

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

JUNE 30, 2013

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Saydel Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Paul Breitbarth	President	2015
Brian Bowman	Vice President	2015
Henry Wood	Board Member	2015
Buddy Hicks	Board Member	2013
Ray Livingston	Board Member	2013
Melissa Sassman	Board Member	2013
Rob Stephenson	Board Member	2015
<b>School Officials</b>		
Dr. Brad Buck	Superintendent	2013
Ryan Eidahl	Business Manager/ Board Treasurer	2013
Jane Prange	Board Secretary	2013
Brian Gruhn	Attorney	2013
Ahlers & Cooney, P.C.	Attorney	2013

**SAYDEL COMMUNITY SCHOOL DISTRICT**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Saydel Community School District, Des Moines, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Saydel Community School District at June 30, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 18 and 47 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Saydel Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 6, 2014 on our consideration of Saydel Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



NOLTE, CORNMAN & JOHNSON, P.C.

January 6, 2014  
Newton, Iowa

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Saydel 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.

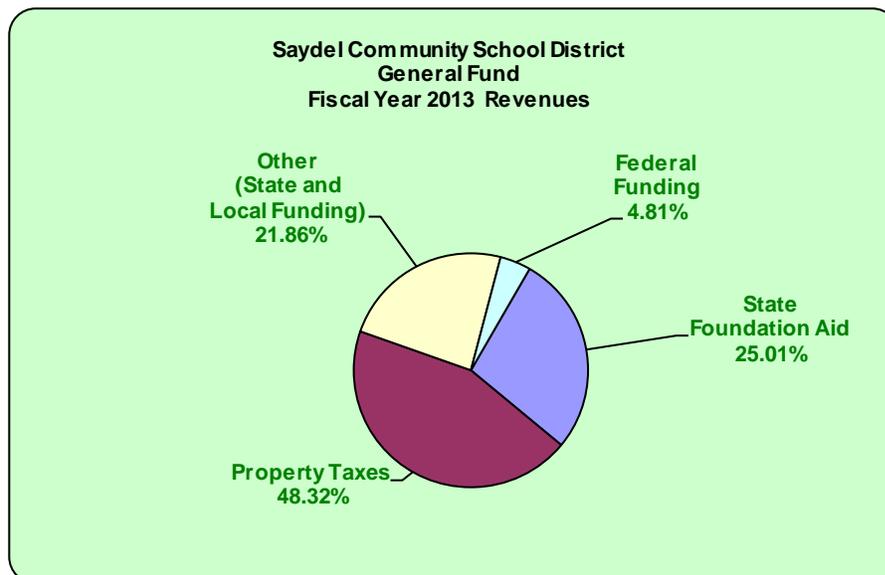
### 2013 FINANCIAL HIGHLIGHTS

- **Budget:** The State of Iowa legislatively approved an allowable growth factor of 2 percent for fiscal year 2013. The district's enrollment increased by 0.2 students from 1,200.7 in fiscal year 2012 to 1,200.9 in fiscal year 2013. Despite the increase in enrollment and allowable growth, the District received \$73,411 less in new regular program funding.

In April, 2012, the board approved a budget for fiscal year 2013 for all funds of \$20,811,089(including transfers).

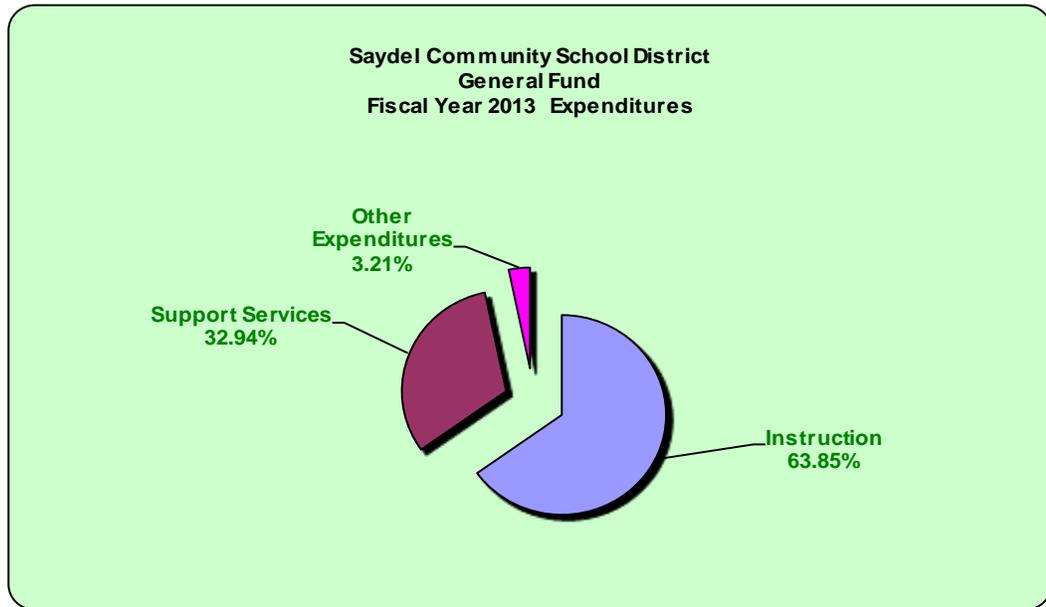
- **Revenue:** District-wide revenues were \$18,402,977, which primarily consisted of state aid, property taxes, federal grants, and sales taxes. General revenues accounted for approximately 78.01 percent of the District-wide revenue. Program specific revenues in the form of charges for services and grants and contributions, accounted for 21.99 percent of total fiscal year 2013 revenues.

