in the current year and, therefore, are not reported as a liability in the governmental funds. (709,704)

Income surtaxes will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds. 147,373

Certain pledges receivable are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds. 25,613

Net position of governmental activities (page 15) \$ 5,221,448

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

	General	Management Levy	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 2,989,679	\$ 110,302	\$ 813,979	\$ ---	\$ 3,913,960
Tuition	627,993	---	---	---	627,993
Other	149,967	68,885	22,837	370,347	612,036
State sources	3,265,642	73	---	---	3,265,715
Federal sources	245,346	---	---	---	245,346
Total Revenues	\$ 7,278,627	\$ 179,260	\$ 836,816	\$ 370,347	\$ 8,665,050
Expenditures:					
Current:					
Instruction:					
Regular	\$ 2,916,335	\$ 188,624	\$ ---	\$ ---	\$ 3,104,959
Special	1,142,459	---	---	---	1,142,459
Other	678,860	---	---	367,339	1,046,199
Total Expenditures	\$ 4,737,654	\$ 188,624	\$ ---	\$ 367,339	\$ 5,293,617
Support Services:					
Student	\$ 274,157	\$ 17,163	\$ ---	\$ ---	\$ 291,320
Instructional staff	191,964	1,078	60,833	---	253,875
Administration	619,373	9,734	3,956	---	633,063
Operation and maintenance of plant	506,152	43,577	---	---	549,729
Transportation	400,330	11,848	138,572	---	550,750
Total Support Services	\$ 1,991,976	\$ 83,400	\$ 203,361	\$ ---	\$ 2,278,737
Non-instructional Programs	\$ ---	\$ 1,805	\$ ---	\$ ---	\$ 1,805

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

	General	Management Levy	Capital Projects	Nonmajor Governmental Funds	Total
Other Expenditures:					
Facilities acquisition	\$ ---	\$ ---	\$ 193,605	\$ ---	\$ 193,605
Long-term debt:					
Principal	---	---	---	179,338	179,338
Interest and fiscal charges	---	---	---	3,393	3,393
AEA flowthrough	254,889	---	---	---	254,889
	<u>\$ 254,889</u>	<u>\$ ---</u>	<u>\$ 193,605</u>	<u>\$ 182,731</u>	<u>\$ 631,225</u>
Total Expenditures	\$ 6,984,519	\$ 273,829	\$ 396,966	\$ 550,070	\$ 8,205,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 294,108	\$ (94,569)	\$ 439,850	\$ (179,723)	\$ 459,666
Other Financing Sources (Uses):					
Operating transfers in	---	---	---	\$ 198,931	\$ 198,931
Operating transfers out	(16,200)	---	(182,731)	---	(198,931)
Sale of equipment and materials	8,338	---	---	---	8,338
	<u>\$ (7,862)</u>	<u>\$ ---</u>	<u>\$ (182,731)</u>	<u>\$ 198,931</u>	<u>\$ 8,338</u>
Total Other Financing Sources (Uses)	\$ 286,246	\$ (94,569)	\$ 257,119	\$ 19,208	\$ 468,004
Net Change in Fund Balances	\$ 1,038,926	\$ 895,471	\$ (394,842)	\$ 59,400	\$ 1,598,955
Fund Balances, Beginning of Year	\$ 1,325,172	\$ 800,902	\$ (137,723)	\$ 78,608	\$ 2,066,959
Fund Balances End of Year	<u>\$ 2,364,098</u>	<u>\$ 1,601,373</u>	<u>\$ (532,565)</u>	<u>\$ 138,008</u>	<u>\$ 3,670,914</u>

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds (page 23) \$ 468,004

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$416,362 exceeded capital outlays of (\$140,070) in the current period. (276,292)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the net decrease in early retirement payable of \$44,898 the net increase in other postemployment benefits of \$(23,403), and the net decrease in the capital lease payable of \$179,338. 200,833

In the statement of activities, loss on the sale and disposition of assets is reported, whereas in the governmental funds, this information is not reported since this does not effect current financial resources. This is the amount of the loss on sale and disposition of fixed assets. (4,104)

Because income surtaxes will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 4,698

Because certain pledges will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred pledge revenues (decreased) by this amount this year. (5,984)

