

Rudd-Rockford-Marble Rock Community School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2013

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**Rudd-Rockford-Marble Rock Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Harm Eggena III	President	2013
Tim Trettin	Vice President	2015
Angie Johnson	Board Member	2015
Wendy Fullerton	Board Member	2015
Bea Volk	Board Member	2013
<b>School Officials</b>		
Paul Bisgard	Superintendent	2013
Angie DeBuhr	District Secretary	2013
Mike Kalvig	Treasurer	2013

Independent Auditor's Report

To the Board of Education of  
Rudd-Rockford-Marble Rock Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Rudd-Rockford-Marble Rock Community School District, Rockford, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 the Rudd-Rockford-Marble Rock Community School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I 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 my inquiries, the basic financial statements and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

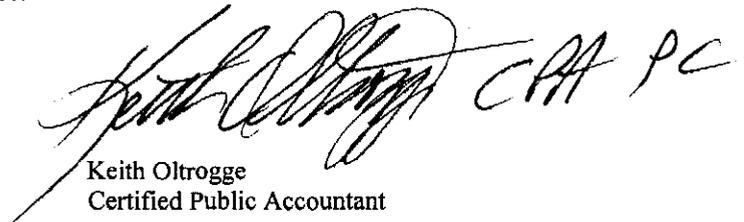
### *Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rudd-Rockford-Marble Rock Community School District's basic financial statements. A different accounting firm audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly 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 my 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, I have also issued my report dated March 4, 2014 on my consideration of the Rudd-Rockford-Marble Rock Community School District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rudd-Rockford-Marble Rock Community School District's internal control over financial reporting and compliance.



Keith Oltrogge  
Certified Public Accountant

March 4, 2014

## **Rudd-Rockford-Marble Rock Community School District**

### **Management's Discussion and Analysis**

**Year ended June 30, 2013**

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

#### **2013 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$5,196,727 in fiscal 2012 to \$5,188,749 in fiscal 2013, and General Fund expenditures increased from \$4,929,717 in fiscal 2012 to \$5,129,367 in fiscal 2013. The District's General Fund balance increased from \$1,012,771 in fiscal 2012 to \$1,072,153 in fiscal 2013, a 5.9% increase.
- The decrease in General Fund revenues was attributable to a decrease in state and federal revenue in fiscal year 2013. The increase in expenditures was due primarily to an increase in instruction and support services costs.
- The District's solvency ratio has increased from 17.8% at June 30, 2012 to 18.8% at June 30, 2013. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

#### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

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

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

**Figure A-1**  
**Rudd-Rockford-Marble Rock Community School District Annual Financial Report**

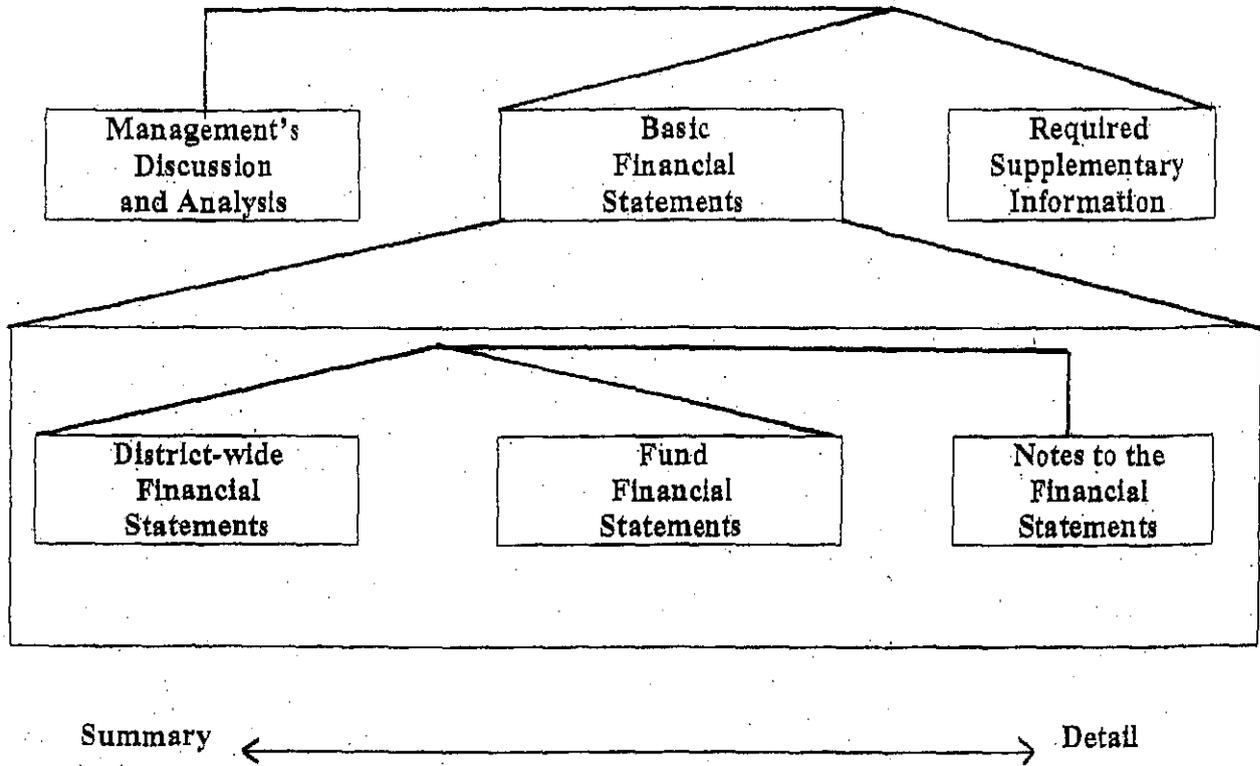


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures and changes in fund balances	Statement of net position  Statement of revenues, expenses and changes in fund net position  Statement of cash flows	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, 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 it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position 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 two categories:

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

### *Fund Financial Statements*

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

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

The District has two kinds of funds:

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

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

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust Fund.