The General Fund had \$14,017,702 in revenues for fiscal year 2013, which primarily consisted of state aid and property taxes. General Fund revenues decreased from \$14,477,315 in fiscal year 2012 to \$14,017,702 in fiscal year 2013, which is a 3.17% decrease. This decrease in revenues was primarily due to the decrease in the General Fund tax levy of \$1.05485/thousand.



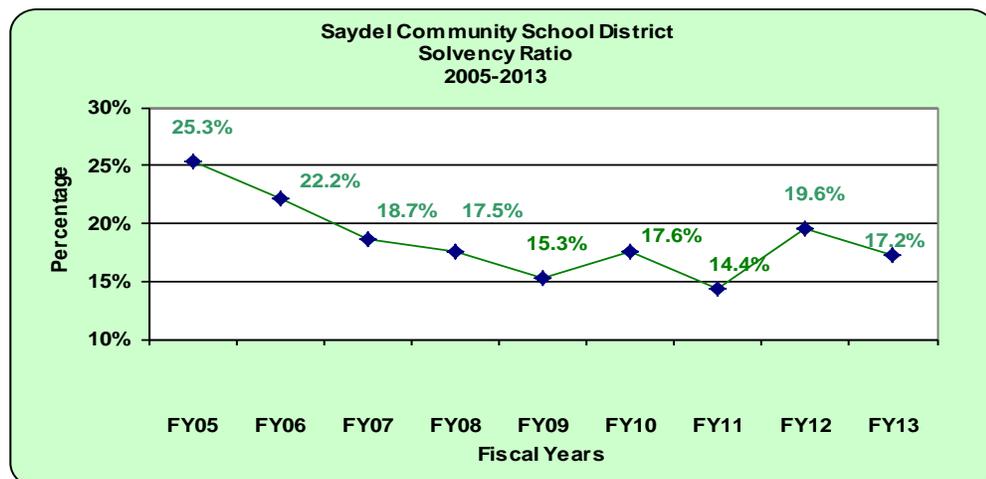
- Expenses:** The District-wide expenses were \$17,491,361, of which \$4,047,416 were offset by program specific charges for services or grants and contributions. General revenues of \$14,355,561 provided for the remaining cost of these programs.

The General Fund had \$13,637,387 in fiscal year 2013 expenses, which primarily consisted of instructional expenses. General Fund expenses decreased from \$13,747,613 in fiscal 2012 to \$13,637,387 in fiscal year 2013.



- General Fund Balance and Solvency Ratio:** The District’s overall General Fund balance increased from \$3,309,196 as of June 30, 2012 to \$3,689,511 as of June 30, 2013. The General Fund unassigned fund balance decreased from \$2,709,014 as of June 30, 2012 to \$2,213,711 as of June 30, 2013.

The District’s solvency ratio (unassigned fund balance plus assigned fund balance/General Fund revenues minus AEA flowthrough) decreased from 19.6 percent in 2012 to 17.2 percent in 2013.



The Board guidelines set a target of 10 percent for the District’s solvency ratio.