Change in net assets of governmental activities (page 18) \$ 387,155

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013**

	School Nutrition -----
Assets	
Current assets:	
Cash and cash equivalents	\$ 14,309
Due from other governments	3,620
Inventories	14,678

Total current assets	32,607

Noncurrent assets:	
Capital assets, net of accumulated depreciation	3,538

Total Assets	\$ 36,145

Liabilities	
Current liabilities:	
Accounts payable	\$ 321
Noncurrent liabilities:	
Net OPEB liability	7,272

Total Liabilities	\$ 7,593

Net Position	
Investment in capital assets	\$ 3,538
Unrestricted	25,014

Total Net Position	\$ 28,552
	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**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	\$ 217,893

Operating Expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	\$ 207,270
Purchased services	8,920
Supplies	166,189
Miscellaneous	716
Depreciation	856

Total Operating Expenses	\$ 383,951

Operating Loss	\$ (166,058)

Non-operating Revenue:	
State sources	\$ 2,877
Federal sources	157,249
Interest income	101

Total Non-Operating Revenues	\$ 160,227

Decrease in Net Position	(5,831)

Net Position Beginning of Year	\$ 34,383

Net Position End of Year	\$ 28,552
	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**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	\$ 214,273
Cash paid to employees for services	(204,569)
Cash paid to suppliers for goods and services	(159,723)

Net Cash Used by Operating Activities	\$ (150,019)

Cash Flows From Noncapital Financing Activities:	
State grants received	\$ 2,877
Federal grants received	134,049

Net Cash Provided by Noncapital Financing Activities	\$ 136,926

Cash Flows From Capital and Related Financing Activities:	
Purchase of equipment	\$ (3,713)

Cash Flows From Investing Activities:	
Interest on investments	\$ 101

Net Decrease in Cash and Cash Equivalents	\$ (16,705)
Cash and Cash Equivalents Beginning of Year	31,014

Cash and Cash Equivalents End of Year	\$ 14,309
	=====
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (166,058)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	23,200
Depreciation	856
(Increase) in accounts receivable	(3,620)
(Increase) in inventories	(3,708)
(Decrease) in accounts payable	(3,390)
Increase in net OPEB liability	2,701

Net Cash Used by Operating Activities	\$ (150,019)
	=====

Non-Cash Investing, Capital and Financing Activities:

During the year ended June 30, 2013, the District received \$23,200 of federal commodities.

The accompanying notes are an integral part of these financial statements.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private Purpose Trust	
	----- Scholarship	----- Agency
	-----	-----
Assets		
Cash and deposits	\$ 42,732	\$ 2,567
	-----	-----
Liabilities		
Due to other governments	\$ ---	\$ 2,567
	-----	-----
Net Position		
Reserved for scholarships	\$ 42,732	\$ ---
	=====	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2013**

	Private Purpose Trust ----- Scholarship -----
Additions:	
Local sources:	
Gifts and contributions	\$ 13,361
Interest income	1,004

Total Additions	\$ 14,365

Deductions:	
Support services:	
Scholarships awarded	12,763

Change in Net Position	\$ 1,602
Net Position Beginning of Year	41,130

Net Position End of Year	\$ 42,732
	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies:

The Clayton Ridge Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The District is governed by a Board of Education whose members are elected on a nonpartisan 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, Clayton Ridge 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 Clayton Ridge Community School District has one component unit which meets the Governmental Accounting Standards Board criteria, the Iowa Virtual Academy. This component unit has not been included in the District's financial statements.

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

B. Basis of Presentation

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

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

Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of a capital lease.

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

Unrestricted net position consist of net position that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 nonmajor governmental funds. Combining schedules are also included for the Capital Project fund accounts.

The District reports the following major governmental funds:

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The Management Levy (Special Revenue) is used to account for health and retirement benefits for the employees of the district and general insurance costs of the District.

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

The District reports the following major proprietary fund:

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

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

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

The Agency fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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), pledges receivable, and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Assets, Liabilities and Fund Equity

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

Cash and Cash Equivalents - The cash balances of most District funds are pooled and invested in money market accounts and certificates of deposit.

For purposes of the statements of cash flows, all short-term cash deposits that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than 365 days.

