

PERRY COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

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Perry Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kathryn Powell	President	2013
Daniel Wilhelmi	Vice President	2015
Darek Van Kirk	Board Member	2013
Jim Lutmer	Board Member	2015
Kenia Alarcon	Board Member	2015
School Officials		
M. Lynn Ubben	Superintendent	2013
Kent E. Bultman	Business Manager/ District Secretary	2013
Dwayne Hochhalter	District Treasurer	2013
Ahlers and Cooney P.C.	Attorney	2013

Perry Community School District

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

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence supporting 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 managements, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Perry Community School District at 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.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan and the combining statements for the discretely presented component units on pages 7 through 17 and 50 through 54 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 the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

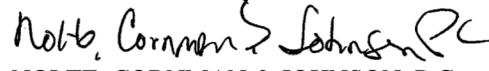
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Perry 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 four years ended June 30, 2012 (which are not presented herein) while another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2008 (which are not presented herein). Unqualified opinions were expressed on all of those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2014 on our consideration of Perry Community School District's internal control over financial reporting and 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 and should be considered in assessing the results of our audit.


NOLTE, CORNMAN & JOHNSON, P.C.

January 16, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Perry Community School District is pleased to provide this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the District's financial performance is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which immediately follow this section.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$19,180,573 in fiscal 2012 to \$17,654,706 in fiscal 2013, a decrease of \$1,525,867. General Fund expenditures increased from \$17,058,479 in fiscal 2012 to \$17,612,829 in fiscal 2013, an increase of \$554,350. The District's General Fund balance increased from \$6,383,635 at the end of fiscal 2012 to \$6,425,512 and the end of fiscal 2013, an increase of 0.66%
- The District's General Fund solvency ratio has remained positive for the past ten years, increasing to 32.70% at June 30, 2013. The solvency ratio is widely used as a comparative tool and is considered to be a good measure of a District's financial health. A graph showing ten years of solvency ratio history is included later in this section.
- The District has utilized statewide sales, services and use tax revenues for existing debt reduction and various capital projects. The District's share of the 2013 statewide sales, services and use tax revenues received from Boone, Dallas and Greene Counties totaled \$1,466,243. The District has committed a large portion of these revenues for debt service as a financial strategy to keep local property tax rates relatively stable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts:

1. Management's Discussion and Analysis (this section)
2. Basic Financial Statements
3. Notes to Financial Statements
4. Required Supplementary Information
5. Supplementary Information

The Basic Financial Statements include two kinds of statements that present different views of the District.

- The first, the Statement of Net Position and the Statement of Activities, are *Government-wide Financial Statements* that provide information about the District as a whole and present an overall view of the District's finances.
- The second are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements, as follows:
 - a) The *Governmental Fund Statements* explain how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.

- b) The *Proprietary Fund Financial Statements* offer short and long term financial information about the activities the District operates *like a business*, such as food services and the golf driving range.
- c) The *Fiduciary Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of other, such as scholarship trusts.

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

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

Supplementary Information provides detailed information about the nonmajor Governmental Funds as well as the Trust and Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

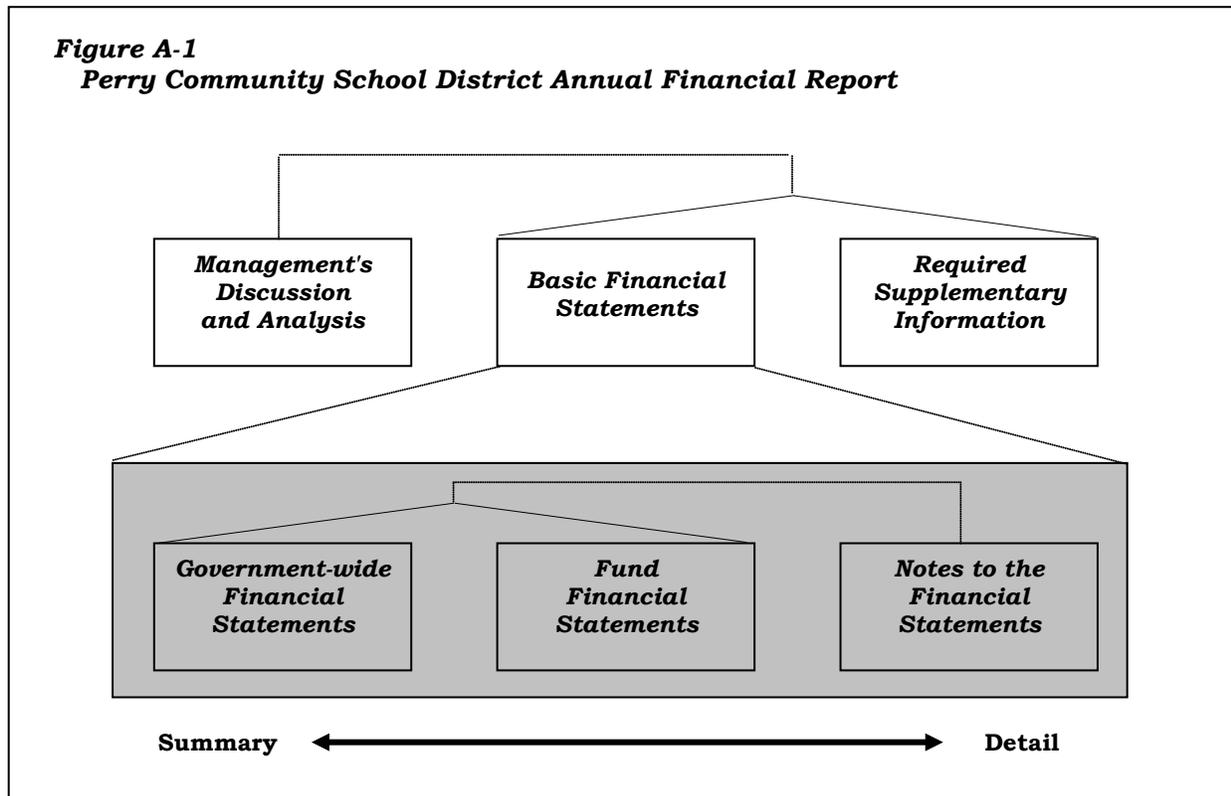


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

The two government-wide financial statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's food services are included here, as reported in the School Nutrition Fund.
- *Component unit:* This includes the activities of the Perry Community School District Foundation. The District receives significant financial benefits from the Foundation although they are legally separate entities.

Fund Financial Statements

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

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

The District has three types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-

term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

- a) The District's governmental funds include the General Fund, Management Levy Fund, Student Activity Fund, Physical Plant and Equipment Levy Fund, Capital Projects Fund and the Debt Service Fund.
- b) The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements.
 - a) The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Golf Driving Range Fund.
 - b) Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently uses an internal service fund to account for employee benefits.
 - c) The required financial statements for the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.
- *Fiduciary funds:* The District serves as the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
 - a) Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - b) Agency Funds - These are funds for which the District administers and accounts for the City of Perry's share of local option sales and services tax, early retiree health and dental insurance and COBRA insurance payments.

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Figure A-3 Condensed Statement of Net Position							
	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 20,735,655	20,667,858	584,390	589,345	21,320,045	21,257,203	0.30%
Capital assets	22,541,629	21,694,237	206,166	243,668	22,747,795	21,937,905	3.69%
Total assets	<u>43,277,284</u>	<u>42,362,095</u>	<u>790,556</u>	<u>833,013</u>	<u>44,067,840</u>	<u>43,195,108</u>	<u>2.02%</u>
Long-term obligations	19,196,535	20,333,833	7,806	12,027	19,204,341	20,345,860	-5.61%
Other liabilities	8,518,949	8,127,279	113,735	116,425	8,632,684	8,243,704	4.72%
Total liabilities	<u>27,715,484</u>	<u>28,461,112</u>	<u>121,541</u>	<u>128,452</u>	<u>27,837,025</u>	<u>28,589,564</u>	<u>-2.63%</u>
Net position:							
Invested in capital assets, net of related debt	4,455,695	3,653,219	206,166	243,668	4,661,861	3,896,887	19.63%
Restricted	6,081,474	5,149,105	0	0	6,081,474	5,149,105	18.11%
Unrestricted	5,024,631	5,098,659	462,849	460,893	5,487,480	5,559,552	-1.30%
Total net position	<u>\$ 15,561,800</u>	<u>13,900,983</u>	<u>669,015</u>	<u>704,561</u>	<u>16,230,815</u>	<u>14,605,544</u>	<u>11.13%</u>

The District's combined net position increased by 11.13%, or \$1,625,271, over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This amount increased 18.11%, or \$932,369. The increase in restricted net position is due in part to an increase in the amounts restricted for school infrastructure.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints, decreased 1.30%, or \$72,072. The decrease in unrestricted net position is primarily due to the District paying termination benefits(early retirement) in the current year with unrestricted funds.