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- **Debt:** The Debt Service Fund balance increased from \$1,221,296 at the end of fiscal year 2012 to \$1,231,713 at the end of fiscal year 2013. The cash and pooled investments of the Debt Service Fund include cash held in a sinking fund and debt service fund at Bankers Trust per the bond covenant for the sales tax revenue bonds. Monthly revenues are transferred from the Capital Projects Fund to the Debt Service Fund for payment of principal and interest on the sales tax revenue bonds.
  - **Capital Projects:** Revenues from sales taxes increased from \$1,011,433 in fiscal year 2012 to \$1,043,027 in fiscal year 2013. The increase in funding was due to the increase in enrollment compared to the prior year. Expenses (including transfers out to debt service) decreased from \$4,560,177 in fiscal year 2012 to \$2,881,699 in fiscal year 2013. In fiscal year 2013 the primary construction expenses included the completion of a renovation project at Woodside Middle School and the completion of construction at Cornell Elementary.

## **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 Saydel 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 Saydel 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 Saydel Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

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

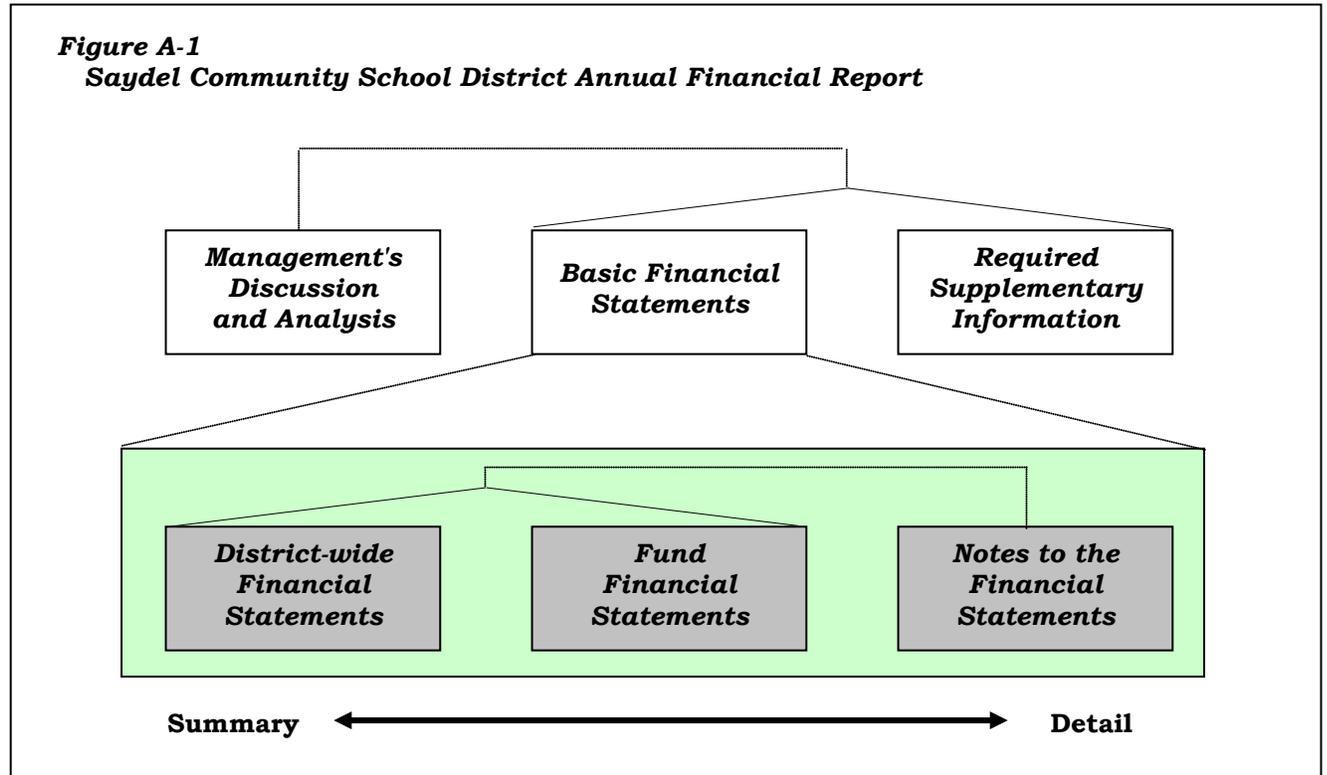


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

## **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.

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

In the government-wide financial statements, the District's activities are divided into 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, Eagles Nest and Cornell Elementary Preschool programs 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 three kinds of funds:

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

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

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

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise 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 three enterprise funds, the School Nutrition Fund, the Cornell Elementary Preschool Fund and the Eagles Nest Daycare Fund.