Property Tax Receivable - Property tax in 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 year 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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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 1-1/2% 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.

Pledges Receivable - The District uses the allowance method to determine uncollectible pledges receivable for the Athletic Complex. The allowance is based on management's analysis of specific promises made.

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

Capital Assets - Capital assets, which include property, furniture, and equipment, 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.

Prepaid Expenses - Prepaid expenses include amounts paid for dues for fiscal 2014.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Land	All
Buildings	1,500
Improvements other than buildings	1,500
Furniture and equipment:	
School Nutrition Fund equipment	1,500
Other furniture and equipment	1,500

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

Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment:	5 years

Compensated Absences - School District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently, no liability at June 30, 2013 has been accrued.

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.

Due to Other Governments - Due to other governments represents amount due to other school districts for special education and other student service provided.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents 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, the succeeding year property tax receivable, income surtax, delinquent property tax receivable, pledges receivable, and other receivables not collected within sixty days after year-end.

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

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

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

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints place 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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures in the non-instructional programs function area exceeded the amounts budgeted and the District did not exceed the General Fund unspent authorized budget.

Note 2 - Cash and Cash Equivalents:

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

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3 - Capital Assets:

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 55,335	\$ ---	\$ ---	\$ 55,335
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$ 4,433,184	\$ 17,920	\$ ---	\$ 4,451,104
Improvements other than buildings	1,700,506	30,731	(19,467)	1,711,770
Furniture and equipment	1,739,995	91,419	(100,849)	1,730,565
	-----	-----	-----	-----
Total capital assets being depreciated	\$ 7,873,685	\$ 140,070	\$ (120,316)	\$ 7,893,439
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 2,463,970	\$ 140,861	\$ ---	\$ 2,604,831
Improvements other than buildings	427,636	46,335	(31,643)	442,328
Furniture	1,065,811	229,166	(84,569)	1,210,408
	-----	-----	-----	-----
Total accumulated depreciation	\$ 3,957,417	\$ 416,362	\$ (116,212)	\$ 4,257,567
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 3,916,268	\$ (276,292)	\$ (4,104)	\$ 3,635,872
	-----	-----	-----	-----
Total Governmental activities capital assets, net	\$ 3,971,603	\$ (276,292)	\$ (4,104)	\$ 3,691,207
	=====	=====	=====	=====
Business-type activities:				
Furniture and equipment	\$ 124,522	\$ 3,713	\$ ---	\$ 128,235
Less accumulated depreciation	123,841	856	---	124,697
	-----	-----	-----	-----
Business-type activities capital assets, net	\$ 681	\$ 2,857	\$ ---	\$ 3,538
	=====	=====	=====	=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3 - Capital Assets: (Continued)

Depreciation and amortization expense were charged to the following functions:

Governmental activities:

Instruction:

Regular instruction \$ 37,547

Support services:

Instructional staff support services 142,493

Administration services 304

Operation and maintenance of plant services 14,108

Transportation services 21,463

Unallocated 200,447

Total - governmental activities \$ 416,362

Business type activities:

Food services \$ 856

Note 4 - Long-Term Liabilities:

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	-----	-----	-----	-----	-----
Governmental Activities:					
Early retirement	\$ 467,832	\$ 68,884	\$ 113,782	\$ 422,934	\$ 125,484
Lease payable	361,172	---	179,338	181,834	181,834
Net OPEB liability	81,533	23,403	---	104,936	---
	-----	-----	-----	-----	-----
Total	\$ 910,537	\$ 92,287	\$ 293,120	\$ 709,704	\$ 307,318
	=====	=====	=====	=====	=====
Business Type Activities:					
Net OPEB liability	\$ 4,571	\$ 2,701	\$ ---	\$ 7,272	\$ ---
	=====	=====	=====	=====	=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 4 - Long-Term Liabilities: (Continued)

Early Retirement:

The District offers a voluntary early retirement plan to its certified and non-certified employees. The employee is eligible to participate in the early retirement program if the following conditions are met at June 30, 2013.

- 1) The employee has reached a minimum age of 55.
- 2) The employee has completed at least 15 years of full service to the Clayton Ridge Community School District and/or the Garnavillo Community School District and/or the Guttenberg Community School District.