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

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**Figure A-3**  
**Condensed Statement of Net position**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$5,046,179	\$5,041,911	\$45,317	\$24,366	\$5,091,496	\$5,066,277	0.5%
Capital assets	3,837,092	3,736,595	3,238	3,127	3,840,330	3,739,722	2.7%
Total assets	\$8,883,271	\$8,778,506	\$48,555	\$27,493	\$8,931,826	\$8,805,999	1.4%
Long-term liabilities	\$211,494	\$296,888	\$-	\$-	\$211,494	\$296,888	-28.6%
Other liabilities	3,167,232	3,288,776	25,361	54,085	3,192,593	3,342,861	-4.5%
Total liabilities	\$3,378,726	\$3,585,664	\$25,361	\$54,085	\$3,404,087	\$3,639,749	-6.5%
Net position:							
Net investment in capital assets	\$3,744,835	\$3,702,271	\$3,238	\$3,127	\$3,748,073	\$3,705,398	1.2%
Restricted	960,031	739,145	-	-	960,031	739,145	29.9%
Unrestricted	892,553	802,326	-72,918	-80,619	819,635	721,707	13.6%
Total net position	\$5,597,419	\$5,243,742	-\$69,680	-\$77,492	\$5,527,739	\$5,166,250	7.0%

The District's combined net position increased by nearly 7%, or \$361,489, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, 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 represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$220,886, or 29.9% over the prior year. The increase was primarily due to reclassification of unrestricted net position.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$97,928, or 13.6%.

Figure A-4 shows the change 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 District		Total Change
	2013	2012	2013	2012	2013	2012	2012-2013
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for service	\$604,942	\$250,535	\$143,497	\$150,504	\$748,439	\$401,039	86.6%
Operating grants, contributions and restricted interest	842,623	1,143,189	123,873	121,171	966,496	1,264,360	-23.6%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
<b>General revenues:</b>							
Property tax	2,642,371	2,524,525	-	-	2,642,371	2,524,525	4.7%
Statewide sales, service and use tax	345,343	379,161	-	-	345,343	379,161	-8.9%
Unrestricted state grants	1,753,539	1,793,602	-	-	1,753,539	1,793,602	-2.2%
Unrestricted investment earnings	7,218	3,616	-	-	7,218	3,616	99.6%
Other	57,299	60,564	-	-	57,299	60,564	-5.4%
<b>Total revenues</b>	<b>\$6,253,335</b>	<b>\$6,155,192</b>	<b>\$267,370</b>	<b>\$271,675</b>	<b>\$6,520,705</b>	<b>\$6,426,867</b>	<b>1.5%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instruction	\$4,104,249	\$3,701,839	\$-	\$-	\$4,104,249	\$3,701,839	10.9%
Support services	1,580,109	1,485,873	-	-	1,580,109	1,485,873	6.3%
Non-instructional programs	4,309	3,785	260,798	261,248	265,107	265,033	-
Other expenses	210,991	605,604	-	-	210,991	605,604	-65.2%
<b>Total expenses</b>	<b>\$5,899,658</b>	<b>\$5,797,101</b>	<b>\$260,798</b>	<b>\$261,248</b>	<b>\$6,160,456</b>	<b>\$6,058,349</b>	<b>1.7%</b>
<b>Change in net position</b>	<b>\$353,677</b>	<b>\$358,091</b>	<b>\$6,572</b>	<b>\$10,427</b>	<b>\$360,249</b>	<b>\$368,518</b>	<b>-2.2%</b>

In fiscal year 2013, property tax and unrestricted state grants account for 67.4% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue.

The District's total revenues were approximately \$6.5 million, of which approximately \$6.2 million was for governmental activities and less than \$0.3 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.5% increase in revenues and a 1.7% increase in expenses. Property tax increased approximately \$117,846.

**Governmental Activities**

Revenues for governmental activities were \$6,253,335 and expenses were \$5,899,658 for the year ended June 30, 2013. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

**Figure A-5  
Total and Net Cost of Governmental Activities**

	Total Cost of Services		Change	Net Cost of Services		Change
	2013	2012	2012-2013	2013	2012	2012-2013
Instruction	\$4,104,249	\$3,701,839	10.9%	\$2,671,790	\$2,529,195	5.6%
Support services	1,580,109	1,485,873	6.3%	1,565,003	1,466,412	6.7%
Non-instructional programs	4,309	3,785	13.8%	4,309	3,785	13.8%
Other expenses	210,991	605,604	-65.2%	210,991	403,985	-47.8%
<b>Totals</b>	<b>\$5,899,658</b>	<b>\$5,797,101</b>	<b>1.8%</b>	<b>\$4,452,093</b>	<b>\$4,403,377</b>	<b>1.1%</b>

- The cost financed by users of the District's programs was \$748,439.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$966,496.
- The net cost of governmental activities was financed with \$2,987,714 in property and other taxes and \$1,753,539 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$267,370 and expenses were \$260,798. The District's business type activities include the School Nutrition Fund. Revenues of this activity were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Rudd-Rockford-Marble Rock Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$5,597,419, well above last year's ending fund balances of \$5,243,742.

### **Governmental Fund Highlights**

- The District's increase in General Fund financial position is the result of many factors. Growth during the year in tax and federal grants resulted in an increase in revenues. The increase in revenues was more than the increase in General Fund expenditures.
- The General Fund balance increased from \$1,012,771 to \$1,072,153, due in part to the increase in local and state revenue.
- Capital Projects Funds balance increased from \$393,102 to \$572,405, due in part to revenue exceeding expenditures.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$239,437 more than budgeted receipts, a variance of 3.8%. The most significant variance resulted from the District receiving more in local revenue than originally anticipated.

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013, the District had invested \$3,857,722, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 0.5% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$351,149.

The original cost of the District's capital assets was \$7,451,551. Governmental funds account for \$7,438,014, with the remainder of \$13,537 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$77,437 at June 30, 2013 for a lighting project.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Land	\$118,000	\$118,000	\$-	\$-	\$118,000	\$118,000	-
Construction in process	77,437	-	-	-	77,437	-	100%
Buildings	2,580,432	2,612,544	-	-	2,580,432	2,612,544	-1.2%
Improvements other than buildings	378,918	368,286	-	-	378,918	368,286	2.9%
Furniture and equipment	682,305	755,765	3,238	3,127	685,543	758,892	-9.7%
Totals	\$3,837,092	\$3,854,595	\$3,238	\$3,127	\$3,840,330	\$3,857,722	-0.5%

### Long-Term Debt

At June 30, 2013, the District had \$92,257 in other long-term debt outstanding. This represents a decrease of 39.4% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$16.5 million.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2013	2012	2012-2013
Capital notes payable	\$92,257	\$152,324	-39.4%

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

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

- Funding to local school districts from federal and state agencies needs to be monitored closely, as possible decreases will result in less funding and may require budget adjustments in some areas in the future.

## **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 Michael Kalvig, Business Manager, Rudd-Rockford-Marble Rock Community School District, 1460 Highway 147, Rockford, IA 50468.