The required financial statements for the proprietary funds include 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 Private-Purpose Trust and Agency funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds through which the District administers and accounts for certain outside groups.

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

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations 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 assets for the year ended 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	2012-13
Current and other assets	\$ 25,177,138	17,929,081	379,827	369,760	25,556,965	18,298,841	39.66%
Capital assets	20,332,855	19,801,263	135,206	139,065	20,468,061	19,940,328	2.65%
Total assets	45,509,993	37,730,344	515,033	508,825	46,025,026	38,239,169	20.36%
Long-term obligations	16,672,761	9,206,239	4,033	2,806	16,676,794	9,209,045	81.09%
Other liabilities	9,920,086	10,520,264	24,509	17,839	9,944,595	10,538,103	-5.63%
Total liabilities	26,592,847	19,726,503	28,542	20,645	26,621,389	19,747,148	34.81%
Net position:							
Net investment in capital assets	12,465,462	11,086,263	135,206	139,065	12,600,668	11,225,328	12.25%
Restricted	3,747,980	4,387,699	-	-	3,747,980	4,387,699	-14.58%
Unrestricted	2,703,704	2,529,879	351,285	349,115	3,054,989	2,878,994	6.11%
Total net position	\$ 18,917,146	18,003,841	486,491	488,180	19,403,637	18,492,021	4.93%

The District's combined net position increased by 4.93%, or \$911,616 over the prior year. The largest portion of the District's net position is invested in capital assets, net of related debt (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$639,719, or 14.58% from the prior year. The decrease in restricted net position can be attributed to the completion of various construction projects such as the Cornell Renovation, Woodside Renovation and High School weight room.

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 \$175,995, or 6.11%. The increase is primarily related to the increase in the General Fund balance.

Figure A-4 shows the changes in net assets 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	2012-13
Revenues and transfers:							
Program revenues:							
Charges for services	\$ 1,768,498	1,626,862	425,996	413,432	2,194,494	2,040,294	7.56%
Operating grants and contributions and restricted interest	1,357,561	1,094,534	493,969	451,059	1,851,530	1,545,593	19.79%
Capital grants and contributions and restricted interest	1,392	-	-	-	1,392	-	100.00%
General revenues:							
Property tax	8,417,354	8,881,045	-	-	8,417,354	8,881,045	-5.22%
Statewide sales, services and use tax	1,043,027	1,011,433	-	-	1,043,027	1,011,433	3.12%
Unrestricted state grants	4,681,432	4,579,146	-	-	4,681,432	4,579,146	2.23%
Nonspecific program federal grants	-	252,382	-	-	-	252,382	-100.00%
Unrestricted investment earnings	33,024	29,377	758	618	33,782	29,995	12.63%
Other	179,966	156,358	-	-	179,966	156,358	15.10%
Transfers	-	(8,594)	-	-	-	(8,594)	-100.00%
Total revenues and transfers	<u>17,482,254</u>	<u>17,622,543</u>	<u>920,723</u>	<u>865,109</u>	<u>18,402,977</u>	<u>18,487,652</u>	<u>-0.46%</u>
Program expenses:							
Governmental activities:							
Instructional	9,586,923	9,130,241	-	-	9,586,923	9,130,241	5.00%
Support services	5,395,919	5,387,809	36,652	35,308	5,432,571	5,423,117	0.17%
Non-instructional programs	500	250	885,760	841,785	886,260	842,035	5.25%
Other expenses	1,585,607	1,474,685	-	-	1,585,607	1,474,685	7.52%
Total expenses	<u>16,568,949</u>	<u>15,992,985</u>	<u>922,412</u>	<u>877,093</u>	<u>17,491,361</u>	<u>16,870,078</u>	<u>3.68%</u>
Changes in net position before special item	913,305	1,629,558	(1,689)	(11,984)	911,616	1,617,574	-43.64%
Special item:							
Loss on the sale of capital assets	-	(657,459)	-	-	-	(657,459)	-100.00%
Change in net position	913,305	972,099	(1,689)	(11,984)	911,616	960,115	-5.05%
Net position beginning of year	<u>18,003,841</u>	<u>17,031,742</u>	<u>488,180</u>	<u>500,164</u>	<u>18,492,021</u>	<u>17,531,906</u>	<u>5.48%</u>
Net position end of year	<u>\$ 18,917,146</u>	<u>18,003,841</u>	<u>486,491</u>	<u>488,180</u>	<u>19,403,637</u>	<u>18,492,021</u>	<u>4.93%</u>

In fiscal 2013, property tax, statewide sales, services and use tax and unrestricted state grants account for 80.89% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.92% of the revenue from business type activities.