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

Figure A-4 Changes in Net Position							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues & Transfers:							
Program revenues:							
Charges for services	\$ 792,036	646,933	330,439	359,455	1,122,475	1,006,388	11.54%
Operating grants and contributions and restricted interest	2,102,810	2,393,155	982,574	917,634	3,085,384	3,310,789	-6.81%
Capital grants and contributions and restricted interest	55,067	22,301	0	0	55,067	22,301	100.00%
General revenues:							
Property tax	5,967,553	6,819,869	0	0	5,967,553	6,819,869	-12.50%
Income surtax	192,860	180,929	0	0	192,860	180,929	6.59%
Statewide sales, services and use tax	1,466,243	975,664	0	0	1,466,243	975,664	50.28%
Unrestricted state grants	11,006,769	10,567,353	0	0	11,006,769	10,567,353	4.16%
Nonspecific program federal grants	0	230,740	0	0	0	230,740	-100.00%
Unrestricted investment earnings	36,121	107,046	578	603	36,699	107,649	-65.91%
Other	82,254	325,882	70	22,859	82,324	348,741	-76.39%
Transfers	0	4,413	0	(4,413)	0	0	0.00%
Total revenues	21,701,713	22,274,285	1,313,661	1,296,138	23,015,374	23,570,423	-2.35%
Program expenses:							
Governmental activities:							
Instructional	12,436,987	12,051,364	0	0	12,436,987	12,051,364	3.20%
Support services	5,348,549	5,161,765	31,818	28,814	5,380,367	5,190,579	3.66%
Non-instructional programs	213,208	308,594	1,317,389	1,270,931	1,530,597	1,579,525	-3.10%
Other expenses	2,042,152	2,040,665	0	0	2,042,152	2,040,665	0.07%
Total expenses	20,040,896	19,562,388	1,349,207	1,299,745	21,390,103	20,862,133	2.53%
Changes in net position	1,660,817	2,711,897	(35,546)	(3,607)	1,625,271	2,708,290	-39.99%
Beginning net position	13,900,983	11,189,086	704,561	708,168	14,605,544	11,897,254	22.76%
Ending net position	\$ 15,561,800	13,900,983	669,015	704,561	16,230,815	14,605,544	11.13%

Property tax revenues of \$5,967,553 and unrestricted state grants of \$11,006,769 account for 73.78% of the District's total revenues in all funds, totaling \$23,015,374 as shown above. The District's expenses are primarily in the instruction and support services functions, which total 83.30% of the total expenses of \$21,390,103 as shown above. Total District revenues for fiscal year 2013 decreased by 2.35% from the prior year, and the corresponding expenses increased 2.53%.

Governmental Activities

Revenues for governmental activities were \$21,701,713, a decrease of 2.57% from the prior year. Expenses were \$20,040,896, a 2.45% increase over the prior year. Operating and Capital grants, contributions and restricted interest decreased by \$257,579, largely due to the District receiving less in federal grant monies. Property tax revenues decreased \$852,316, or 12.50%, over the prior year due to a decrease in taxable valuation from \$329,170,118 in FY12 to \$322,109,239 in FY13,

a decrease of 2.15%. The total levy rate decreased from \$21.75 per \$1,000 of taxable valuation for FY 12 to \$19.42 per \$1,000 of taxable valuation for FY13.

The following table, Figure A-5, presents the cost of the four major District activities: instruction, support services, non-instructional programs and other expenses. The table shows each activity's net cost, which is the total expense less any fees generated by the activities and intergovernmental aid provided for specific programs. Therefore, the net cost indicates the financial burden placed on the District's taxpayers for each of these District functions.

Figure A-5 Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 12,436,987	12,051,364	3.20%	10,383,731	10,106,009	2.75%
Support services	5,348,549	5,161,765	3.62%	5,279,725	5,049,326	4.56%
Non-instructional programs	213,208	308,594	-30.91%	55,807	(32,854)	-269.86%
Other expenses	2,042,152	2,040,665	0.07%	1,371,720	1,377,518	-0.42%
Totals	\$ 20,040,896	19,562,388	2.45%	17,090,983	16,499,999	3.58%

The total cost of all governmental activities for FY 13 was \$20,040,896. Some of this cost, or \$792,036, was financed by users of the District's programs, such as from fees or admissions revenues. Another \$2,157,877 was subsidized by federal and state governments through restricted program grants and contributions. These revenues are categorized as program revenues because they are specifically related to a certain program and, therefore, must be expended within that program.

The net cost of services for all governmental activities was \$17,090,983, financed primarily with revenues from unrestricted state aid and local property tax. State aid and property tax are examples of general revenues since they are not specific to a program and are available to be expended for more universal purposes within a specific fund.

Business type Activities

As previously discussed, the District's business type funds include the School Nutrition Fund and the Golf Driving Range.

Revenues for the School Nutrition Fund were \$1,312,056, an increase of \$14,027, or 1.08%, over the prior year. The increase was primarily from federal sources. School Nutrition Fund expenses increased \$45,252, or 3.48%, over the prior year, totaling \$1,347,240.

The financial activity in the Golf Driving Range Fund was minimal, with revenues and expenses totaling \$1,605 and \$1,967 respectively.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

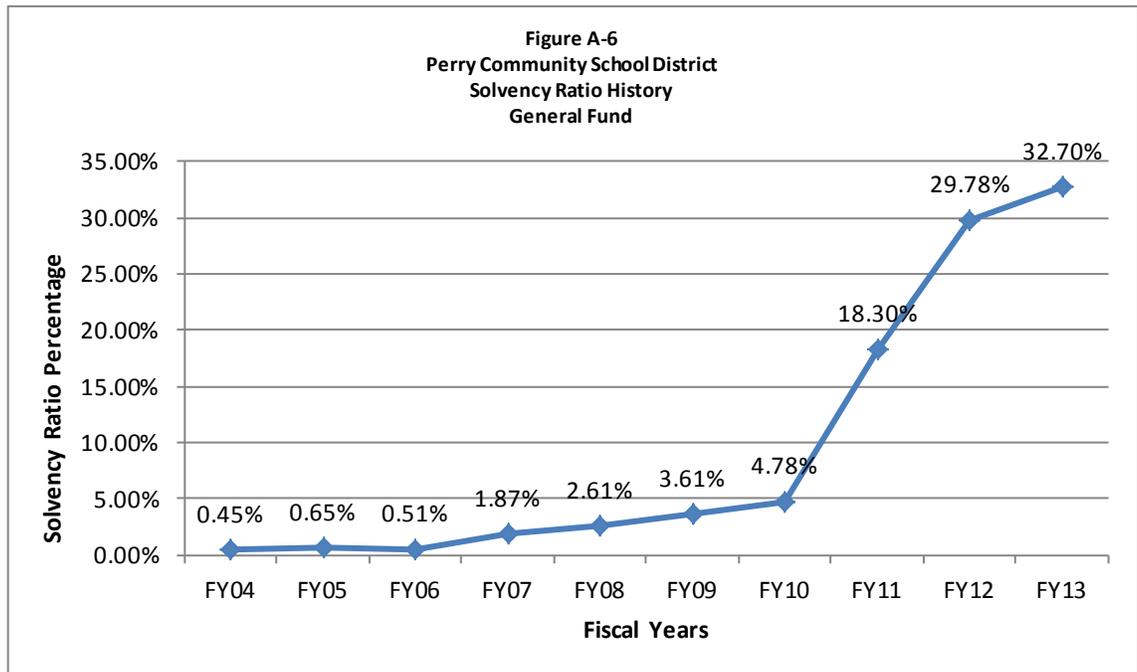
The Perry Community School District uses fund accounting to ensure and demonstrate compliance with finance-related statutory requirements. A summary financial analysis of individual District funds follows, categorized into governmental and business types:

Governmental Fund Highlights

The financial performance of the District as a whole is largely reflected in its governmental funds, particularly by analysis of the fund balances. Overall, the District's governmental funds had

combined fund balances of \$12,213,037 at June 30, 2013, a decrease of \$105,285 from the prior year. The following is a closer look at each individual major fund:

- The **General Fund** reported an overall increase in its fund balance of \$41,877, from \$6,383,635 at June 30, 2012 to \$6,425,512 at June 30, 2013. During the year, the District experienced 7.96% decrease in revenues and a 3.25% increase in expenses. Revenues have exceeded expenditures in the past six years. The unassigned portion of this fund balance increased \$31,673, which is one factor by which the District's solvency ratio is calculated. Figure A-6 below shows a history of the District's financial solvency ratio for several years. The solvency ratio is considered a measure of financial health and is calculated by dividing the District's assigned and unassigned General Fund balance by its actual General Fund revenues. As shown in the graph below, the District has had a positive financial recovery after several years with a below target solvency position.



- The **Debt Service Fund** balance decreased \$211,653 over the prior year. The Debt Service Fund is used to account for principal and interest payments on debt to the District's bond and lease holders. Local property tax and interest earnings accounted for \$1,305,102 in revenues. The Capital Projects Fund transferred \$355,756 to the Debt Service Fund to help pay principal and interest on the District's revenue bond and capital lease indebtedness.
- The **Capital Projects Fund** balance decreased \$23,083 from the prior year. The decrease in fund balance for the Capital Projects Fund was primarily the result of the District's expenditures related to progress on various capital projects during the year.

BUDGETARY HIGHLIGHTS

Total expenditures/expenses for 2013 were \$3,220,417 less than the District's certified budget for expenditures/expenses, a variance of 12.10%. It is the District's practice to budget expenditures at the maximum authorized authority for the General Fund. For other funds, the District's policy is to set expenditures at the maximum available dollars. Spending for all funds is managed and controlled through the District's line-item budget.

In spite of the District's practice, The District exceeded its budgeted expenditures in the other expenditures functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested approximately \$22.74 million, net of accumulated depreciation, in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices. As shown in Figure A-7, this amount represents a net increase of 3.85% from last year. More detailed information about capital assets is available in Note 4 to the financial statements.