The eligible employee must submit an application of early retirement to the Board of Education. The Board has sole discretion over the approval of early retirement.

Early retirement benefits are equal to a one time payment of approximately 6% to 15% of the employee's contracted salary in effect during the last year of employment depending on whether the employee is a certified or non-certified employee. The employee shall also be eligible for an additional payment based on a percentage of unused sick leave at June 30, 2013. The District will continue to pay the employee's health insurance premium on a monthly basis for up to \$425 per month for teachers and administrators for a maximum period of ten years.

Early retirement benefits paid during the year ended June 30, 2013 totaled \$157,884.

Lease Payable:

The District entered into a lease agreement for laptop computers totaling \$719,637. Accumulated amortization as of June 30, 2013 was \$428,853. Future lease payments including interest at .94% are summarized as follows:

Year Ended June 30 -----	
2014	\$ 181,834 =====

Net OPEB Liability:

See Note 9 to the financial statements for additional details.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 5 - 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 that 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 salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$348,596, \$329,666, and \$288,172 respectively, equal to the required contributions for each year.

Note 6 - Risk Management:

Clayton Ridge 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 for the past three fiscal years.

Note 7 - 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 \$254,889 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.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 8 - Operating Lease Commitment:

The District has entered into noncancellable operating leases for ten school buses.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2013, are as follows:

Year Ending June 30	
----- 2014	\$ 106,217
2015	66,923
2016	27,507

Total	\$ 200,647
	=====

Note 9 - Other Postemployment Benefits (OPEB):

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 86 active and 33 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Medical Associates. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. Retirees pay the full cost of premiums for the medical/prescription drug benefit. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

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

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 9 - Other Postemployment Benefits (OPEB): (Continued)

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

Annual required contribution	\$	78,026
Interest on net OPEB obligation		2,153
Adjustment to annual required contribution		(15,044)

Annual OPEB cost	\$	65,135
Contributions made		(39,031)

Increase in net OPEB obligation	\$	26,104
Net OPEB obligation beginning of year		86,104

Net OPEB obligation end of year	\$	112,208
		=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$39,031 to the medical plan premiums. Plan members eligible for benefits contributed \$60,174, or 100% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
-----	-----	-----	-----
June 30, 2011	\$ 51,159	47.90%	\$ 59,008
June 30, 2012	53,577	49.42%	86,104
June 30, 2013	65,135	58.04%	112,208

Funded Status and Funding Process - 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 \$507,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$507,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,520,000, and the ratio of the UAAL to covered payroll was 14.40%. As of June 30, 2013, there were no trust fund assets.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 9 - Other Postemployment Benefits (OPEB): (Continued)

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

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The UAAL is being amortized as a level dollar on a closed basis over 30 years.

Note 10 - Interfund Loan:

The detail of interfund loans at June 30, 2013 are as follows:

Loan to -----	Loan from -----	Amount -----
Capital Projects	Management	\$ 195,000
Capital Projects	General	85,000

The loan from the management fund bears interest at 1.05% and has a maturity date of June 30, 2014. The Capital Projects fund made principal payments totaling \$175,000 to the Management fund in 2013.

The loan from the General fund bears interest at .05% and has a maturity date of June 30, 2013.

Note 11 - 28E Agreement:

On March 12, 2008, the District entered into a 28E Agreement with Northeast Iowa Community College. The agreement is for the purpose of jointly administering an alternative high school.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 12 - Pledges Receivable - Athletic Complex:

Receivable in less than one year	\$	25,613
		=====
Gross Pledges Receivable	\$	25,613
Less: Allowance for uncollectible pledges		(6,500)

	\$	19,113
		=====

Note 13 - Categorical Funding:

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

Program		Amount
-----		-----
Gifted and Talented	\$	44,311
Preschool		33,729
Educator quality		22,841
Textbook aid for nonpublic students		1,400
Dropout prevention		25,586

	\$	127,867
		=====

Note 14 - Deficit Fund Balance:

At June 30, 2013, the Capital Projects fund had a deficit balance of \$137,723.

Note 15 - Interfund Transfers:

Transfer to	Transfer from	Amount
-----	-----	-----
Debt Service	Capital Projects	\$ 182,731
Activity	General	16,200

Transfers are used to (1) move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds.