The District's total revenues were approximately \$18.40 million, of which approximately \$17.48 million was for governmental activities and approximately \$0.92 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.46% decrease in revenues and a 3.68% increase in expenses. The increase in expenses is primarily related to the increase in the negotiated salary and benefits.

### Governmental Activities

Revenues for governmental activities were \$17,482,254 and expenses were \$16,568,949.

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

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 9,586,923	9,130,241	5.00%	6,915,422	6,889,075	0.38%
Support services	5,395,919	5,387,809	0.15%	5,383,689	5,348,393	0.66%
Non-instructional programs	500	250	100.00%	500	250	100.00%
Other expenses	1,585,607	1,474,685	7.52%	1,141,887	1,033,841	10.45%
Totals	<u>\$ 16,568,949</u>	<u>15,992,985</u>	<u>3.60%</u>	<u>13,441,498</u>	<u>13,271,559</u>	<u>1.28%</u>

- The cost financed by users of the District's programs was \$1,768,498.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,358,953.
- The net cost of governmental activities was financed with \$8,417,354 in property tax, \$1,043,027 in statewide sales, services and use tax, \$4,681,432 in unrestricted state grants, \$33,024 in interest income and \$179,966 in other general revenues.

### Business type Activities

Revenues of the District's business type activities were \$920,723 and expenses were \$922,412. The District's business type activities include the School Nutrition Fund, Cornell Elementary Preschool and the Eagles Nest Daycare. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Saydel 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 combined fund balance of \$15,436,670, well above last year's ending fund balances of \$7,579,938. The primary reason for the increase in combined fund balances in fiscal 2013 is due to the increase in Capital Projects Fund balance, this increase is attributed to unexpended general obligation bond proceeds received in fiscal year 2013.

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## **Governmental Fund Highlights**

- The District's improving General Fund financial position is the result of many factors. The General Fund balance increased from \$3,309,196 in fiscal 2012 to \$3,689,511 in fiscal 2013. Revenues for the General Fund during fiscal 2013 decreased \$459,612, as compared to one year ago. General Fund expenses decreased by \$110,226 when compared to the previous year.
- The Capital Projects Fund balance increased due to the sale of \$7,980,000 of general obligation bonds in fiscal year 2013. The Capital Projects fund balance increased from \$2,312,559 in fiscal 2012 to \$9,680,263 in fiscal 2013 which consists primarily of unexpended bond proceeds which will be expended as the various projects are completed.

## **Proprietary Fund Highlights**

The Proprietary Fund net position decreased from \$488,180 at June 30, 2012 to \$486,491 at June 30, 2013, representing a decrease of 0.35%.

## **BUDGETARY HIGHLIGHTS**

The District's revenues were \$786,021 more than budgeted revenues, a variance of 4.46%. The most significant variance resulted from the District receiving more in local source revenues than originally anticipated.

Total expenditures were less than budgeted, 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.

During the year ended June 30, 2013 expenditures in the non-instructional programs functional area exceeded the budgeted amount.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2013, the District had invested \$20.47 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 2.65% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$1,182,785.

The original cost of the District's capital assets was \$40.79 million. Governmental funds account for approximately \$40.46 million with the remainder of approximately \$0.33 million in the Proprietary, School Nutrition Fund and Eagles Nest Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$112,384 at June 30, 2013, compared to \$3,515,674 reported at June 30, 2012. This decrease is attributable to the completion of the Cornell Elementary addition and renovation 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	2012-13
Land	\$ 4,000	4,000	-	-	4,000	4,000	0.00%
Construction in progress	112,384	3,515,674	-	-	112,384	3,515,674	-96.80%
Buildings	17,492,551	13,517,783	-	-	17,492,551	13,517,783	29.40%
Land improvements	758,337	715,959	-	-	758,337	715,959	5.92%
Machinery and equipment	1,965,583	2,047,847	135,206	139,065	2,100,789	2,186,912	-3.94%
Total	\$ 20,332,855	19,801,263	135,206	139,065	20,468,061	19,940,328	2.65%

### Long-Term Debt

At June 30, 2013, the District had \$16,676,794 in general obligation bonds payable, revenue bonds payable, compensated absences payable, termination benefits payable and other postemployment benefits payable. This represents an increase of 81.09% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

-The District had outstanding general obligation bonds of \$8,580,000 at June 30, 2013.