Figure A-7							
Capital Assets, Net of Depreciation							
	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 595,047	595,047	0	0	595,047	595,047	0.00%
Construction in progress	1,878,660	1,256,343	0	0	1,878,660	1,256,343	49.53%
Buildings	18,635,450	18,591,339	0	0	18,635,450	18,591,339	0.24%
Land improvements	577,589	622,521	0	0	577,589	622,521	-7.22%
Machinery and equipment	854,883	628,987	206,166	206,133	1,061,049	835,120	27.05%
Total	<u>\$ 22,541,629</u>	<u>21,694,237</u>	<u>206,166</u>	<u>206,133</u>	<u>22,747,795</u>	<u>21,900,370</u>	<u>3.87%</u>

Construction in progress increased \$622,317 from the prior year, or 49.53%. This increase is due to various ongoing and new construction projects throughout the District beginning during the year.

Long-Term Debt

At June 30, 2013, the District had a total of \$19,204,341 in general obligation bonds/notes and other long-term debt outstanding. This represents a decrease of 5.61% from the prior year. (See Figure A-8) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

- The District had outstanding general obligation bonds of \$5,365,000 at June 30, 2013.
- The District had outstanding revenue bonds of \$12,395,000 at June 30, 2013.
- The District had an outstanding capital loan note of \$295,000 at June 30, 2013.
- The District had an outstanding capital lease of \$234,247 at June 30, 2013.
- The District had compensated absences of \$46,138 at June 30, 2013.
- The District had outstanding termination benefits payable from the Speceal Revenue, Management Levy Fund of \$105,862 at June 30, 2013.
- The District has a net OPEB liability of \$755,288 in the governmental activities and \$4,712 in the business-type activities.

Figure A-8

Outstanding Long-Term Obligations

	Governmental		Business type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General Obligation Bonds	\$ 5,365,000	6,615,000	0	0	5,365,000	6,615,000	-18.90%
Revenue Bonds	12,395,000	12,395,000	0	0	12,395,000	12,395,000	0.00%
Capital Loan Note	295,000	345,000	0	0	295,000	345,000	-14.49%
Capital Leases	234,247	0	0	0	234,247	0	100.00%
Termination Benefits	105,862	340,687	0	4,413	105,862	345,100	-69.32%
Compensated Absences	46,138	42,488	3,094	745	49,232	43,233	13.88%
Net OPEB Liability	755,288	595,658	4,712	6,869	760,000	602,527	26.14%
Total	\$ 19,196,535	20,333,833	7,806	12,027	19,204,341	20,345,860	-5.61%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District began a 1:1 laptop initiative for the 2013-14 school year. Approximately \$495,000 was spent on computers and another \$100,000 on updating technology in the classrooms at the high school and middle school. It is unknown what additional costs the District will incur as the use of the technology in the classroom increases.
- The District is uncertain on how the TLC (Teacher Leadership Compensation) Plan will affect the General Fund budget. The District is currently in the planning stages and will submit a plan by January 2015 to the Department of Education.
- The District forecasts that enrollment will decrease in the future as the trend of larger class sizes graduating and smaller incoming classes continues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lynn Ubben, Superintendent, Perry Community School District, 1102 Willis Avenue, Suite 200, Perry, Iowa, 50220.

Perry Community School District

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Govern- mental Activities	Business type Activities	Total	Perry Community School District Foundation
ASSETS				
Cash and pooled investments	\$ 13,795,567	545,626	14,341,193	70,516
Receivables:				
Property tax:				
Delinquent	99,710	0	99,710	0
Succeeding year	6,094,694	0	6,094,694	0
Income surtax	187,043	0	187,043	0
Accounts	11,253	2,498	13,751	0
Due from other governments	547,388	27,783	575,171	0
Inventories	0	8,483	8,483	0
Capital assets, net of accumulated depreciation	22,541,629	206,166	22,747,795	0
TOTAL ASSETS	43,277,284	790,556	44,067,840	70,516
LIABILITIES				
Accounts payable	88,654	324	88,978	0
Salaries and benefits payable	2,054,049	103,323	2,157,372	0
Accrued interest payable	271,667	0	271,667	0
Deferred revenue:				
Succeeding year property tax	6,094,694	0	6,094,694	0
Unearned revenue	9,885	10,088	19,973	0
Long-term liabilities:				
Portion due within one year:				
General obligation bonds payable	1,260,000	0	1,260,000	0
Capital loan notes payable	55,000	0	55,000	0
Capital leases payable	115,691	0	115,691	0
Termination benefits payable	52,931	0	52,931	0
Compensated absences	46,138	3,094	49,232	0
Portion due after one year:				
General obligation bonds payable	4,105,000	0	4,105,000	0
Revenue bonds payable	12,395,000	0	12,395,000	0
Capital loan notes payable	240,000	0	240,000	0
Bus loan payable	118,556	0	118,556	0
Termination benefits payable	52,931	0	52,931	0
Net OPEB liability	755,288	4,712	760,000	0
TOTAL LIABILITIES	27,715,484	121,541	27,837,025	0
NET POSITION				
Invested in capital assets, net of related debt	4,455,695	206,166	4,661,861	0
Restricted for:				
Categorical funding	874,791	0	874,791	0
School infrastructure	2,660,508	0	2,660,508	0
Physical plant and equipment	428,242	0	428,242	0
Debt service	1,493,135	0	1,493,135	0
Management levy purposes	489,860	0	489,860	0
Student activities	134,938	0	134,938	0
Unrestricted	5,024,631	462,849	5,487,480	70,516
TOTAL NET POSITION	\$ 15,561,800	669,015	16,230,815	70,516

SEE NOTES TO FINANCIAL STATEMENTS.

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

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Capital Grants, Contributions and Restricted and Restricted Interest		Primary Government		Component Unit	
			Interest	Interest	Govern- mental Activities	Business Type Activities	Total	Perry Community School District Foundation
Governmental activities:								
Instruction:								
Regular	\$ 6,756,143	231,034	163,113	0	(6,361,996)	0	(6,361,996)	0
Special	2,501,226	68,436	305,902	0	(2,126,888)	0	(2,126,888)	0
Other	3,179,618	330,496	954,275	0	(1,894,847)	0	(1,894,847)	0
	<u>12,436,987</u>	<u>629,966</u>	<u>1,423,290</u>	<u>0</u>	<u>(10,383,731)</u>	<u>0</u>	<u>(10,383,731)</u>	<u>0</u>
Support services:								
Student	457,883	0	0	0	(457,883)	0	(457,883)	0
Instructional staff	698,056	0	0	0	(698,056)	0	(698,056)	0
Administration	1,963,307	0	0	0	(1,963,307)	0	(1,963,307)	0
Operation and maintenance of plant	1,547,528	0	0	55,067	(1,492,461)	0	(1,492,461)	0
Transportation	681,775	4,669	9,088	0	(668,018)	0	(668,018)	0
	<u>5,348,549</u>	<u>4,669</u>	<u>9,088</u>	<u>55,067</u>	<u>(5,279,725)</u>	<u>0</u>	<u>(5,279,725)</u>	<u>0</u>
Non-instructional programs	213,208	157,401	0	0	(55,807)	0	(55,807)	0
Long-term debt interest and fiscal charges	824,842	0	0	0	(824,842)	0	(824,842)	0
Other expenses:								
AEA flowthrough	670,432	0	670,432	0	0	0	0	0
Depreciation(unallocated)*	546,878	0	0	0	(546,878)	0	(546,878)	0
	<u>1,217,310</u>	<u>0</u>	<u>670,432</u>	<u>0</u>	<u>(546,878)</u>	<u>0</u>	<u>(546,878)</u>	<u>0</u>
Total governmental activities	<u>20,040,896</u>	<u>792,036</u>	<u>2,102,810</u>	<u>55,067</u>	<u>(17,090,983)</u>	<u>0</u>	<u>(17,090,983)</u>	<u>0</u>
Business Type activities:								
Support services:								
Administration	11,702	0	0	0	0	(11,702)	(11,702)	0
Operation and maintenance of plant	20,116	0	0	0	0	(20,116)	(20,116)	0
Total support services	<u>31,818</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(31,818)</u>	<u>(31,818)</u>	<u>0</u>
Non-instructional programs:								
School Nutrition	1,315,422	328,834	982,574	0	0	(4,014)	(4,014)	0
Golf Driving Range	1,967	1,605	0	0	0	(362)	(362)	0
Total non-instructional programs:	<u>1,317,389</u>	<u>330,439</u>	<u>982,574</u>	<u>0</u>	<u>0</u>	<u>(4,376)</u>	<u>(4,376)</u>	<u>0</u>
Total business type activities	<u>1,349,207</u>	<u>330,439</u>	<u>982,574</u>	<u>0</u>	<u>0</u>	<u>(36,194)</u>	<u>(36,194)</u>	<u>0</u>
Total primary government	<u>\$ 21,390,103</u>	<u>1,122,475</u>	<u>3,085,384</u>	<u>55,067</u>	<u>(17,090,983)</u>	<u>(36,194)</u>	<u>(17,127,177)</u>	<u>0</u>
Total component unit	<u>\$ 12,950</u>	<u>0</u>	<u>6,223</u>	<u>0</u>				<u>(6,727)</u>
General Revenues:								
General revenues:								
Property tax levied for:								
General purposes					\$ 4,420,639	0	4,420,639	0
Debt service					1,305,102	0	1,305,102	0
Capital outlay					241,812	0	241,812	0
Income surtax					192,860	0	192,860	0
Statewide sales, services and use tax					1,466,243	0	1,466,243	0
Unrestricted state grants					11,006,769	0	11,006,769	0
Unrestricted investment earnings					36,121	578	36,699	601
Other					82,254	70	82,324	0
Total general revenues					<u>18,751,800</u>	<u>648</u>	<u>18,752,448</u>	<u>601</u>
Changes in net position					1,660,817	(35,546)	1,625,271	(6,126)
Net position beginning of year					<u>13,900,983</u>	<u>704,561</u>	<u>14,605,544</u>	<u>76,642</u>
Net position end of year					<u>\$ 15,561,800</u>	<u>669,015</u>	<u>16,230,815</u>	<u>70,516</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 8,272,094	2,966,648	1,743,575	724,957	13,707,274
Receivables:					
Property tax:					
Delinquent	66,485	3,933	21,227	8,065	99,710
Succeeding year	4,163,576	255,300	1,300,818	375,000	6,094,694
Income surtax	0	187,043	0	0	187,043
Accounts	10,504	0	0	749	11,253
Due from other governments	225,906	321,482	0	0	547,388
Total Assets	\$ 12,738,565	3,734,406	3,065,620	1,108,771	20,647,362
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 85,608	0	0	3,046	88,654
Salaries and benefits payable	2,053,984	0	0	65	2,054,049
Deferred revenue:					
Succeeding year property tax	4,163,576	255,300	1,300,818	375,000	6,094,694
Income surtax	0	187,043	0	0	187,043
Unearned revenue	9,885	0	0	0	9,885
Total liabilities	6,313,053	442,343	1,300,818	378,111	8,434,325
Fund balances:					
Restricted for:					
Categorical funding	874,791	0	0	0	874,791
School infrastructure	0	2,863,821	0	0	2,863,821
Physical plant and equipment	0	428,242	0	0	428,242
Debt service	0	0	1,764,802	0	1,764,802
Management levy purposes	0	0	0	595,722	595,722
Student activities	0	0	0	134,938	134,938
Assigned for athletic expenses	20,495	0	0	0	20,495
Unassigned	5,530,226	0	0	0	5,530,226
Total fund balances	6,425,512	3,292,063	1,764,802	730,660	12,213,037
Total Liabilities and Fund Balances	\$ 12,738,565	3,734,406	3,065,620	1,108,771	20,647,362