Note 16 - Subsequent Events:

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 26, 2014, the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ ---	\$ 541,000	\$ 541,000	0.0%	\$ 3,639,000	14.86%
2011	July 1, 2009	---	541,000	541,000	0.0%	3,649,000	14.82%
2012	July 1, 2009	---	541,000	541,000	0.0%	3,470,000	15.50%
2013	July 1, 2012	---	507,000	507,000	0.0%	3,520,000	14.40%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**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 Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 5,153,989	\$ 217,994	\$ 5,371,983	\$ 5,792,533	\$ 5,792,533	\$ (420,550)
State sources	3,265,715	2,877	3,268,592	3,311,694	3,311,694	(43,102)
Federal sources	245,346	157,249	402,595	347,000	347,000	55,595
Total Revenues	\$ 8,665,050	\$ 378,120	\$ 9,043,170	\$ 9,451,227	\$ 9,451,227	\$ (408,057)
Expenditures:						
Instruction	\$ 5,293,617	---	\$ 5,293,617	\$ 6,825,000	\$ 6,825,000	\$ 1,531,383
Support services	2,278,737	---	2,278,737	2,504,000	2,504,000	225,263
Non-instructional programs	1,805	383,951	385,756	370,000	370,000	(15,756)
Other	631,225	---	631,225	739,244	739,244	108,019
Total Expenditures	\$ 8,205,384	\$ 383,951	\$ 8,589,335	\$ 10,438,244	\$ 10,438,244	\$ 1,848,909
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 459,666	\$ (5,831)	\$ 453,835	\$ (987,017)	\$ (987,017)	\$ 1,440,852
Other Financing Sources, net	8,338	---	8,338	---	---	8,338
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 468,004	\$ (5,831)	\$ 462,173	\$ (987,017)	\$ (987,017)	\$ 1,449,190
Balances Beginning of Year	1,598,955	34,383	1,633,338	1,679,786	1,679,786	(46,448)
Balances End of Year	\$ 2,066,959	\$ 28,552	\$ 2,095,511	\$ 692,769	\$ 692,769	\$ 1,402,742

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013**

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides 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 non-instructional expenditures function exceeded the amount budgeted and the District did not exceed its General Fund unspent authorized budget.

**SUPPLEMENTARY
INFORMATION**

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue ----- Student Activity -----	Debt Service -----	Total Nonmajor Governmental Funds -----
Assets			
Cash and cash equivalents	\$ 97,143	\$ ---	\$ 97,143
	=====	=====	=====
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 18,535	\$ ---	\$ 18,535
	-----	-----	-----
Fund Balances:			
Restricted for:			
Student activities	\$ 78,608	\$ ---	\$ 78,608
	-----	-----	-----
Total Liabilities and Fund Balances	\$ 97,143	\$ ---	\$ 97,143
	=====	=====	=====

See accompanying independent auditor's report.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

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

	Special Revenue		Total Nonmajor Governmental Funds
	----- Student Activity -----	Debt Service -----	-----
Revenues:			
Local Sources:			
Other	\$ 370,347	\$ ---	\$ 370,347
	-----	-----	-----
Expenditures:			
Current:			
Instruction:			
Other	\$ 367,339	\$ ---	\$ 367,339
Other Expenditures:			
Long-term debt:			
Principal	---	179,338	179,338
Interest and fiscal charges	---	3,393	3,393
	-----	-----	-----
Total Expenses	\$ 367,339	\$ 182,731	\$ 550,070
	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,008	\$ (182,731)	\$ (179,723)
	-----	-----	-----
Other Financing Sources:			
Operating transfers in	\$ 16,200	\$ 182,731	\$ 198,931
	-----	-----	-----
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Sources	\$ 19,208	\$ ---	\$ 19,208
	-----	-----	-----
Fund Balances Beginning of Year	\$ 59,400	\$ ---	\$ 59,400
	-----	-----	-----
Fund Balances End of Year	\$ 78,608	\$ ---	\$ 78,608
	=====	=====	=====