-The District had outstanding revenue bonded indebtedness of \$7,210,000 at June 30, 2013.

-The District had compensated absences payable from the General Fund of \$96,648 as of June 30, 2013.

-The District had total outstanding termination benefits(early retirement) payable from the Management Levy Fund of \$214,027 at June 30, 2013.

-The District had total net OPEB liability of \$576,119 at June 30, 2013.

Figure A-7  
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
General obligation bonds	\$ 8,580,000	1,255,000	-	-	8,580,000	1,255,000	583.67%
Revenue bonds	7,210,000	7,460,000	-	-	7,210,000	7,460,000	-3.35%
Compensated absences	96,648	107,694	-	-	96,648	107,694	-10.26%
Termination benefits	214,027	60,098	-	-	214,027	60,098	256.13%
Net OPEB liability	572,086	323,447	4,033	2,806	576,119	326,253	76.59%
Total	\$ 16,672,761	9,206,239	4,033	2,806	16,676,794	9,209,045	81.09%

### 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 affect its financial health in the future:

- District enrollment remained stable from October 2011 to October 2012, increasing 0.3 students. For fiscal year 2014, Legislation has set allowable growth at 2%. Due to steady enrollment and an increase in allowable growth, the regular program cost for fiscal year 2013 will increase by approximately \$144,630.

- 
- The tax rate of the district remains one of the lowest in Polk County. This is due in large part to the commercial tax base within the district. For fiscal year 2013, commercial and industrial property amounted to nearly 65 percent of the total taxable valuation in the district. Residential and agricultural valuations account for most of the other 35 percent of taxable valuations. This is a very favorable tax base for the District because of the fact that commercial and industrial property is usually taxed at or very near 100 percent of its value. Residential and agricultural land, on the other hand, has a rollback in place so that neither class of property will grow faster than the other. The result is a residential rollback that taxes property at only 52.82 percent of its assessed value. Thus, a higher commercial and industrial tax base generates more revenue per dollar of assessed value than residential or agricultural land.
  - It remains a concern for the District that the overall student population has seen a decline, but it is hoped that the planned-for, additional, affordable housing in the area will become a reality in the near future. It is not unreasonable to assume that at least a portion of the housing would be purchased by those with school age families. Saydel CSD has a traditionally stable population, often seeing those educated here remain in the District after graduation, and the additional housing is seen as an opportunity to help keep the enrollment numbers in a more stable position. The District would encourage the development of housing for our elderly citizens. This may include barrier free apartments, assisted living apartments and nursing home facilities.
  - It is a concern of this District, as well as every District in the state, that certain costs will continue to increase, such as those associated with negotiated agreements with unions, i.e. salaries and benefits. The District continues to approve an Early Retirement Plan in an effort to achieve costs savings through higher paid teachers retiring early and hiring less experienced teachers as replacements that typically will be paid less, thus resulting in a cost savings to the General Fund. Other uncontrolled costs such as fuel also continue to be watched. With the legislature's hesitancy to fully fund and increase funding, knowing that these costs will continue to rise, the District remains vigilant to use completely and efficiently all the resources it has at its disposal.
  - In an effort to ensure the efficient use of all resources, the District maintains a conservative approach to budgeting. It may also be worth noting that no matter the funding source, whether the state or individual taxpayers, any funds budgeted may not be fully received, hence encouraging the conservative approach.
  - On April 2, 2013, the voters of the District approved a \$7,980,000 general obligation bond. Over the next two to three years, the District plans on renovating the High School and stadium, updating security and technology wiring in all buildings, various paving and roof projects and a new maintenance facility.
  - In FY 2012-13, the District was one of two schools in Iowa chosen to receive a Teacher Incentive Fund (TIF) grant through the National Institute for Excellence in Teaching (NIET). On March 14, 2013, the teachers in all buildings approved to implement the requirements of this grant. The District will receive \$200,000-\$300,000 per building for the next 4 years to improve the instructional practices of the District.