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 22)	\$ 12,213,037
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	22,541,629
Blending of the Internal Service Fund to be reflected on an entity-wide basis.	88,293
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	187,043
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(271,667)
Long-term liabilities, including general obligation bonds/notes payable, revenue bonds payable, capital lease payable, termination benefits payable, compensated absences payable and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(19,196,535)</u>
Net position of governmental activities(page 20)	<u><u>\$ 15,561,800</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
REVENUES:					
Local sources:					
Local tax	\$ 3,943,962	1,897,255	1,305,102	476,677	7,622,996
Tuition	274,705	0	0	0	274,705
Other	387,762	9,473	26,061	273,712	697,008
State sources	12,137,379	0	0	0	12,137,379
Federal sources	910,898	55,067	0	0	965,965
TOTAL REVENUES	17,654,706	1,961,795	1,331,163	750,389	21,698,053
EXPENDITURES:					
Current:					
Instruction:					
Regular	6,695,933	0	0	181,450	6,877,383
Special	2,492,857	0	0	34,221	2,527,078
Other	2,893,531	0	0	248,025	3,141,556
	12,082,321	0	0	463,696	12,546,017
Support services:					
Student	458,371	0	0	0	458,371
Instructional staff	693,627	0	0	0	693,627
Administration	1,730,850	23,611	0	196,051	1,950,512
Operation and maintenance of plant	1,206,809	191,633	0	2,493	1,400,935
Transportation	551,188	355,747	0	575	907,510
	4,640,845	570,991	0	199,119	5,410,955
Non-instructional programs:					
Community service operations	219,231	0	0	0	219,231
Capital outlay	0	1,292,378	0	0	1,292,378
Long-term debt:					
Principal	0	0	1,300,000	0	1,300,000
Interest and fiscal charges	0	0	598,572	0	598,572
	0	0	1,898,572	0	1,898,572
Other expenditures:					
AEA flowthrough	670,432	0	0	0	670,432
TOTAL EXPENDITURES	17,612,829	1,863,369	1,898,572	662,815	22,037,585
Excess(Deficiency) of revenues over(under)expenditures	41,877	98,426	(567,409)	87,574	(339,532)
Other financing sources(uses):					
Transfer in	0	0	355,756	0	355,756
Transfer out	0	(355,756)	0	0	(355,756)
Capital lease proceeds	0	234,247	0	0	234,247
Total other financing sources(uses)	0	(121,509)	355,756	0	234,247
Change in fund balances	41,877	(23,083)	(211,653)	87,574	(105,285)
Fund balance beginning of year	6,383,635	3,315,146	1,976,455	643,086	12,318,322
Fund balance end of year	\$ 6,425,512	3,292,063	1,764,802	730,660	12,213,037

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 24) \$ (105,285)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Activities and are expensed allocated over their estimated useful lives as depreciation expenditures in the Statement of Activities. Capital outlay exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,457,469	
Depreciation expense	<u>(610,077)</u>	847,392

Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance at an entity-wide basis. 4,022

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year bond issues and repayments are as follows:

Issued	(234,247)	
Repaid	<u>1,300,000</u>	1,065,753

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (226,270)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. 3,660

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Termination benefits	234,825	
Compensated absences	(3,650)	
Other postemployment benefits	<u>(159,630)</u>	<u>71,545</u>

Change in net position of governmental activities(page 21) \$ 1,660,817

SEE NOTES TO FINANCIAL STATEMENTS.

PERRY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Golf Driving Range	Total	
ASSETS				
Current assets:				
Cash and pooled investments	\$ 539,993	5,633	545,626	88,293
Accounts receivable	2,498	0	2,498	0
Due from other governments	27,783	0	27,783	0
Inventories	8,483	0	8,483	0
Total current assets	<u>578,757</u>	<u>5,633</u>	<u>584,390</u>	<u>88,293</u>
Non-current assets:				
Capital assets:				
Machinery and equipment, net of accumulated depreciation	200,835	5,331	206,166	0
Total non-current assets	<u>200,835</u>	<u>5,331</u>	<u>206,166</u>	<u>0</u>
TOTAL ASSETS	<u>779,592</u>	<u>10,964</u>	<u>790,556</u>	<u>88,293</u>
LIABILITIES				
Current liabilities:				
Accounts payable	324	0	324	0
Salaries and benefits payable	103,323	0	103,323	0
Unearned revenue	10,088	0	10,088	0
Total current liabilities	<u>113,735</u>	<u>0</u>	<u>113,735</u>	<u>0</u>
Long-term liabilities:				
Compensated absences	3,094	0	3,094	0
Net OPEB liability	4,712	0	4,712	0
Total long-term liabilities	<u>7,806</u>	<u>0</u>	<u>7,806</u>	<u>0</u>
TOTAL LIABILITIES	<u>121,541</u>	<u>0</u>	<u>121,541</u>	<u>0</u>
NET POSITION				
Invested in capital assets	200,835	5,331	206,166	0
Unrestricted	457,216	5,633	462,849	88,293
TOTAL NET POSITION	<u>\$ 658,051</u>	<u>10,964</u>	<u>669,015</u>	<u>88,293</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities: Enterprise Funds			Governmental Activities: Internal Service Fund
	School Nutrition	Golf Driving Range	Total	
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 328,834	1,605	330,439	0
Miscellaneous	70	0	70	1,512,900
TOTAL OPERATING REVENUES	328,904	1,605	330,509	1,512,900
OPERATING EXPENSES:				
Support services:				
Administration:				
Services	6,102	0	6,102	1,508,878
Supplies	5,475	0	5,475	0
Other	125	0	125	0
	11,702	0	11,702	1,508,878
Operation and maintenance of plant:				
Salaries	8,820	0	8,820	0
Benefits	1,386	0	1,386	0
Services	8,110	0	8,110	0
Supplies	1,800	0	1,800	0
	20,116	0	20,116	0
Total support services	31,818	0	31,818	1,508,878
Non-instructional programs:				
Food service operations:				
Salaries	486,013	0	486,013	0
Benefits	88,130	0	88,130	0
Services	23,692	0	23,692	0
Supplies	663,964	0	663,964	0
Depreciation	53,623	0	53,623	0
	1,315,422	0	1,315,422	0
Other enterprise operations:				
Services	0	1,300	1,300	0
Depreciation	0	667	667	0
	0	1,967	1,967	0
Total non-instructional programs	1,315,422	1,967	1,317,389	0
TOTAL OPERATING EXPENSES	1,347,240	1,967	1,349,207	0
OPERATING INCOME(LOSS)	(1,018,336)	(362)	(1,018,698)	4,022
NON-OPERATING REVENUES:				
State sources	10,378	0	10,378	0
Federal sources	972,196	0	972,196	0
Interest income	578	0	578	0
TOTAL NON-OPERATING REVENUES	983,152	0	983,152	0
Change in net position	(35,184)	(362)	(35,546)	4,022
Net position beginning of year	693,235	11,326	704,561	84,271
Net position end of year	\$ 658,051	10,964	669,015	88,293

SEE NOTES TO FINANCIAL STATEMENTS.