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2013**

Account	Balance Beginning of Year	Revenues	Expenditures	Transfers	Balance End of Year
Athletics	\$ (4,300)	\$ 49,067	\$ 56,462	\$ 11,000	\$ (695)
Baseball	(224)	17,171	16,610	---	337
Boys Basketball	326	3,795	2,841	---	1,280
Chamber Choir	(1,427)	3,798	4,045	---	(1,674)
Cheerleading	997	1,929	3,104	---	(178)
Class of 2013	9,704	30,152	38,213	---	1,643
Class of 2014	3,881	17,384	9,228	---	12,037
Class of 2015	3,987	5,483	2,138	---	7,332
Class of 2016	1,917	8,084	3,971	---	6,030
Class of 2017	(209)	9,584	9,430	---	(55)
Club Volleyball	12	1,357	1,551	---	(182)
Cross Country	(227)	335	96	---	12
Drama	4,117	6,796	7,235	---	3,678
Drill Team	1,873	35,756	37,739	---	(110)
Elementary Assemblies	5,280	8,616	12,396	---	1,500
FCCLA	1,382	7,035	7,909	---	508
FFA Junior High	---	1,161	770	---	391
FFA Memorial	4,672	25	20	---	4,677
FFA Project	1,012	1,504	1,200	---	1,316
Fine Arts	380	---	150	---	230
Football	(16)	12,165	10,583	---	1,566
Girls Basketball	1,452	1,411	2,175	---	688
High School Assemblies	(201)	2,879	2,548	---	130
High School National Honor Society	(44)	1,119	56	---	1,019
Junior High Student Council	1,825	11,046	11,053	---	1,818
Little Eagles Wrestling	1,964	2,126	1,905	---	2,185
Middle School Library Reading	1	2,630	3,497	---	(866)
Middle School Assemblies	2,706	2,174	1,531	---	3,349
Middle School Food and Fitness	844	5,939	5,149	---	1,634
Music Trips	8,376	44,316	52,230	---	462
Parent Advisory Committee	161	5,537	5,537	---	161
Philanthropist Club	(224)	117	601	---	(708)
Random Acts of Kindness Club	(134)	---	---	---	(134)
Reading Month	5,339	---	---	---	5,339
Softball	873	5,812	2,867	---	3,818
Spanish Club	5,729	7,563	4,849	---	8,443
Student Senate	2,750	14,251	9,959	---	7,042
Track	(936)	3,911	2,462	---	513
Tri-Star FFA	(346)	22,775	19,196	---	3,233
Volleyball	3,644	6,298	6,809	---	3,133
Wrestling	(30)	1,110	3,586	---	(2,506)
Yearbook	(7,486)	8,136	5,638	5,200	212
Total	\$ 59,400	\$ 370,347	\$ 367,339	\$ 16,200	\$ 78,608

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
JUNE 30, 2013**

	Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax	Athletic Complex	Total
	-----	-----	-----	-----
Assets				
Cash and pooled investments	\$ 6,313	\$ 975	\$ 3,793	\$ 11,081
Receivables:				
Property tax:				
Succeeding year	283,873	---	---	283,873
Pledges receivable net of allowance of \$6,500	---	---	19,113	19,113
Due from other governments	2,513	169,084	---	171,597
	-----	-----	-----	-----
Total Assets	\$ 292,699	\$ 170,059	\$ 22,906	\$ 485,664
	=====	=====	=====	=====
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,990	\$ 29,911	\$ ---	\$ 33,901
Due to other funds	---	85,000	195,000	280,000
Deferred revenue:				
Succeeding year property tax	283,873	---	---	283,873
Pledges receivable	---	---	25,613	25,613
	-----	-----	-----	-----
Total Liabilities	\$ 287,863	\$ 114,911	\$ 220,613	\$ 623,387
	-----	-----	-----	-----
Fund balances:				
Restricted for:				
Physical plant and equipment	\$ 4,836	\$ ---	\$ ---	\$ 4,836
School infrastructure	---	55,148	---	55,148
Unassigned	---	---	(197,707)	(197,707)
	-----	-----	-----	-----
Total Fund Balances	\$ 4,836	\$ 55,148	\$ (197,707)	\$ (137,723)
	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$ 292,699	\$ 170,059	\$ 22,906	\$ 485,664
	=====	=====	=====	=====