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

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ryan Eidahl, District Treasurer and Business Manager, Saydel Community School District, 5740 NE 14<sup>th</sup> St, Des Moines, Iowa, 50313.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 16,132,323	354,613	16,486,936
Receivables:			
Property tax:			
Delinquent	93,423	-	93,423
Succeeding year	8,152,426	-	8,152,426
Accounts	29,184	8,482	37,666
Due from other governments	769,782	6,795	776,577
Inventories	-	9,937	9,937
Capital assets, net of accumulated depreciation	20,332,855	135,206	20,468,061
<b>Total assets</b>	<b>45,509,993</b>	<b>515,033</b>	<b>46,025,026</b>
<b>Liabilities</b>			
Accounts payable	412,068	4,832	416,900
Salaries and benefits payable	1,175,487	12,666	1,188,153
Accrued interest payable	179,618	-	179,618
Deposit payable	487	-	487
Deferred revenue:			
Succeeding year property tax	8,152,426	-	8,152,426
Unearned revenue	-	7,011	7,011
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	995,000	-	995,000
Revenue bonds payable	265,000	-	265,000
Compensated absences	96,648	-	96,648
Termination benefits payable	154,122	-	154,122
Portion due after one year:			
General obligation bonds payable	7,585,000	-	7,585,000
Revenue bonds payable	6,945,000	-	6,945,000
Termination benefits payable	59,905	-	59,905
Net OPEB liability	572,086	4,033	576,119
<b>Total liabilities</b>	<b>26,592,847</b>	<b>28,542</b>	<b>26,621,389</b>
<b>Net Position</b>			
Investment in capital assets, net of related debt	12,465,462	135,206	12,600,668
Restricted for:			
Categorical funding	249,015	-	249,015
School infrastructure	555,740	-	555,740
Physical plant and equipment	1,201,917	-	1,201,917
Debt service	1,052,095	-	1,052,095
Management levy purposes	635,562	-	635,562
Student activities	53,651	-	53,651
Unrestricted	2,703,704	351,285	3,054,989
<b>Total net position</b>	<b>\$ 18,917,146</b>	<b>486,491</b>	<b>19,403,637</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities		
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 5,511,176	1,212,481	217,325	-	(4,081,370)	-	(4,081,370)
Special	2,106,490	484,025	407,078	-	(1,215,387)	-	(1,215,387)
Other	1,969,257	71,992	278,600	-	(1,618,665)	-	(1,618,665)
	<u>9,586,923</u>	<u>1,768,498</u>	<u>903,003</u>	<u>-</u>	<u>(6,915,422)</u>	<u>-</u>	<u>(6,915,422)</u>
Support services:							
Student	431,085	-	-	-	(431,085)	-	(431,085)
Instructional staff	916,492	-	-	-	(916,492)	-	(916,492)
Administration	1,481,009	-	-	-	(1,481,009)	-	(1,481,009)
Operation and maintenance of plant	1,725,676	-	-	1,392	(1,724,284)	-	(1,724,284)
Transportation	841,657	-	10,838	-	(830,819)	-	(830,819)
	<u>5,395,919</u>	<u>-</u>	<u>10,838</u>	<u>1,392</u>	<u>(5,383,689)</u>	<u>-</u>	<u>(5,383,689)</u>
Non-instructional programs:							
Food service operations	500	-	-	-	(500)	-	(500)
Long-term debt interest	361,695	-	-	-	(361,695)	-	(361,695)
Other expenditures:							
ARA flowthrough	443,720	-	443,720	-	-	-	-
Depreciation(unallocated)*	780,192	-	-	-	(780,192)	-	(780,192)
	<u>1,223,912</u>	<u>-</u>	<u>443,720</u>	<u>-</u>	<u>(780,192)</u>	<u>-</u>	<u>(780,192)</u>
Total governmental activities	<u>16,568,949</u>	<u>1,768,498</u>	<u>1,357,561</u>	<u>1,392</u>	<u>(13,441,498)</u>	<u>-</u>	<u>(13,441,498)</u>
Business Type activities:							
Support services:							
Administration	3,516	-	-	-	(3,516)	(3,516)	(3,516)
Operation and maintenance of plant	31,676	-	-	-	(31,676)	(31,676)	(31,676)
Transportation	1,460	-	-	-	(1,460)	(1,460)	(1,460)
	<u>36,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,652)</u>	<u>(36,652)</u>	<u>(36,652)</u>
Non-instructional programs:							
Nutrition services	742,071	272,780	493,969	-	-	24,678	24,678
Other enterprise operations	143,689	153,216	-	-	-	9,527	9,527
	<u>885,760</u>	<u>425,996</u>	<u>493,969</u>	<u>-</u>	<u>-</u>	<u>34,205</u>	<u>34,205</u>
Total business type activities	<u>922,412</u>	<u>425,996</u>	<u>493,969</u>	<u>-</u>	<u>-</u>	<u>(2,447)</u>	<u>(2,447)</u>
Total	<u>\$ 17,491,361</u>	<u>2,194,494</u>	<u>1,851,530</u>	<u>1,392</u>	<u>(13,441,498)</u>	<u>(2,447)</u>	<u>(13,443,945)</u>
General Revenues:							
Property tax levied for:							
General purposes				\$ 6,691,221	-	6,691,221	
Debt service				679,882	-	679,882	
Capital outlay				1,046,251	-	1,046,251	
Statewide sales, services and use tax				1,043,027	-	1,043,027	
Unrestricted state grants				4,681,432	-	4,681,432	
Unrestricted investment earnings				33,024	758	33,782	
Other				179,966	-	179,966	
Total general revenues				<u>14,354,803</u>	<u>758</u>	<u>14,355,561</u>	
Change in net position				913,305	(1,689)	911,616	
Net position beginning of year				18,003,841	488,180	18,492,021	
Net position end of year				<u>\$ 18,917,146</u>	<u>486,491</u>	<u>19,403,637</u>	