PERRY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business type Activities			Governmental
	Enterprise Funds			Activities:
	School	Golf	Total	Internal
	Nutrition	Driving Range		Service
				Fund
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 332,343	0	332,343	0
Cash received from driving range fees	0	1,605	1,605	0
Cash received from miscellaneous operating activities	70	0	70	1,512,900
Cash payments to employees for services	(591,201)	0	(591,201)	0
Cash payments to suppliers for goods or services	(642,928)	(1,500)	(644,428)	(1,508,878)
Net cash provided by(used in) operating activities	(901,716)	105	(901,611)	4,022
Cash flows from non-capital financing activities:				
State grants received	10,378	0	10,378	0
Federal grants received	897,879	0	897,879	0
Net cash provided by non-capital financing activities	908,257	0	908,257	0
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(16,788)	0	(16,788)	0
Cash flows from investing activities:				
Interest on investments	578	0	578	0
Net increase(decrease) in cash and cash equivalents	(9,669)	105	(9,564)	4,022
Cash and cash equivalents at beginning of year	549,662	5,528	555,190	84,271
Cash and cash equivalents at end of year	\$ 539,993	5,633	545,626	88,293
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (1,018,336)	(362)	(1,018,698)	4,022
Adjustments to reconcile operating loss to net cash provided by(used in) operating activities:				
Commodities consumed	67,517	0	67,517	0
Depreciation	53,623	667	54,290	0
Increase in inventories	(444)	0	(444)	0
Decrease in accounts receivable	2,635	0	2,635	0
Decrease in accounts payable	(733)	(200)	(933)	0
Decrease in salaries and benefits payable	(2,631)	0	(2,631)	0
Increase in unearned revenue	874	0	874	0
Decrease in early retirement benefits	(4,413)	0	(4,413)	0
Decrease in other postemployment benefits	(2,157)	0	(2,157)	0
Increase in compensated absences	2,349	0	2,349	0
Net cash provided by(used in) operating activities	\$ (901,716)	105	(901,611)	4,022

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$67,517.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 1,300,068	49,644
Due from other governments	0	123,498
TOTAL ASSETS	1,300,068	173,142
LIABILITIES		
Due to other groups	0	173,142
TOTAL LIABILITIES	0	173,142
NET POSITION		
Restricted for scholarships	1,300,068	0
TOTAL NET POSITION	\$ 1,300,068	0

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Contributions	\$ 21,586
Interest	10,828
Total additions	<u>32,414</u>
Deductions:	
Regular instruction:	
Scholarships awarded	<u>35,790</u>
Change in net position	(3,376)
Net position beginning of year	<u>1,303,444</u>
Net position end of year	<u>\$ 1,300,068</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, Perry 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.

These financial statements present the Perry Community School District (the primary government) and the Perry Community School District Foundation (component unit). The Perry Community School District Foundation is discussed below and is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit

The Perry Community School District Foundation is a legally separate entity, organized as a charitable organization under Chapter 501(c)(3) of the Internal Revenue Code. The Foundation's primary purpose is to collect funds and provide financial support for activities of the Perry Community School District. The Foundation is governed by a twelve member Board of Directors appointed by the Foundation's Board of Directors. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

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

In addition, pursuant to Chapter 28E of the Code of Iowa, the City of Perry, the Perry Community School District and the Dallas County Hospital (Members), created the Perry Area Child Development Corporation to provide a full service child daycare center for the community served by the members. The unincorporated association's board consists of a representative from each of the members plus two at-large representatives from the community. No fees or capital contributions are required unless the amounts are agreed upon by unanimous vote of all members.

B. Basis of Presentation

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities and the collection and use of the statewide sales and services tax.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports one major proprietary fund:

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

The District also reports two nonmajor proprietary funds:

The Golf Driving Range Fund is used to account for the operations of the District operated driving range that is open to students of Perry Community Schools as well as citizens of Perry.

The Internal Service Fund is used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the District. The Internal Service Fund is charged back to the Governmental Funds and shown combined in the Statement of Net Position and the Statement of Activities.

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

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

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. The District's

Agency Fund accounts for the City of Perry's share of the statewide sales, services and use tax revenue shared pursuant to a 28E agreement between the District and the City, early retiree health and dental insurance and COBRA insurance.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

The District maintains its financial records during the fiscal year on a cash basis. At the end of the fiscal year, for reporting purposes, the District prepares the financial statements on an accrual basis by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Land improvements	10,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	20-50 years
Land improvements	5-20 years
Intangibles	5-10 years
Furniture and equipment	2-20 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue

consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

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

Unearned revenues in the General Fund are monies that have been collected for student registrations. The revenue will be considered earned when services are provided. The student registrations are reflected on the Statement of Net Position in the governmental activities.

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

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

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

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

Assigned - Amounts the Board intends to use for specific purposes. At June 30, 2013 the District had assigned \$20,495 for athletic expenses.

Unassigned - All amounts not included in the preceding classifications.

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

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

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

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$346,183 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard and Poor's Financial Service.

At June 30, 2013, the District had an investment with a fair value of \$14,088 invested in a United States Treasury Bond. The United States Treasury Bond has a maturity date of May 2018.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the District.

(3) **Interfund Transfers**

The transfer detail for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy	\$ 64,755
Debt Service	Capital Projects: Statewide Sales, Services and use Tax	291,001
Total		<u>\$ 355,756</u>

The transfer from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was for the District's principal and interest on the District's capital loan note indebtedness.

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

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 595,047	0	0	595,047
Construction in progress	1,256,343	1,021,997	399,680	1,878,660
Total capital assets not being depreciated	<u>1,851,390</u>	<u>1,021,997</u>	<u>399,680</u>	<u>2,473,707</u>
Capital assets being depreciated:				
Buildings	26,287,450	546,057	0	26,833,507
Land improvements	1,392,644	0	0	1,392,644
Machinery and equipment	3,153,063	448,470	159,375	3,442,158
Total capital assets being depreciated	<u>30,833,157</u>	<u>994,527</u>	<u>159,375</u>	<u>31,668,309</u>
Less accumulated depreciation for:				
Buildings	7,696,111	501,946	0	8,198,057
Land improvements	770,123	44,932	0	815,055
Machinery and equipment	2,524,076	222,574	159,375	2,587,275
Total accumulated depreciation	<u>10,990,310</u>	<u>769,452</u>	<u>159,375</u>	<u>11,600,387</u>
Total capital assets being depreciated, net	<u>19,842,847</u>	<u>225,075</u>	<u>0</u>	<u>20,067,922</u>
Governmental activities capital assets, net	<u>\$ 21,694,237</u>	<u>1,247,072</u>	<u>399,680</u>	<u>22,541,629</u>
Business type activities:				
Machinery and equipment	\$ 727,836	16,788	0	744,624
Less accumulated depreciation	484,168	54,290	0	538,458
Business type activities capital assets, net	<u>\$ 243,668</u>	<u>(37,502)</u>	<u>0</u>	<u>206,166</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 11,274
Other		24,247
Support services:		
Instructional staff		19,638
Administration		12,387
Operation and maintenance		14,394
Transportation		140,634
		<u>222,574</u>
Unallocated depreciation		546,878
		<u>769,452</u>
Total governmental activities depreciation expense		\$ 769,452
Business type activities:		
Food services		\$ 53,623
Golf driving range		667
		<u>54,290</u>
Total business type activities depreciation expense		\$ 54,290

(5) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 6,615,000	0	1,250,000	5,365,000	1,260,000
Revenue Bonds	12,395,000	0	0	12,395,000	0
Capital Loan Note	345,000	0	50,000	295,000	55,000
Capital Leases	0	234,247	0	234,247	115,691
Termination Benefits	340,687	0	234,825	105,862	52,931
Compensated Absences	42,488	46,138	42,488	46,138	46,138
Net OPEB Liability	595,658	159,630	0	755,288	0
Total	<u>\$ 20,333,833</u>	<u>440,015</u>	<u>1,577,313</u>	<u>19,196,535</u>	<u>1,529,760</u>
Business Type Activities:					
Termination Benefits	\$ 4,413	0	4,413	0	0
Compensated Absences	745	3,094	745	3,094	3,094
Net OPEB Liability	6,869	0	2,157	4,712	0
Total	<u>\$ 12,027</u>	<u>3,094</u>	<u>7,315</u>	<u>7,806</u>	<u>3,094</u>

General Obligation Bond

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

Year Ending June 30,	Bond Issue of April 4, 2012			
	Interest Rates	Principal	Interest	Total
2014	0.45-0.50 %	\$ 1,260,000	40,318	1,300,318
2015	0.55-0.60	1,270,000	34,004	1,304,004
2016	0.65-0.75	695,000	27,326	722,326
2017	0.85-0.95	705,000	22,092	727,092
2018	1.05-1.15	710,000	15,369	725,369
2019	1.25-1.35	725,000	7,141	732,141
Total		<u>\$ 5,365,000</u>	<u>146,250</u>	<u>5,511,250</u>

Capital Loan Note

Details of the District's June 30, 2013, Capital Projects: Physical Plant and Equipment Levy general obligation note indebtedness is as follows:

Year Ending June 30,	Note Issue of September 1, 2007			
	Interest Rates	Principal	Interest	Total
2014	4.05 %	\$ 55,000	12,255	67,255
2015	4.10	55,000	10,028	65,028
2016	4.15	60,000	7,772	67,772
2017	4.20	60,000	5,282	65,282
2018	4.25	65,000	2,763	67,763
Total		<u>\$ 295,000</u>	<u>38,100</u>	<u>333,100</u>

Revenue Bonds

Details of the District's June 30, 2013, Capital Projects: Statewide Sales, Services and Use Tax revenue bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 1, 2009 Series A			Bond Issue of June 1, 2009 Series B		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014	4.50 %	\$ -	450,320	5.00 %	-	16,500
2015	4.50	-	450,320	5.00	-	16,500
2016	4.50	-	450,320	5.00	-	16,500
2017	4.50	-	450,320	5.00	330,000	8,250
2018	4.50	300,000	443,570	-	-	-
2019-2023	4.10-4.50	2,665,000	1,950,153	-	-	-
2024-2028	4.50-5.00	4,105,000	1,149,852	-	-	-
2029-2030	5.00-5.10	2,500,000	156,350	-	-	-
Total		<u>\$ 9,570,000</u>	<u>5,501,205</u>		<u>\$ 330,000</u>	<u>57,750</u>

Year Ending June 30,	Bond Issue of December 1, 2011			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2014	2.00 %	\$ -	56,140	\$ -	522,960	522,960
2015	2.00	300,000	53,140	300,000	519,960	819,960
2016	2.00	450,000	45,640	450,000	512,460	962,460
2017	2.00	245,000	38,690	575,000	497,260	1,072,260
2018	2.00	320,000	33,040	620,000	476,610	1,096,610
2019-2023	2.10-2.60	830,000	85,390	3,495,000	2,035,543	5,530,543
2024-2028	3.00-3.40	250,000	37,350	4,355,000	1,187,202	5,542,202
2029-2030	3.40	100,000	3,400	2,600,000	159,750	2,759,750
Total		\$ 2,495,000	352,790	\$ 12,395,000	5,911,745	18,306,745

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued June 1, 2009 and December 1, 2011. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District, however, the debt is subject to the constitutional limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 84 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$18,306,745. For the current year statewide sales, services and use tax revenues were \$1,466,243.