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2013**

	Physical Plant and Equipment Levy	Statewide Sales, Services and Use Tax	Athletic Complex	Total
	-----	-----	-----	-----
Revenues:				
Local sources:				
Local tax	\$ 271,526	\$ 542,453	\$ ---	\$ 813,979
Other	16,717	114	6,006	22,837
	-----	-----	-----	-----
Total Revenues	\$ 288,243	\$ 542,567	\$ 6,006	\$ 836,816
	-----	-----	-----	-----
Expenditures:				
Support services:				
Instructional staff services	\$ 15,628	\$ 45,205	\$ ---	\$ 60,833
Administration services	113	39	3,804	3,956
Transportation services	138,572	---	---	138,572
	-----	-----	-----	-----
	\$ 154,313	\$ 45,244	\$ 3,804	\$ 203,361
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ 65,892	\$ 127,713	\$ ---	\$ 193,605
	-----	-----	-----	-----
Total Expenditures	\$ 220,205	\$ 172,957	\$ 3,804	\$ 396,966
	-----	-----	-----	-----
Excess of Revenues Over Expenditures	\$ 68,038	\$ 369,610	\$ 2,202	\$ 439,850
	-----	-----	-----	-----
Other Financing Sources (Uses):				
Intrafund transfers, net	\$ ---	\$ (175,000)	\$ 175,000	\$ ---
Operating transfers out	(60,910)	(121,821)	---	(182,731)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ (60,910)	\$ (296,821)	\$ 175,000	\$ (182,731)
	-----	-----	-----	-----
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 7,128	\$ 72,789	\$ 177,202	\$ 257,119
	-----	-----	-----	-----
Fund Balances Beginning of Year	\$ (2,292)	\$ (17,641)	\$ (374,909)	\$ (394,842)
Fund Balances End of Year	\$ 4,836	\$ 55,148	\$ (197,707)	\$ (137,723)
	=====	=====	=====	=====

See accompanying independent auditor's report.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2013

	Balance Beginning of Year -----	Additions -----	Deductions -----	Balance End of Year -----
Assets:				
Cash and deposits	\$ 2,499 =====	\$ 161 =====	\$ 93 =====	\$ 2,567 =====
Liabilities:				
Payable to others	\$ 2,499 =====	\$ 161 =====	\$ 93 =====	\$ 2,567 =====

See accompanying independent auditor's report.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

Modified Accrual Basis

	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:								
Local Sources:								
Local tax	\$ 3,913,960	\$ 3,742,828	\$ 3,580,360	\$ 3,165,517	\$ 3,079,650	\$ 3,355,563	\$ 3,387,397	\$ 3,346,260
Tuition	627,993	197,997	195,097	205,635	242,776	256,131	198,191	236,340
Other	612,036	529,342	456,570	966,499	1,003,784	844,453	681,536	542,231
State Sources	3,265,715	3,250,791	3,009,240	2,660,081	3,167,527	3,171,817	2,994,560	2,975,595
Federal Sources	245,346	276,956	485,109	564,887	180,950	190,803	242,006	287,147
Total	\$ 8,665,050	\$ 7,997,914	\$ 7,726,376	\$ 7,562,619	\$ 7,674,687	\$ 7,818,767	\$ 7,503,690	\$ 7,387,573
Expenditures:								
Instruction:								
Regular	\$ 3,104,959	\$ 2,789,396	\$ 2,787,347	\$ 2,665,032	\$ 2,595,541	\$ 2,662,212	\$ 2,569,187	\$ 2,684,680
Special	1,142,459	1,063,039	1,023,073	1,091,552	1,169,069	1,086,130	940,752	963,683
Other	1,046,199	933,544	963,958	1,064,236	1,003,802	861,654	934,943	826,543
Support Services:								
Student	291,320	304,189	268,374	282,278	289,585	190,099	189,724	176,484
Instructional staff	253,875	329,789	390,910	1,061,645	293,706	247,233	238,527	288,959
Administration	633,063	648,929	628,657	604,122	649,504	746,978	639,215	615,579
Operation and maintenance of plant	549,729	519,663	475,192	435,261	451,693	423,949	458,916	418,972
Transportation	550,750	555,438	540,416	486,768	521,284	524,821	433,775	467,061
Non-Instruction Programs	1,805	1,517	1,330	1,808	6,907	3,483	1,439	1,893
Other Expenditures:								
Facilities acquisition	193,605	462,193	156,850	637,000	1,987,484	661,963	400,478	151,715
AEA flowthrough	254,889	252,381	284,616	283,455	257,820	251,822	244,114	236,183
Long term debt:								
Principal	179,338	163,025	180,797	---	---	---	---	---
Interest and fiscal charges	3,393	5,063	1,934	---	---	---	---	---
Total	\$ 8,205,384	\$ 8,028,166	\$ 7,703,454	\$ 8,613,157	\$ 9,226,395	\$ 7,660,344	\$ 7,051,070	\$ 6,831,752