## **Basic Financial Statements**

## Rudd-Rockford-Marble Rock Community School District

## Statement of Net position

June 30, 2013

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,423,234	\$ 41,859	\$ 2,465,093
Receivables:			
Property tax:			
Delinquent	52,294	-	52,294
Succeeding year	2,366,861	-	2,366,861
Accounts	52,029	252	52,281
Due from other governments	151,761	431	152,192
Inventories	-	2,775	2,775
Capital assets, net of accumulated depreciation	3,837,092	3,238	3,840,330
<b>Total Assets</b>	<b>\$ 8,883,271</b>	<b>\$ 48,555</b>	<b>\$ 8,931,826</b>
<b>Liabilities</b>			
Accounts payable	\$ 255,461	\$ -	\$ 255,461
Salaries and benefits payable	526,592	22,081	548,673
Accrued interest payable	36	-	36
Deferred revenue – succeeding year	2,366,861	-	2,366,861
Deferred revenue – other	18,282	3,280	21,562
Long-term liabilities:			
Portion due within one year:			
Early retirement	26,168	-	26,168
Capital lease	61,213	-	61,213
Portion due after one year:			
Early retirement	20,547	-	20,547
Net OPEB liability	72,522	-	72,522
Capital lease	31,044	-	31,044
<b>Total Liabilities</b>	<b>\$ 3,378,726</b>	<b>\$ 25,361</b>	<b>\$ 3,404,087</b>
<b>Net position</b>			
Net investment in capital assets	\$ 3,744,835	\$ 3,238	\$ 3,748,073
Restricted for:			
Categorical funding	107,042	-	107,042
Management	231,142	-	231,142
Physical plant and equipment	110,784	-	110,784
Student activities	49,442	-	49,442
Capital projects	461,621	-	461,621
Unrestricted	892,553	-72,918	819,635
<b>Total Net position</b>	<b>\$ 5,597,419</b>	<b>\$ -69,680</b>	<b>\$ 5,527,739</b>

**Rudd-Rockford-Marble Rock Community School District**

**Statement of Activities**

**Year Ended June 30, 2013**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs</b>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,427,420	\$ 336,228	\$ 663,057	\$ -
Special instruction	699,012	22,941	165,558	-
Other instruction	977,817	235,843	8,832	-
	<u>\$ 4,104,249</u>	<u>\$ 595,012</u>	<u>\$ 837,447</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 111,075	\$ -	\$ -	\$ -
Instructional staff services	84,869	-	2,977	-
Administration services	555,710	-	-	-
Operation and maintenance of plant services	480,227	9,660	1,492	-
Transportation services	348,228	270	707	-
	<u>\$ 1,580,109</u>	<u>\$ 9,930</u>	<u>\$ 5,176</u>	<u>\$ -</u>
Non-instructional programs	\$ 4,309	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 16,118	\$ -	\$ -	\$ -
Long-term debt interest	2,646	-	-	-
AEA flow-through	192,227	-	-	-
	<u>\$ 210,991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 5,899,658</u>	<u>\$ 604,942</u>	<u>\$ 842,623</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 260,798	\$ 143,497	\$ 123,873	\$ -
Total	<u>\$ 6,160,456</u>	<u>\$ 748,439</u>	<u>\$ 966,496</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net position

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Governmental Activities	Business Type Activities	Total
\$ -1,428,135	\$ -	\$ -1,428,135
-510,513	-	-510,513
-733,142	-	-733,142
\$ -2,671,790	\$ -	\$ -2,671,790
\$ -111,075	\$ -	\$ -111,075
-81,892	-	-81,892
-555,710	-	-555,710
-469,075	-	-469,075
-347,251	-	-347,251
\$ -1,565,003	\$ -	\$ -1,565,003
\$ -4,309	\$ -	\$ -4,309
\$ -16,118	\$ -	\$ -16,118
-2,646	-	-2,646
-192,227	-	-192,227
\$ -210,991	\$ -	\$ -210,991
\$ -4,452,093	\$ -	\$ -4,452,093
\$ -	\$ 6,572	\$ 6,572
\$ -4,452,093	\$ 6,572	\$ -4,445,521

**Rudd-Rockford-Marble Rock Community School District**

**Statement of Activities**

**Year Ended June 30, 2013**

	<u>Program Revenues</u>		
		<u>Operating</u>	<u>Capital</u>
		<u>Grants,</u>	<u>Grants,</u>
		<u>Contributions</u>	<u>Contributions</u>
		<u>and</u>	<u>and</u>
		<u>Restricted</u>	<u>Restricted</u>
		<u>Interest</u>	<u>Interest</u>
<u>Expenses</u>	<u>Charges</u>		
	<u>for</u>		
	<u>Services</u>		

**General Revenues:**

Property Tax Levied For:  
  General purposes  
  Capital outlay  
Statewide sales, service and use tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total General Revenues

Change in net position

Net position beginning of year

Prior Period Adjustment

Adjusted Net Position beginning of year

Net position End of Year

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net position

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Governmental Activities	Business Type Activities	Total
\$ 2,450,878	\$ -	\$ 2,450,878
191,493	-	191,493
345,343	-	345,343
1,753,539	-	1,753,539
7,218	-	7,218
57,299	-	57,299
<hr/>		
\$ 4,805,770	\$ -	\$ 4,805,770
<hr/>		
\$ 353,677	\$ 6,572	\$ 360,249
<hr/>		
\$ 5,243,742	\$ -77,492	\$ 5,166,250
-	1,240	1,240
<hr/>		
\$ 5,243,742	\$ -76,252	\$ 5,167,490
<hr/>		
\$ 5,597,419	\$ -69,680	\$ 5,527,739