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

- a) \$1,196,773 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) A portion of the proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Lease

On July 5, 2012 the District entered into a capital lease purchase agreement with Sovereign Bank for the purchase of 4 school buses. Principle and interest payments will be made from the Capital Projects: Physical Plant and Equipment Levy. Details of the

District's June 30, 2013 bus lease is as follows:

Bus Lease Dated July 5, 2012				
Interest				
Rates		Principal	Interest	Total
2.48	% \$	115,691	5,809	121,500
2.48		118,556	2,944	121,500
	\$	234,247	8,753	243,000

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least fifteen years of full-time service to the District. The employee must have reached the age of fifty-five on or before June 30th in the calendar year in which early retirement benefits commence. The application is subject to approval by the Board of Education. Early retirement benefits are equal to 60% of the employee's regular contractual salary in effect during the employee's last year of employment, with maximum retirement benefit of \$30,000.

Early retirement benefits paid during the year ended June 30, 2013, totaled \$234,825. A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current early retirement.

(6) Bond Defeasement

On June 1, 2009, the District issued \$9,570,000 in revenue bonds with interest rates ranging from 4.50% to 5.10% to advance refund \$940,000 of outstanding revenue bonds dated May 1, 2004 with interest rates ranging from 3.50% to 4.20% and \$690,000 dated June 28, 2006 Series A with an interest rate of 4.55%. The remaining bond proceeds were used to defray costs of school infrastructure. The proceeds of the refunding issues have been placed in an irrevocable escrow account and have been invested in U.S. Government obligations which have been certified sufficient to pay all principal and interest on the refunded bonds. The District remains contingently liable in the remote possibility the account is insufficient to pay the refunding bonds. At June 30, 2013, \$210,000 of the June 28, 2006 Series A bonds are outstanding. Defeasement of principal and interest for the year was \$200,000 and \$18,655 respectively.

(7) Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are

established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$942,413, \$849,679 and \$714,396 respectively, equal to the required contributions for each year.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 276 active and 19 retired members in the plan.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield of Iowa. 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. There is no subsidy or OPEB liability associated with the dental benefit.

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

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

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

Annual required contribution	\$ 231,000
Interest on net OPEB obligation	27,000
Adjustment to annual required contribution	(22,527)
Annual OPEB cost	<u>235,473</u>
Contributions made	(78,000)
Increase in net OPEB obligation	<u>157,473</u>
Net OPEB obligation - beginning of year	<u>602,527</u>
Net OPEB obligation - end of year	<u><u>\$ 760,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$78,000 to the medical plan. Plan members eligible for benefits contributed \$183,000 or 77.72% of the premium costs.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 164,919	37.59%	\$ 525,000
2012	165,527	53.16%	602,527
2013	235,473	33.12%	760,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2014, the actuarial accrued liability was \$1.682 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.682 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.680 million, and the ratio of the UAAL to the covered payroll was 21.9%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare 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 the 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 that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2012 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan are \$779 per month for retirees developed from a combination of age adjusted fully insured premiums and manual claims costs. The salary increase rate was assumed to be 3.5% per year. The UAAL is being

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

(9) Risk Management

The District is exposed to various risks to 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$670,432 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Construction Commitment

The District has entered into multiple contracts for various energy improvements and renovation projects throughout the District. As of June 30, 2013, costs of \$1,878,660 had been incurred against the contracts. The balance remaining at June 30, 2013 will be paid as work on the projects progresses.

(12) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budget appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the other expenditures functional area and the total budgeted expenditures exceeded the certified budget.

(13) Categorical Funding

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

Programs	Amount
LEP weighting	\$ 215,347
At-Risk programs	1,357
Talented and gifted	102,274
Dropout and dropout and prevention	245,507
Four-year-old preschool	157,023
Salary improvement program	44,867
Nonpublic textbook services	1,922
Model core curriculum	68,887
Professional development	37,607
Total	<u>\$ 874,791</u>

(14) Detailed Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	Invested in Capital Assets	School Infrastructure	Management Levy	Debt Service	Unassigned/ Restricted Balances
Fund balance (Exhibit C)	\$ -	2,863,821	595,722	1,764,802	5,530,226
Capital assets	22,541,629	-	-	-	-
General obligation bond proceeds expended for capital assets	(5,365,000)	-	-	-	-
Revenue bond proceeds expended for capital assets	(12,191,687)	-	-	-	-
Revenue bond proceeds not expended		(203,313)	-	-	-
Capital loan note proceeds expended for capital assets	(295,000)	-	-	-	-
Capital leases	(234,247)	-	-	-	-
Internal Service Fund	-	-	-	-	88,293
Income surtax	-	-	-	-	187,043
Assigned fund balance for athletic expenses	-	-	-	-	20,495
Accrued interest payable	-	-	-	(271,667)	-
Termination benefits	-	-	(105,862)	-	-
Compensated absences	-	-	-	-	(46,138)
Net OPEB liability	-	-	-	-	(755,288)
Net position (Exhibit A)	\$ 4,455,695	2,660,508	489,860	1,493,135	5,024,631

Perry Community School District

REQUIRED SUPPLEMENTARY INFORMATION

PERRY COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 8,594,709	331,087	8,925,796	9,072,319	9,072,319	(146,523)
State sources	12,137,379	10,378	12,147,757	12,338,536	12,338,536	(190,779)
Federal sources	965,965	972,196	1,938,161	2,650,000	2,650,000	(711,839)
Total revenues	<u>21,698,053</u>	<u>1,313,661</u>	<u>23,011,714</u>	<u>24,060,855</u>	<u>24,060,855</u>	<u>(1,049,141)</u>
Expenditures/Expenses:						
Instruction	12,546,017	0	12,546,017	14,635,000	14,635,000	2,088,983
Support services	5,410,955	31,818	5,442,773	6,677,250	6,677,250	1,234,477
Non-instructional programs	219,231	1,317,389	1,536,620	2,517,500	2,517,500	980,880
Other expenditures	3,861,382	0	3,861,382	2,777,459	2,777,459	(1,083,923)
Total expenditures/expenses	<u>22,037,585</u>	<u>1,349,207</u>	<u>23,386,792</u>	<u>26,607,209</u>	<u>26,607,209</u>	<u>3,220,417</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(339,532)	(35,546)	(375,078)	(2,546,354)	(2,546,354)	2,171,276
Other financing sources, net	234,247	0	234,247	1,800	1,800	232,447
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(105,285)	(35,546)	(140,831)	(2,544,554)	(2,544,554)	2,403,723
Balance beginning of year	12,318,322	704,561	13,022,883	8,036,870	8,036,870	4,986,013
Balance end of year	<u>\$ 12,213,037</u>	<u>669,015</u>	<u>12,882,052</u>	<u>5,492,316</u>	<u>5,492,316</u>	<u>7,389,736</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

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

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

PERRY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial				Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)				
2009	July 1, 2008	\$ 0	\$ 1,797	\$ 1,798	0.0%	\$ 10,398	17.3%	
2010	July 1, 2008	0	1,798	1,798	0.0%	8,197	21.9%	
2011	July 1, 2010	0	1,280	1,280	0.0%	7,684	16.7%	
2012	July 1, 2010	0	1,280	1,280	0.0%	7,448	17.2%	
2013	July 1, 2012	0	1,682	1,682	0.0%	7,680	21.9%	

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PERRY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
 DISCRETE COMPONENT UNIT
 JUNE 30, 2013

	Perry Community School District Foundation
Assets	
Cash	\$ 5,259
Investments	65,257
Total Assets	\$ 70,516
 Total Liabilities	 \$ -
 Net Position	
Unrestricted	70,516
Total Net Position	\$ 70,516

PERRY COMMUNITY SCHOOL DISTRICT
STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN NET POSITION
DISCRETE COMPONENT UNIT
YEAR ENDED JUNE 30, 2013

	Perry Community School District Foundation
SUPPORT AND REVENUE:	
Interest	\$ 601
Donations	6,223
TOTAL SUPPORT AND REVENUE	6,824
 EXPENSES:	
Administration	260
Athletics	12,541
Auditorium	149
TOTAL EXPENSES	12,950
Excess of support and revenue over expenses	(6,126)
Net position beginning of year	76,642
Net position end of year	\$ 70,516