See accompanying independent auditor's report.

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. McCARTHY, CPA
E.A. SCHILLING, CPA
S.H. ROBERTS, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT* *AUDITING STANDARDS*

To the Board of Education of the
Clayton Ridge 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 Clayton Ridge 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 February 26, 2014. We expressed an unmodified opinion on the financial statements of the various opinion units of the primary government and an adverse opinion on the discretely presented component unit due to the omission of the financial data for District's legally separate component unit. In addition, our report includes a disclaimer of opinion on the required supplementary information.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a 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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings at items I-A-13 and I-B-13 to be material weaknesses. These items were noted in the prior year audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

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

Clayton Ridge Community School District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The 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 the Clayton Ridge 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.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks, & Co. PC.

Dubuque, Iowa
February 26, 2014

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Financial Statements:

MATERIAL WEAKNESSES:

I-A-13 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling incompatible duties. One example of incompatible duties is that one individual posts cash receipts, makes bank deposits, and reconciles bank accounts. Lack of segregation of duties could result in errors or unauthorized transactions not being detected and corrected by management in a timely manner.

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 implement procedures over areas where incompatible duties exist to maximize internal controls with current staff.

Conclusion - Response acknowledged.

I-B-13 Adjusting Journal Entry - A material adjustment was made to represent a fair presentation of the District's financial statements at June 30, 2013. Account balances that were adjusted were cash and various payroll withholding accounts. Misstatements in the financial statements could impair management and the School Board's ability to make informed decisions.

Recommendation - Management should review bank reconciliations to assure that all items are reflected properly.

Response - The District will review reconciliations to assure that activity is reflected properly.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013**

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - Expenditures for the year ended June 30, 2013 exceeded the certified budget in the non-instructional expenditures program function. The District did not exceed its General fund unspent authorized budget.

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 in the non-instructional expenditures program function.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

II-B-13 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

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 or employees were detailed as follows:

Name, Title, Business Connection -----	Description -----	Amount -----
Ihdes Phillips 66 Spouse of board member	Maintenance	\$ 939
Family Medicine Board member is part owner	Physicals	865

The transactions do not appear to represent a conflict of interest in accordance with Chapter 279.7A of the Code of Iowa since the cumulative transaction total for each official did not exceed \$2,500.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013**

Part II: Other Findings Related to Statutory Reporting: (Continued)

- 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 did not note any transaction requiring board approval which had not been approved by the board.
- II-G-13 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-13 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-13 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-J-13 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-K-13 Deficit Balances - The Student Activity fund had ten accounts with deficit balances at June 30, 2013.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013**

Part II: Other Findings Related to Statutory Reporting: (Continued)

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

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 District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance	\$	(17,641)
Income:		
Statewide sales and services tax revenue		542,453
Interest income		114
Expenditures:		
Buildings & equipment		172,957
Other financing sources (uses):		
Transfer to debt service fund		(121,821)
Transfer to Athletic Complex account		(175,000)
Ending balance	\$	55,148

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 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education was noted.

CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-N-13 Financial Condition - The Capital Projects fund had a deficit balance of \$137,723 at June 30, 2013.

Recommendation - The District should investigate alternatives to eliminate the deficit in order to return the fund to a sound financial position.

Response - The Capital Projects fund shows a deficit due to an interfund loan from the Management fund for financing of the Stephen D Shannon Athletic Complex. The loan will be paid off with future statewide sales, services, and use tax receipts. The District expects the deficit to be eliminated in fiscal 2014.

Conclusion - Response accepted.