## Rudd-Rockford-Marble Rock Community School District

Balance Sheet  
Governmental Funds

June 30, 2013

	General	Capital Projects	Non- Major Funds	Total
<b>Assets</b>				
Cash and Pooled Investments	\$ 1,492,578	\$ 599,105	\$ 331,551	\$ 2,423,234
Receivables:				
Property Tax:				
Delinquent	43,558	3,757	4,979	52,294
Succeeding year	1,965,774	201,087	200,000	2,366,861
Accounts	51,916	-	113	52,029
Due from other governments	59,138	92,623	-	151,761
Due from other funds	95,899	-	-	95,899
<b>Total Assets</b>	<b>\$ 3,708,863</b>	<b>\$ 896,572</b>	<b>\$ 536,643</b>	<b>\$ 5,142,078</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Due to other funds	\$ -	\$ 479	\$ 2,546	\$ 3,025
Accounts payable	131,063	122,601	1,797	255,461
Salaries and benefits payable	521,591	-	5,001	526,592
Deferred Revenue:				
Succeeding year property tax	1,965,774	201,087	200,000	2,366,861
Other	18,282	-	-	18,282
<b>Total Liabilities</b>	<b>\$ 2,636,710</b>	<b>\$ 324,167</b>	<b>\$ 209,344</b>	<b>\$ 3,170,221</b>
Fund Balances:				
Restricted for:				
Categorical funding	\$ 107,042	\$ -	\$ -	\$ 107,042
Management levy purposes	-	-	277,857	277,857
Student activities	-	-	49,442	49,442
School infrastructure	-	461,621	-	461,621
Physical plant and equipment	-	110,784	-	110,784
Unassigned	965,111	-	-	965,111
<b>Total Fund Balance</b>	<b>\$ 1,072,153</b>	<b>\$ 572,405</b>	<b>\$ 327,299</b>	<b>\$ 1,971,857</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,708,863</b>	<b>\$ 896,572</b>	<b>\$ 536,643</b>	<b>\$ 5,142,078</b>

See notes to financial statements.

**Rudd-Rockford-Marble Rock Community School District**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**To the Statement of Net Position**

**June 30, 2013**

<b>Total fund balances of governmental funds (page 16)</b>	\$	1,971,857
 <i>Amounts reported for governmental activities in the Statement of Net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		3,837,092
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		-36
Long-term liabilities, including early retirement and capital lease, are not due and payable in the current period and, therefore, are not reported in the funds		-211,494
		-211,494
<b>Net position of governmental activities (page 13)</b>	<b>\$</b>	<b>5,597,419</b>

## Rudd-Rockford-Marble Rock Community School District

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

Year Ended June 30, 2013

Revenues:	General	Capital Projects	Non- Major Funds	Total
Local Sources:				
Local tax	\$ 2,199,439	\$ 536,836	\$ 251,439	\$ 2,987,714
Tuition	270,060	-	-	270,060
Other	174,564	1,666	223,169	399,399
Intermediate sources	-	-	-	-
State sources	2,311,967	51,352	124	2,363,443
Federal sources	232,719	-	-	232,719
Total Revenues	<u>\$ 5,188,749</u>	<u>\$ 589,854</u>	<u>\$ 474,732</u>	<u>\$ 6,253,335</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 2,050,140	\$ 10,317	\$ 103,642	\$ 2,164,099
Special instruction	700,711	-	-	700,711
Other instruction	747,024	-	230,460	977,484
	<u>\$ 3,497,875</u>	<u>\$ 10,317</u>	<u>\$ 334,102</u>	<u>\$ 3,842,294</u>
Support Services:				
Student services	\$ 110,791	\$ -	\$ 325	\$ 111,116
Instructional staff services	82,806	77,734	125	160,665
Administration services	538,753	11,024	9,610	559,387
Operation and maintenance of plant services	419,442	9,700	58,957	488,099
Transportation services	287,473	22,616	20,086	330,175
	<u>\$ 1,439,265</u>	<u>\$ 121,074</u>	<u>\$ 89,103</u>	<u>\$ 1,649,442</u>
Non-instructional programs	\$ -	\$ 4,851	\$ 4,390	\$ 9,241
Other Expenditures:				
Facilities acquisition	\$ -	\$ 211,632	\$ -	\$ 211,632
Long-Term Debt:				
Principal	-	-	60,067	60,067
Interest and fiscal charges	-	-	2,610	2,610
AEA flow-through	192,227	-	-	192,227
	<u>\$ 192,227</u>	<u>\$ 211,632</u>	<u>\$ 62,677</u>	<u>\$ 466,536</u>
Total Expenditures	<u>\$ 5,129,367</u>	<u>\$ 347,874</u>	<u>\$ 490,272</u>	<u>\$ 5,967,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 59,382</u>	<u>\$ 241,980</u>	<u>\$ -15,540</u>	<u>\$ 285,822</u>
Other Financing Sources (Uses):				
Operating transfers in (out)	\$ -	\$ -62,677	\$ 62,677	\$ -
Net change in fund balances	\$ 59,382	\$ 179,303	\$ 47,137	\$ 285,822
Fund balances beginning of year	1,012,771	393,102	280,162	1,686,035
Fund Balances End of Year	<u>\$ 1,072,153</u>	<u>\$ 572,405</u>	<u>\$ 327,299</u>	<u>\$ 1,971,857</u>

See notes to financial statements.

## Rudd-Rockford-Marble Rock 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**

**Net change in fund balances – total governmental funds (page 18)** \$ 285,822

***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, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 332,518	
Depreciation expense	-350,021	-17,503

Proceeds from the issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increase 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 repayments, as follows:

Repaid	60,067
--------	--------

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.

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

Early retirement	\$ 23,912	
Other postemployment benefits	1,415	25,327

**Change in Net position of Governmental Activities (page 15)** \$ 353,677

**Rudd-Rockford-Marble Rock Community School District**

**Statement of Net Position  
Proprietary Funds**

**June 30, 2013**

	<u>School Nutrition</u>
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 41,859
Accounts receivable	252
Due from other governments	431
Inventories	<u>2,775</u>
Total current assets	<u>\$ 45,317</u>
<b>Non-Current Assets:</b>	
Capital assets, net of accumulated depreciation	\$ 3,238
Total non-current assets	<u>\$ 3,238</u>
<b>Total Assets</b>	<u>\$ 48,555</u>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Due to other funds	\$ 92,874
Salaries and benefits payable	22,081
Deferred revenue	<u>3,280</u>
Total current liabilities	<u>\$ 118,235</u>
<b>Total Liabilities</b>	<u>\$ 118,235</u>
<b>Net Position</b>	
Net investment in capital assets	\$ 3,238
Unrestricted	<u>-72,918</u>
<b>Total Net Position</b>	<u>\$ -69,680</u>

**Rudd-Rockford-Marble Rock Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**

**Year Ended June 30, 2013**

	<u>School Nutrition Fund</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 143,497
Non-instructional programs:	
Food service operations:	
Salaries	\$ 93,038
Benefits	42,162
Purchased services	976
Supplies	123,494
Depreciation	1,128
Total non-instructional programs	<u>\$ 260,798</u>
Operating income (loss)	<u>\$ -117,301</u>
Non-operating revenues:	
State sources	\$ 2,352
Federal sources	121,521
Total non-operating revenues	<u>\$ 123,873</u>
Change in net position	\$ 6,572
Net position beginning of year	-77,492
Prior period adjustment	1,240
Adjusted net position beginning of year	<u>\$ -76,252</u>
Net Position End of Year	<u>\$ -69,680</u>

See notes to financial statements.