SUPPLEMENTARY INFORMATION

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

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 590,063	134,894	724,957
Receivables:			
Property tax			
Delinquent	8,065	0	8,065
Succeeding year	375,000	0	375,000
Accounts	0	749	749
TOTAL ASSETS	\$ 973,128	135,643	1,108,771
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,406	640	3,046
Salaries and benefits payable	0	65	65
Deferred revenue:			
Succeeding year property tax	375,000	0	375,000
Total liabilities	377,406	705	378,111
Fund balances			
Restricted for:			
Management levy purposes	595,722	0	595,722
Student activities	0	134,938	134,938
Total fund balances	595,722	134,938	730,660
TOTAL LIABILITIES AND FUND BALANCES	\$ 973,128	135,643	1,108,771

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Management Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	\$ 476,677	0	476,677
Other	6,086	267,626	273,712
TOTAL REVENUES	<u>482,763</u>	<u>267,626</u>	<u>750,389</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	181,450	0	181,450
Special	34,221	0	34,221
Other	0	248,025	248,025
Support services:			
Administration	196,051	0	196,051
Operation and maintenance of plant	83	2,410	2,493
Transportation	575	0	575
TOTAL EXPENDITURES	<u>412,380</u>	<u>250,435</u>	<u>662,815</u>
Change in fund balances	70,383	17,191	87,574
Fund balance beginning of year	<u>525,339</u>	<u>117,747</u>	<u>643,086</u>
Fund balance end of year	<u>\$ 595,722</u>	<u>134,938</u>	<u>730,660</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 2,619,707	346,941	2,966,648
Receivables:			
Property tax:			
Delinquent	0	3,933	3,933
Succeeding year	0	255,300	255,300
Income surtax	0	187,043	187,043
Due from other governments	244,114	77,368	321,482
TOTAL ASSETS	\$ 2,863,821	870,585	3,734,406
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 0	255,300	255,300
Income surtax	0	187,043	187,043
Total liabilities	0	442,343	442,343
Fund balances:			
Restricted for:			
School infrastructure	2,863,821	0	2,863,821
Physical plant and equipment	0	428,242	428,242
Total fund balances	2,863,821	428,242	3,292,063
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,863,821	870,585	3,734,406

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 1,466,243	431,012	1,897,255
Other	2,712	6,761	9,473
Federal sources	0	55,067	55,067
TOTAL REVENUES	<u>1,468,955</u>	<u>492,840</u>	<u>1,961,795</u>
EXPENDITURES:			
Current:			
Support services:			
Administration	0	23,611	23,611
Operation and maintenance of plant	0	191,633	191,633
Transportation	0	355,747	355,747
Capital outlay	1,272,896	19,482	1,292,378
TOTAL EXPENDITURES	<u>1,272,896</u>	<u>590,473</u>	<u>1,863,369</u>
Excess(Deficiency) of revenues over(under) expenditures	196,059	(97,633)	98,426
Other financing sources(uses):			
Capital lease proceeds	0	234,247	234,247
Transfer out	(291,001)	(64,755)	(355,756)
Total other financing sources(uses)	<u>(291,001)</u>	<u>169,492</u>	<u>(121,509)</u>
Change in fund balances	(94,942)	71,859	(23,083)
Fund balance beginning of year	<u>2,958,763</u>	<u>356,383</u>	<u>3,315,146</u>
Fund balance end of year	<u>\$ 2,863,821</u>	<u>428,242</u>	<u>3,292,063</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
<u>High School:</u>					
Drama	\$ 0	2,958	1,338	0	1,620
Speech	0	5,658	5,112	0	546
Vocal Music	11,894	0	1,930	0	9,964
Vocal Music Trips	6,800	0	0	0	6,800
Vocal Music Robes	8	0	0	0	8
Band	0	61	0	0	61
Band Trips	6,112	5,617	2,945	0	8,784
Band Olympics	11,309	11,496	9,688	0	13,117
Mock Trial	131	0	0	0	131
Athletics	27,375	12,447	3,026	(12,642)	24,154
Cross Country	0	2,917	2,893	0	24
Cheerleaders	3,289	5,155	2,175	0	6,269
Dance Team	3,810	5,789	7,342	0	2,257
Boys Basketball	0	9,579	8,509	0	1,070
Football	0	16,365	28,383	12,018	0
Boys Soccer	481	2,009	1,529	0	961
Baseball	373	565	3,210	2,272	0
Boys Track	0	1,356	3,147	1,832	41
Boys Golf	0	1,139	2,547	1,408	0
Wrestling	0	6,067	8,550	2,643	160
Girls Basketball	0	345	1,189	844	0
Volleyball	0	1,805	3,085	1,280	0
Girls Soccer	0	270	1,113	843	0
Softball	158	2,207	3,776	2,885	1,474
Girls Track	85	1,553	2,547	909	0
Girls Golf	0	430	1,896	1,466	0
Girls Swimming	60	8,880	9,086	146	0
Donations	891	1,073	417	0	1,547
National Honor Society	0	0	535	535	0
USA/TSA	2,039	9,459	16,436	12,000	7,062
FCCLA	2,469	513	480	0	2,502
Journalism	1,165	1,985	1,816	0	1,334
Student Council	2,513	6,290	5,688	0	3,115
Art Club	215	0	0	0	215
French Club	740	0	0	0	740
Spanish Club	3,727	0	0	0	3,727
BEAC Club	562	0	0	0	562
Fitness Club	796	992	795	0	993
Concessions	3,893	32,552	19,279	(12,000)	5,166
SADD	950	0	950	0	0
	\$ 91,845	157,532	161,412	16,439	104,404

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
<u>Middle School:</u>					
Student Activity	\$ 6,612	20,742	18,242	0	9,112
Vocal Music	2,215	1,230	1,058	0	2,387
Band	8,666	13,495	11,599	0	10,562
Athletics	0	0	455	455	0
Cross Country	0	0	467	467	0
Cheerleaders	8	0	0	0	8
Boys Basketball	0	30	1,610	1,580	0
Football	0	0	3,664	3,664	0
Boys Track	388	385	1,259	486	0
Wrestling	0	0	400	400	0
Girls Basketball	0	0	1,575	1,575	0
Volleyball	0	40	70	30	0
Girls Track	0	385	651	346	80
Student Council	1,623	0	85	0	1,538
Pencil Fund	1,095	130	0	0	1,225
	<u>20,607</u>	<u>36,437</u>	<u>41,135</u>	<u>9,003</u>	<u>24,912</u>
<u>Elementary:</u>					
Elementary Vocal	0	7,206	7,003	0	203
Student Council	143	0	0	0	143
Pencil Fund	0	284	249	0	35
Rainforest	3,602	0	660	0	2,942
TAG	1,550	0	0	0	1,550
	<u>5,295</u>	<u>7,490</u>	<u>7,912</u>	<u>0</u>	<u>4,873</u>
<u>Miscellaneous:</u>					
Activity Admissions	0	66,167	39,976	(25,442)	749
Total	\$ 117,747	267,626	250,435	0	134,938

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

	Calhoun Scholarship	White Scholarship	Wykoff Scholarship	Van Wifvat Scholarship	Boyer Scholarship	Mills Scholarship	O'Brien Scholarship	Garber Scholarship	Schnickers Scholarship	Natalie Scholarship	Secress/ Osmundson Scholarship	Mascias Scholarship
ASSETS												
Cash and pooled investments	\$ 34,767	11,026	125	51,593	211,670	710,415	121,164	50	1,150	1,188	6,000	3,486
LIABILITIES												
	0	0	0	0	0	0	0	0	0	0	0	0
NET POSITION												
Restricted for scholarships	34,767	11,026	125	51,593	211,670	710,415	121,164	50	1,150	1,188	6,000	3,486
TOTAL NET POSITION	<u>\$ 34,767</u>	<u>11,026</u>	<u>125</u>	<u>51,593</u>	<u>211,670</u>	<u>710,415</u>	<u>121,164</u>	<u>50</u>	<u>1,150</u>	<u>1,188</u>	<u>6,000</u>	<u>3,486</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 6

Garren Scholarship	Bluejay Staff Scholarship	Kirkman Scholarship	South/ Osmundson Scholarship	Whiton Scholarship	Bielfeldt Scholarship	Latino Empowerment	Patton Scholarship	Fox Scholarship	Withers-Mertz- McDowell Scholarship	Science Scholarship	Total
136,889	770	329	6,000	376	20	550	1,000	500	600	400	1,300,068
0	0	0	0	0	0	0	0	0	0	0	0
136,889	770	329	6,000	376	20	550	1,000	500	600	400	1,300,068
136,889	770	329	6,000	376	20	550	1,000	500	600	400	1,300,068

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

	Calhoun Scholarship	White Scholarship	Wykoff Scholarship	Van Wifvat Scholarship	Boyer Scholarship	Mills Scholarship	O'Brien Scholarship	Garber Scholarship	Schnickers Scholarship	Natalie Scholarship	Secress/ Osmundson Scholarship	Mascias Scholarship
Additions:												
Local sources:												
Contributions	\$ 0	0	0	0	0	0	0	450	1,150	0	6,000	3,486
Interest	2	78	0	1,414	1,462	5,954	866	0	0	0	0	0
Total additions	2	78	0	1,414	1,462	5,954	866	450	1,150	0	6,000	3,486
Deductions:												
Regular instruction:												
Scholarships awarded	0	0	0	1,000	4,000	10,000	0	800	0	0	0	0
Change in net position	2	78	0	414	(2,538)	(4,046)	866	(350)	1,150	0	6,000	3,486
Net position beginning of year	34,765	10,948	125	51,179	214,208	714,461	120,298	400	0	1,188	0	0
Net position end of year	\$ 34,767	11,026	125	51,593	211,670	710,415	121,164	50	1,150	1,188	6,000	3,486