## Rudd-Rockford-Marble Rock Community School District

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2013

	School Nutrition Fund
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 147,623
Cash paid to employees for services	-134,375
Cash paid to suppliers for goods or services	-109,789
Net cash used by operating activities	<u>\$ -96,541</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 2,352
Federal grants received	103,634
Net cash provided by non-capital financing activities	<u>\$ 105,986</u>
Net increase in cash and cash equivalents	\$ 9,445
Cash and cash equivalents beginning of year	<u>32,414</u>
Cash and Cash Equivalents End of Year	<u>\$ 41,859</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating (loss) income	\$ -117,301
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	17,456
Depreciation	1,128
(Increase) in inventories	-2,775
Decrease in accounts receivable	422
Increase in due to other funds	3,534
Increase in salaries and benefits payable	825
Increase in deferred revenue	170
Net Cash Provided (Used) by Operating Activities	<u>\$ -96,541</u>

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

During the year ended June 30, 2013, the District received \$17,456 of federal commodities.

Rudd-Rockford-Marble Rock Community School District

Statement of Fiduciary Net Position  
Fiduciary Fund

June 30, 2013

	<u>Private Purpose Trust Scholarship</u>
<b>Assets</b>	
Cash and pooled investments	\$ 5,402
<b>Total assets</b>	<u>\$ 5,402</u>
<b>Liabilities</b>	
Accounts payable	<u>\$ -</u>
<b>Net Position</b>	
Reserved for scholarships	<u>\$ 5,402</u>

**Rudd-Rockford-Marble Rock Community School District**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Fund**

**Year Ended June 30, 2013**

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 5,400
Interest income	2
Total additions	<u>\$ 5,402</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>\$ -</u>
Change in net position	\$ 5,402
Net position beginning of year	<u>-</u>
Net Position End of Year	<u>\$ 5,402</u>

**Rudd-Rockford-Marble Rock Community School District**

**Notes to Financial Statements**

**June 30, 2013**

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

Rudd-Rockford-Marble Rock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. The geographic area served includes the Cities of Rudd, Rockford and Marble Rock, Iowa and agricultural territories in Cerro Gordo, Floyd and Mitchell 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, Rudd-Rockford-Marble Rock 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. Rudd-Rockford-Marble Rock Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

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

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

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

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

Fund Financial Statements – Separate financial statements are provided for governmental, 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 non-major governmental funds. Combining schedules are also included for the Capital Project Funds accounts.

The District reports the following major governmental funds:

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

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

The District reports the following major proprietary fund:

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

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

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year of 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, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

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

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation 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 fund financial statements only for employees that have resigned or retired. 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.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

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

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

**(3) Inter-fund Transfers**

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Statewide Sales, Services and Use Tax	\$ 62,677

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(4) Due From and Due to Other Funds**

The detail of inter-fund receivables and payables at June 30, 2013 is as follows:

Receivable	Payable	Amount
General Fund	Enterprise – School Nutrition Fund	\$ 92,874
General Fund	Special Revenue – Student Activity	2,546
General Fund	Capital Projects – Statewide Sales, Services and Use Tax	479
		\$ 95,899

The General Fund has loaned the Enterprise – School Nutrition Fund in prior years to offset cash shortfalls. No repayment plan has been made. The Capital Projects – Statewide Sales, Services and Use Tax and Special Revenue – Student Activity Fund owes the General Fund for June 30, 2013 MasterCard charges. They were repaid in July 2013.

(5) Capital Assets

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

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year	
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 118,000	\$ -	\$ -	\$ 118,000	
Construction in process	-	77,437	-	77,437	
Total capital assets not being depreciated	\$ 118,000	\$ 77,437	\$ -	\$ 195,437	
Capital assets being depreciated:					
Buildings	\$ 4,474,648	\$ 69,623	\$ -	\$ 4,544,271	
Improvements other than buildings	631,472	34,817	-	666,289	
Furniture and equipment	1,881,376	150,641	-	2,032,017	
Total capital assets being depreciated	\$ 6,987,496	\$ 255,081	\$ -	\$ 7,242,577	
Less accumulated depreciation for:					
Buildings	\$ 1,862,104	\$ 101,735	\$ -	\$ 1,963,839	
Improvements other than buildings	263,186	24,185	-	287,371	
Furniture and equipment	1,125,611	224,101	-	1,349,712	
Total accumulated depreciation	\$ 3,250,901	\$ 350,021	\$ -	\$ 3,600,922	
Total capital assets being depreciated, net	\$ 3,736,595	\$ -94,940	\$ -	\$ 3,641,655	
Governmental Activities Capital Assets, Net	\$ 3,854,595	\$ -17,503	\$ -	\$ 3,837,092	
	Balance Beginning Of Year	Increases	Decreases	Adjustments	Balance End Of Year
<b>Business type activities:</b>					
Furniture and equipment	\$ 104,699	\$ -	\$ -	\$ -91,162	\$ 13,537
Less accumulated depreciation	101,572	1,128	-	-92,401	10,299
Business Type Activities Capital Assets, Net	\$ 3,127	\$ -1,128	\$ -	\$ 1,239	\$ 3,238
Depreciation expense was charged to the following functions:					
Governmental Activities:					
Instruction:					
Regular				\$ 295,279	
Other				5,735	
Support services:					
Administration				421	
Operation and maintenance of plant services				8,409	
Transportation				40,177	
Total Depreciation Expense – Governmental Activities				\$ 350,021	
Business Type Activities:					
Food service operations				\$ 1,128	

**(6) Long-term Liabilities**

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

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Computer lease payable	\$ 152,324	\$ -	\$ 60,067	\$ 92,257	\$ 61,213
Net OPEB Liability	35,708	35,708	-	72,522	-
Early retirement	70,627	-	23,912	46,715	26,168
Total	\$ 258,659	\$ 35,708	\$ 83,979	\$ 211,494	\$ 87,381

Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application, which is must be approved by the Board of Education. The early retirement incentive for each eligible employee is \$22,000 maximum based on years of service, plus one year of single health insurance premiums. A liability has been recorded on the Statement of Net Position (Exhibit A) representing the District's commitment to fund early retirement.

Capital Lease Payable

During the year ended June 30, 2011, the District entered into a \$242,604 lease agreement to provide funds for the purchase of laptop computers. The interest is 1.9% annually and are payable from the Capital Projects – Statewide Sales, Services and Use Tax Fund. Details of the District's indebtedness under the agreements in effect at June 30, 2013 are as follows:

Year ending June 30,	Lease Payable of June 15, 2011		
	Principal	Interest	Total
2014	\$ 61,213	\$ 1,464	\$ 62,677
2015	31,044	295	31,339
Total	\$ 92,257	\$ 1,759	\$ 94,016

During the year ended June 30, 2013, the District made a principal payment of \$60,067 as per the agreement.

**(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 payroll for the years ended June 30, 2013, 2012 and 2011. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$262,595, \$235,942, and \$201,909, 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 and prescription drug benefits for employees, retirees and their spouses. There are 64 active and 6 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$	50,603
Interest on net OPEB obligation		893
Adjustment to annual required contribution		-3,599
Annual OPEB cost	\$	47,897
Contributions made		-11,083
Increase in net OPEB obligation	\$	36,814
Net OPEB obligation beginning of year		35,708 *
Net OPEB obligation end of year	\$	72,522

\*Adjust Beginning Balance

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

For the year ended June 30, 2013, the District contributed \$506,496 to the medical plan. Plan members eligible for benefits contributed \$33,114, or 6.1% of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$31,017	23.0%	\$23,869
June 30, 2011	\$31,271	24.1%	\$47,619
June 30, 2012	\$33,877	22.3%	\$73,937
June 30, 2013	\$50,603	21.9%	\$72,522

**Funded Status and Funding Progress** – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$200,117, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$200,117. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,455,495 and the ratio of the UAAL to covered payroll was 8.1%. As of June 30, 2013, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

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

Projected claim costs of the medical plan are \$465.12 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Risk Management**

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

**(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 \$192,227 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) Categorical Funding**

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

Program	Amount
Gifted and Talented Programs	\$ 24,703
Dropout Prevention	53,066
Market Factor	4,237
Core Curriculum	24,883
Professional Development	153
Total	\$ 107,042

**(12) Subsequent Events**

The District has evaluated subsequent events through March 4, 2014 which is the date that the financial statement were available to be issued.

**(13) Prior Period Adjustment**

The District had an Enterprise – School Nutrition adjustment of \$1,240 to correct prior year inventory.

**(14) Construction Commitment**

The District has entered into a contract for \$127,000 for a lighting project. At June 30, 2013, \$73,500 was in construction in progress with the balance of \$53,500 to be paid as work on the project is completed.

**(15) Deficit Balances**

At June 30, 2013 the Enterprise Fund – School Nutrition Fund had a \$69,680 deficit balance.

**Required Supplementary Information**

**Rudd-Rockford-Marble Rock Community School District**

**Budgetary Comparison Schedule 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 Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 3,657,173	\$ 143,497
Intermediate sources	-	-
State sources	2,363,443	2,352
Federal sources	232,719	121,521
Total Receipts	<u>\$ 6,253,335</u>	<u>\$ 267,370</u>
Disbursements:		
Instruction	\$ 3,842,294	\$ -
Support services	1,649,442	-
Non-instructional programs	9,241	260,798
Other expenditures	466,536	-
Total Disbursements	<u>\$ 5,967,513</u>	<u>\$ 260,798</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 285,822	\$ 6,572
Other financing sources, net	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditure/expenses and other financing uses	<u>\$ 285,822</u>	<u>\$ 6,572</u>
Balances beginning of year	\$ 1,686,035	\$ -77,492
Prior period adjustment	-	1,240
Adjusted beginning fund balance	<u>\$ 1,686,035</u>	<u>\$ -76,252</u>
Balances End of Year	<u>\$ 1,971,857</u>	<u>\$ -69,680</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	3,800,670	\$ 3,644,779	\$ 155,891
	-	-	-
	2,365,795	2,344,489	21,306
	354,240	292,000	62,240
\$	6,520,705	\$ 6,281,268	\$ 239,437
<hr/>			
\$	3,842,294	\$ 3,912,573	\$ 70,279
	1,649,442	1,814,615	165,173
	270,039	307,000	36,961
	466,536	568,027	101,491
\$	6,228,311	\$ 6,602,215	\$ 373,904
<hr/>			
\$	292,394	\$ -320,947	\$ 613,341
	-	-	-
<hr/>			
\$	292,394	\$ -320,947	\$ 613,341
\$	1,608,543	\$ 1,335,493	\$ 273,050
	1,240	-	1,240
\$	1,609,783	\$ 1,335,493	\$ 274,290
\$	1,902,177	\$ 1,014,546	\$ 887,631

**Rudd-Rockford-Marble Rock Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2013**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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. 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 District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

**Rudd-Rockford-Marble Rock Community School District**

**Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)**

**Required Supplementary Information**

**June 30, 2013**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$238	\$238	0.0%	\$2,713	8.8%
2011	July 1, 2009	\$-	\$226	\$226	0.0%	\$3,019	7.5%
2012	July 1, 2009	\$-	\$226	\$226	0.0%	\$3,037	7.4%
2013	July 1, 2012	\$-	\$200	\$200	0.0%	\$2,455	8.1%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## **Supplementary Information**

## Rudd-Rockford-Marble Rock Community School District

Combining Balance Sheet  
Non-Major Funds

June 30, 2013

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 277,766	\$ 53,785	\$ 331,551
Receivables:			
Property Tax:			
Delinquent	4,979	-	4,979
Succeeding year	200,000	-	200,000
Accounts	113	-	113
<b>Total Assets</b>	<b>\$ 482,858</b>	<b>\$ 53,785</b>	<b>\$ 536,643</b>
<b>Liabilities &amp; Fund Balance</b>			
Liabilities:			
Due to other fund	\$ -	\$ 2,546	\$ 2,546
Accounts payable	-	1,797	1,797
Salaries and benefits payable	5,001	-	5,001
Deferred Revenue:			
Succeeding year property tax	200,000	-	200,000
Total liabilities	\$ 205,001	\$ 4,343	\$ 209,344
Fund Balances:			
Restricted for:			
Management levy purposes	\$ 277,857	\$ -	\$ 277,857
Student activities	-	49,442	49,442
Total fund balances	\$ 277,857	\$ 49,442	\$ 327,299
<b>Total Liabilities and Fund Balance</b>	<b>\$ 482,858</b>	<b>\$ 53,785</b>	<b>\$ 536,643</b>

See accompanying independent auditor's report.