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 7

Garren Scholarship	Bluejay Staff Scholarship	Kirkman Scholarship	South/ Osmundson Scholarship	Whiton Scholarship	Bielfeldt Scholarship	Latino Empowerment	Patton Scholarship	Fox Scholarship	Clark Scholarship	Withers-Mertz McDowell Scholarship	Triumph Scholarship	Science Scholarship	Total
0	500	0	6,000	0	0	0	1,000	500	0	600	1,500	400	21,586
1,052	0	0	0	0	0	0	0	0	0	0	0	0	10,828
1,052	500	0	6,000	0	0	0	1,000	500	0	600	1,500	400	32,414
10,790	750	0	0	0	0	5,200	1,000	500	250	0	1,500	0	35,790
(9,738)	(250)	0	6,000	0	0	(5,200)	0	0	(250)	600	0	400	(3,376)
146,627	1,020	329	0	376	20	5,750	1,000	500	250	0	0	0	1,303,444
136,889	770	329	6,000	376	20	550	1,000	500	0	600	0	400	1,300,068

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 119,992	961,092	1,031,440	49,644
Due from other governments	112,556	123,498	112,556	123,498
TOTAL ASSETS	\$ 232,548	1,084,590	1,143,996	173,142
LIABILITIES				
Due to other groups	\$ 232,548	913,913	973,319	173,142
TOTAL LIABILITIES	\$ 232,548	913,913	973,319	173,142

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PERRY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:									
Local sources:									
Local tax	\$ 7,622,996	7,982,606	8,192,283	6,537,982	6,548,257	6,460,059	5,598,758	6,060,053	5,870,232
Tuition	274,705	257,538	248,674	560,685	256,425	266,737	256,481	198,073	234,106
Other	697,008	908,356	750,349	454,078	896,257	987,429	985,240	822,194	695,731
Intermediate sources	0	0	0	0	0	73	0	0	0
State sources	12,137,379	11,514,406	11,158,922	9,882,259	11,033,801	11,024,703	10,283,042	8,864,846	8,380,911
Federal sources	965,965	1,613,110	1,883,288	2,432,942	1,458,417	1,147,830	1,020,069	925,508	730,804
Total	\$ 21,698,053	22,276,016	22,233,516	19,867,946	20,193,157	19,886,831	18,143,590	16,870,674	15,911,784
Expenditures:									
Instruction:									
Regular	\$ 6,877,383	6,605,400	6,298,171	6,524,628	6,501,999	6,695,325	5,915,536	5,687,952	5,420,543
Special	2,527,078	2,484,703	2,182,015	2,235,614	2,427,811	2,254,241	2,323,771	2,334,594	3,170,905
Other	3,141,556	3,049,682	2,923,058	3,074,324	3,207,920	2,669,280	2,423,344	2,198,242	957,600
Support services:									
Student	458,371	418,415	506,989	423,114	545,868	555,749	514,308	523,379	802,090
Instructional staff	693,627	831,180	674,146	693,201	750,129	814,776	670,719	700,090	661,600
Administration	1,950,512	1,750,252	1,635,537	1,659,801	1,758,121	1,693,995	1,617,173	1,515,496	1,276,678
Operation and maintenance of plant	1,400,935	1,392,342	1,271,205	1,329,559	1,388,020	1,412,552	1,392,818	1,348,351	1,284,512
Transportation	907,510	535,914	512,372	727,835	543,158	510,868	693,709	468,672	331,553
Non-instructional programs	219,231	306,779	354,536	481,941	433,490	409,770	329,654	357,716	3,463
Capital outlay	1,292,378	1,743,668	3,047,917	1,490,171	148,713	1,317,070	216,289	502,048	373,042
Long-term debt:									
Principal	1,300,000	7,476,757	876,373	881,105	984,970	1,202,593	708,990	580,000	560,000
Interest and fiscal charges	598,572	831,262	872,566	701,984	585,547	609,675	578,687	577,961	591,812
Other expenditures:									
AEA flow-through	670,432	663,147	729,595	697,687	639,626	619,381	590,781	530,384	499,406
Total	\$ 22,037,585	28,089,501	21,884,480	20,920,964	19,915,372	20,765,275	17,975,779	17,324,885	15,933,204

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

PERRY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 13	\$ 199,977
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 13	646,808
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	FY 13	<u>30,218</u>
			<u>877,003</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 13	<u>49,067</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582	FY 13	<u>46,126</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I PROGRAMS:			
TITLE I (SINA - SCHOOLS IN NEED OF ASSISTANCE)	84.010	FY 13	21,255
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 12	3,085
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 13	<u>402,181</u>
			<u>426,521</u>
MIGRANT EDUCATION - STATE GRANT PROGRAM	84.011	5184-M	<u>60,150</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 13	<u>11,099</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 11	126
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184	FY 12	<u>6,840</u>
			<u>6,966</u>
FUND FOR THE IMPROVEMENT OF EDUCATION (IOWA DEMONSTRATION CONSTRUCTION GRANTS)	84.215	FY 13	<u>55,067</u>
GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS (GEAR-UP)	84.334	FY 13	<u>25,841</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 10

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
IMPROVING TEACHER QUALITY STATE GRANTS (TITLE IIA)	84.367	FY 13	<u>59,883</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (TITLE VIA)	84.369	FY 13	<u>11,362</u>
HEARTLAND AREA EDUCATION AGENCY 11:			
IOWA DEPARTMENT OF EDUCATION:			
SPECIAL EDUCATION CLUSTER:			
SPECIAL EDUCATION - GRANTS TO STATES (PART B)	84.027	FY 13	<u>109,570</u>
ENGLISH LANGUAGE ACQUISITION STATE			
GRANTS(TITLE III)	84.365	FY 13	<u>2,406</u>
NATIONAL ENDOWMENT FOR THE ARTS:			
IOWA ARTS COUNCIL:			
PROMOTION OF THE ARTS - PARTNERSHIP AGREEMENTS (BIG YELLOW SCHOOL BUS)	45.025	FY 13	<u>200</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF EDUCATION:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROGRAMS	93.938	FY11	<u>569</u>
TOTAL			<u>\$ 1,741,830</u>

* - Includes \$67,517 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Perry Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

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

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

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

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Government 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 Perry Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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.

Perry Community School District's Responses to Findings

Perry Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Perry Community School District's responses 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 Perry Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

January 16, 2014
Newton, Iowa

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**Independent Auditor's Report on Compliance for Each
Major Federal Program, on Internal Control over Compliance
and on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

To the Board of Education of Perry Community School District:

Report on Compliance for Each Major Federal Program

We have audited Perry Community School District compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Perry Community School District's major federal programs for the year ended June 30, 2013. Perry Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Perry Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Perry Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Perry Community School District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Perry Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect to each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Perry Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred

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to above. In planning and performing our audit of compliance, we considered Perry Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Perry Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

Perry Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Perry Community School District's responses and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


NOLTE, CORNMAN & JOHNSON, P.C.

January 16, 2014
Newton, Iowa

PERRY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - ***Child Nutrition Cluster***
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
 - ***Individual***
 - CFDA Number 84.027 - Special Education - Grants to States (Part B)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Perry Community School District did qualify as a low-risk auditee.

PERRY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2013

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over financial reporting were noted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-13 Certified Budget - District expenditures for the year ended June 30, 2013 exceeded the certified amounts in the other expenditures function.

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

Response - The District will review expenditures in accordance with Chapter 24.9 of the Code of Iowa and amend the budget as needed in the future.

Conclusion - Response accepted.

IV-B-13 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-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.

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

Name, Title and Business Connection	Transaction Description	Amount
J.P. Hulgan, Coach Owns Hulgan, Inc.	Services	\$2,217
Jerry Lambert, Bus Driver Spouse owns T & J Upholstery	Services	\$140

Kenya Alarcon, Board Member Interpreter	Services	\$75
Jim Lutmer, Board Member Manager of Pamida	Supplies	\$1,300
Ralph Walker, School Mechanic Owner, Ralph Walker Repair	Services	\$11,337

In accordance with the Attorney General's opinion dated July 2, 1990, the above transactions with J.P Hulgán and Ralph Walker do not appear to represent a conflict of interest.

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the family member of Jerry Lambert do not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa, the above transaction with Jim Lutmer and Kenya Alarcon do not appear to represent a conflict of interest.

IV-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.

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

IV-G-13 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported was overstated by 1.0 student.

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

Response - The District's auditor will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

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

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

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

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

IV-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted. Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting

elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 2,958,763
Revenues:		
Sales tax revenues	\$ 1,466,243	
Other local revenues	2,712	1,468,955
		<u>4,427,718</u>
Expenditures/transfers out:		
School infrastructure construction	\$ 1,155,930	
Equipment	25,449	
Other	91,517	
Transfers to other funds:		
Debt service fund	291,001	1,563,897
		<u>1,563,897</u>
Ending balance		<u>\$ 2,863,821</u>

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

IV-M-13 Outstanding Checks - We noted during our audit that the District had two small payroll checks included in the General Fund bank reconciliation which have been outstanding for over a year.

Recommendation - The District should research the outstanding checks to determine if they should be re-issued, voided or submitted to the Treasurer of Iowa as unclaimed property.

Response - These checks have been submitted to the Treasurer of Iowa as unclaimed property on September 10, 2013. The District will continue to review outstanding checks in the future.

Conclusion - Response accepted.