## Rudd-Rockford-Marble Rock Community School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Funds**

Year Ended June 30, 2013

	Debt Service	Special Revenue		Total
		Management Levy	Student Activity	
<b>Revenues:</b>				
Local Sources:				
Local tax	\$ -	\$ 251,439	\$ -	\$ 251,439
Other	-	3,146	220,023	223,169
State sources	-	124	-	124
Total Revenues	\$ -	\$ 254,709	\$ 220,023	\$ 474,732
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular instruction	\$ -	\$ 103,642	\$ -	\$ 103,642
Other instruction	-	-	230,460	230,460
Support Services:				
Student support services	-	325	-	325
Instructional staff services	-	125	-	125
Administration services	-	9,610	-	9,610
Operation & maintenance of plant services	-	58,957	-	58,957
Transportation services	-	20,086	-	20,086
Non-instructional programs	-	4,390	-	4,390
Other Expenditures:				
Long-Term Debt:				
Principal	60,067	-	-	60,067
Interest and fiscal charges	2,610	-	-	2,610
Total Expenditures	\$ 62,677	\$ 197,135	\$ 230,460	\$ 490,272
Excess (deficiency) of revenues over (under) expenditures	\$ -62,677	\$ 57,574	\$ -10,437	\$ -15,540
Other Financing Sources (Uses):				
Operating transfers in	62,677	-	-	62,677
Change in fund balances	\$ -	\$ 57,574	\$ -10,437	\$ 47,137
Fund balances beginning of year	-	220,283	59,879	280,162
Fund Balance End of Year	\$ -	\$ 277,857	\$ 49,442	\$ 327,299

See accompanying independent auditor's report.

## Rudd-Rockford-Marble Rock Community School District

Combining Balance Sheet  
Capital Project Accounts

June 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 461,758	\$ 137,347	\$ 599,105
Receivables:			
Property Tax:			
Delinquent	-	3,757	3,757
Succeeding year	-	201,087	201,087
Due from other governments	92,623	-	92,623
<b>Total Assets</b>	<b>\$ 554,381</b>	<b>\$ 342,191</b>	<b>\$ 896,572</b>
<b>Liabilities &amp; Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 92,281	\$ 30,320	\$ 122,601
Due to other funds	479	-	479
Deferred revenue:			
Succeeding year property tax	-	201,087	201,087
Total Liabilities	\$ 92,760	\$ 231,407	\$ 324,167
Fund Balances:			
Restricted for:			
School infrastructure	\$ 461,621	\$ -	\$ 461,621
Physical plant and equipment	-	110,784	110,784
Total fund balances	\$ 461,621	\$ 110,784	\$ 572,405
<b>Total Liabilities and Fund Balances</b>	<b>\$ 554,381</b>	<b>\$ 342,191</b>	<b>\$ 896,572</b>

See accompanying independent auditor's report.

## Rudd-Rockford-Marble Rock 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	\$ 345,343	\$ 191,493	\$ 536,836
Other	1,331	335	1,666
State sources	49,764	1,588	51,352
Total Revenues	<u>\$ 396,438</u>	<u>\$ 193,416</u>	<u>\$ 589,854</u>
Expenditures:			
Instruction:			
Regular instruction	\$ 10,317	\$ -	\$ 10,317
Support Services:			
Instructional staff services	4,323	73,411	77,734
Administrative service	-	11,024	11,024
Operation and maintenance of plant services	9,700	-	9,700
Non-instruction	-	22,616	22,616
Other Expenditures:			
Facilities acquisition	4,851	-	4,851
Total Expenditures	<u>\$ 224,561</u>	<u>\$ 123,313</u>	<u>\$ 347,874</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 171,877	\$ 70,103	\$ 241,980
Other Financing Sources (Uses):			
Operating transfers out	<u>-62,677</u>	<u>-</u>	<u>-62,677</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 109,200	\$ 70,103	\$ 179,303
Fund balances beginning of year	<u>352,421</u>	<u>40,681</u>	<u>393,102</u>
Fund Balances End of Year	<u>\$ 461,621</u>	<u>\$ 110,784</u>	<u>\$ 572,405</u>

See accompanying independent auditor's report.

**Rudd-Rockford-Marble Rock Community School District**  
**Schedule of Changes in Special Revenue Fund, Student Activity Accounts**

**Year Ended June 30, 2013**

Account	Balance Beginning Of Year	Revenues	Expenditures	Transfers	Balance End of Year
Athletics	\$ 5,364	\$ 46,250	\$ 50,105	\$ 8,096	\$ 9,605
Football	3,225	-	-	-3,225	-
Baseball	2,590	-	-	-2,590	-
Girls Basketball	605	-	-	-605	-
Volleyball	212	-	-	-212	-
Softball	1,005	-	-	-1,005	-
Warrior VBC	464	-	-	-464	-
Cheerleaders	491	2,497	2,421	65	632
Concessions	2,724	20,037	15,323	132	7,570
Drama	3,461	1,255	2,454	-	2,262
FFA	4,959	41,354	41,752	-	4,561
MS Student Council	756	755	909	-	602
Instrumental Music	2,884	4,047	3,885	-22	3,024
Music Trip	7,830	55,017	52,246	-10,601	-
Vocal Music	3,520	497	1,618	-22	2,377
Annual	3,719	5,376	7,085	-	2,010
Spanish Club	2,409	1,380	924	-	2,865
Speech	66	261	204	-	123
Student Council	1,544	17,335	26,371	10,603	3,111
UN Model Group	2,050	327	948	-	1,429
RRMR Elementary	5,621	3,657	4,084	-	5,194
Coca Cola	2,072	3,642	3,814	-150	1,750
Class of 2013	197	1,567	1,517	-	247
Class of 2012	317	-	-	-	317
Interest	202	270	-	-	472
Fitness Center	1,592	6,365	7,109	-	848
Class of 2014	-	6,037	5,594	-	443
Scholarship	-	2,097	2,097	-	-
<b>Total</b>	<b>\$ 59,879</b>	<b>\$ 220,023</b>	<b>\$ 230,460</b>	<b>\$ -</b>	<b>\$ 49,442</b>

**Rudd-Rockford-Marble Rock Community School District**  
**Schedule of Revenues by Source and Expenditures by Function**  
**All Governmental Funds**

**For the Last Ten Years**

	Modified Accrual Basis			
	2013	2012	2011	2010
<b>Revenues:</b>				
<b>Local Sources:</b>				
Local tax	\$ 2,987,714	\$ 2,903,686	\$ 2,775,235	\$ 2,665,071
Tuition	270,060	236,015	243,758	252,188
Other	399,399	305,021	315,167	234,607
State sources	2,363,443	2,407,039	2,375,450	2,077,725
Federal sources	232,719	303,431	287,833	529,451
<b>Total</b>	<b>\$ 6,253,335</b>	<b>\$ 6,155,192</b>	<b>\$ 5,997,443</b>	<b>\$ 5,759,042</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular instruction	\$ 2,164,099	\$ 3,667,736	\$ 3,908,974	\$ 3,479,085
Special instruction	700,711	*	*	*
Other instruction	977,484	*	*	*
<b>Support services:</b>				
Student	111,116	108,356	136,175	136,490
Instructional staff	160,665	143,462	299,433	114,758
Administrative	559,387	533,571	501,436	531,490
Operation and maintenance of plant	488,099	481,793	485,975	559,486
Transportation	330,175	361,978	299,210	311,005
<b>Non-instructional programs:</b>				
Food service operations	9,241	31,435	5,006	-
<b>Other expenditures:</b>				
Facilities acquisition	211,632	157,787	366,247	490,573
<b>Debt service:</b>				
Principal	60,067	58,942	31,338	-
Interest and service charges	2,610	3,735	-	-
AEA flow-through	192,227	200,942	227,040	226,325
<b>Total</b>	<b>\$ 5,967,513</b>	<b>\$ 5,749,737</b>	<b>\$ 6,332,934</b>	<b>\$ 5,849,212</b>

\*Previous auditor did not spread instruction between regular, special and other.

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
\$ 2,870,348	\$ 2,750,551	\$ 2,649,376	\$ 2,636,078	\$ 2,410,875	\$ 2,363,087
263,290	238,103	207,598	238,498	178,418	239,842
281,285	251,512	316,913	251,313	286,870	231,179
2,645,281	2,645,669	2,543,700	2,487,298	2,334,828	2,298,650
230,372	167,153	135,175	185,502	196,754	191,840
<u>\$ 6,290,576</u>	<u>\$ 6,052,988</u>	<u>\$ 5,852,762</u>	<u>\$ 5,798,689</u>	<u>\$ 5,407,745</u>	<u>\$ 5,324,598</u>
\$ 3,607,362	\$ 3,436,345	\$ 3,304,648	\$ 3,028,522	\$ 3,247,723	\$ 3,218,325
*	*	*	*	*	*
*	*	*	*	*	*
112,968	119,401	99,197	86,600	90,844	75,534
73,190	74,672	80,463	195,219	143,062	147,958
546,938	530,187	526,839	508,269	517,660	510,484
559,892	593,982	551,888	1,034,912	646,200	733,283
338,502	363,342	333,745	284,054	228,650	245,256
2,304	4,608	-	-	-	-
206,473	752,596	145,942	162,708	133,392	-
240,000	225,000	210,000	205,000	195,000	185,000
12,400	23,425	33,505	43,243	52,408	60,910
199,780	196,283	185,689	180,412	180,303	183,521
<u>\$ 5,899,809</u>	<u>\$ 6,319,841</u>	<u>\$ 5,471,916</u>	<u>\$ 5,728,939</u>	<u>\$ 5,435,242</u>	<u>\$ 5,360,271</u>

**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**

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  
Rudd-Rockford-Marble Rock Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rudd-Rockford-Marble Rock 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 my report thereon dated March 4, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Rudd-Rockford-Marble Rock Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Rudd-Rockford-Marble Rock Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Rudd-Rockford-Marble Rock Community School District's internal control.

My 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 significant deficiencies or material weaknesses significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-13 to be a material weakness.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rudd-Rockford-Marble Rock Community School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my 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.

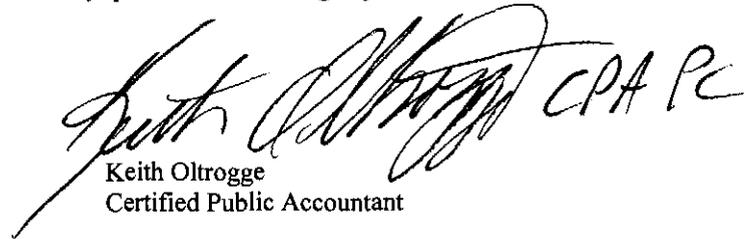
## Rudd-Rockford-Marble Rock Community School District's Responses to Findings

Rudd-Rockford-Marble Rock Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. Rudd-Rockford-Marble Rock Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Rudd-Rockford-Marble Rock Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Keith Oltrogge  
Certified Public Accountant

March 4, 2014

**Rudd-Rockford-Marble Rock Community School District**

**Schedule of Findings**

**Year Ended June 30, 2013**

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

- I-A-13 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation – With the limited number of personnel involved in accounting for District activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstances, the most effective controls lie in (1) the administration's and the Board's knowledge of the District's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions. I believe these controls are being effectively utilized in the District and recommend that diligent efforts be made to maintain their effectiveness.

Response – We will continue to monitor procedures for administrative and Board levels.

Conclusion – Response accepted.

- I-B-13 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small schools and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

**Rudd-Rockford-Marble Rock Community School District**

**Schedule of Findings**

**Year Ended June 30, 2013**

**Part II - Other Findings Related to Statutory Reporting:**

- II-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 did not exceed the certified budget amounts in any of the four functions. The District did not exceed its unspent authorized budget.
- II-B-13 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-13 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-13 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-13 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-13 Board Minutes – Certain minutes were not published as required by Chapter 279.35 of the Code of Iowa.
- Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.
- Response – Procedures have been revised to ensure minutes are published as required.
- Conclusion – Response accepted.
- II-G-13 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-H-12 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- II-I-12 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-J-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

**Rudd-Rockford-Marble Rock Community School District**

**Schedule of Findings**

**Year Ended June 30, 2013**

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

II-K-13 Deficit Balances – I noted that the District’s School Nutrition Fund had a deficit fund balance of \$69,680 at June 30, 2013.

Recommendation – I recommend that the District investigate alternatives to return this fund to a sound financial position.

Response – We will investigate alternatives as recommended. The deficit was decreased by \$6,572 in fiscal year 2013.

Conclusion – Response accepted.

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

II-M-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		\$	352,421
Revenues/transfers in:			
Sales tax revenues	\$	345,343	
Other local revenues		1,331	
School infrastructure supplemental amount		49,764	396,438
		\$	748,859
Expenditures/transfers out:			
School infrastructure construction	\$	195,370	
Equipment		24,868	
Other		4,323	
Transfers to other funds:			
Debt service fund		62,677	287,238
		\$	461,621
Ending balance		\$	461,621

**Rudd-Rockford-Marble Rock Community School District**

**Schedule of Findings**

**Year Ended June 30, 2013**

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

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

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 0.31169	\$ 395,106
Physical plant and equipment levy	-	128,455
Public educational and recreational levy	-	-