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
<b>Assets</b>					
Cash and pooled investments	\$ 4,520,010	9,552,782	1,224,192	835,339	16,132,323
Receivables:					
Property tax:					
Delinquent	69,102	11,574	7,521	5,226	93,423
Succeeding year	5,661,135	1,066,178	1,038,611	386,502	8,152,426
Accounts	20,155	-	-	9,029	29,184
Due from other funds	1,392	-	-	-	1,392
Due from other governments	604,643	165,139	-	-	769,782
<b>Total assets</b>	<b>\$ 10,876,437</b>	<b>10,795,673</b>	<b>2,270,324</b>	<b>1,236,096</b>	<b>25,178,530</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Due to other funds	\$ -	1,392	-	-	1,392
Accounts payable	349,817	47,840	-	14,411	412,068
Salaries and benefits payable	1,175,487	-	-	-	1,175,487
Deposits payable	487	-	-	-	487
Deferred revenue:					
Succeeding year property tax	5,661,135	1,066,178	1,038,611	386,502	8,152,426
Total liabilities	7,186,926	1,115,410	1,038,611	400,913	9,741,860
Fund balances:					
Restricted for:					
Categorical funding	249,015	-	-	-	249,015
School infrastructure	-	8,478,346	-	-	8,478,346
Physical plant and equipment	-	1,201,917	-	-	1,201,917
Debt service	-	-	1,231,713	-	1,231,713
Management levy purposes	-	-	-	793,216	793,216
Student activities	-	-	-	53,651	53,651
Committed by the Board for special purposes	1,100,000	-	-	-	1,100,000
Assigned for special purposes	126,785	-	-	-	126,785
Unassigned:					
General	2,213,711	-	-	-	2,213,711
Student activities	-	-	-	(11,684)	(11,684)
Total fund balances	3,689,511	9,680,263	1,231,713	835,183	15,436,670
<b>Total liabilities and fund balances</b>	<b>\$ 10,876,437</b>	<b>10,795,673</b>	<b>2,270,324</b>	<b>1,236,096</b>	<b>25,178,530</b>

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL 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 22)</b>	\$ 15,436,670
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.	20,332,855
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.	(179,618)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, compensated absences payable, termination benefits payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(16,672,761)</u>
<b>Net position of governmental activities(page 20)</b>	<u><u>\$ 18,917,146</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 6,220,727	2,089,278	679,882	470,494	9,460,381
Tuition	1,681,188	-	-	-	1,681,188
Other	151,558	25,733	965	196,098	374,354
Intermediate sources	19,331	-	-	-	19,331
State sources	5,349,810	338	220	152	5,350,520
Federal sources	595,088	1,392	-	-	596,480
Total revenues	<u>14,017,702</u>	<u>2,116,741</u>	<u>681,067</u>	<u>666,744</u>	<u>17,482,254</u>
Expenditures:					
Current:					
Instruction:					
Regular	5,113,105	-	-	88,881	5,201,986
Special	2,051,798	-	-	-	2,051,798
Other	1,711,975	-	-	214,674	1,926,649
	<u>8,876,878</u>	<u>-</u>	<u>-</u>	<u>303,555</u>	<u>9,180,433</u>
Support services:					
Student services	422,570	-	-	-	422,570
Instructional staff	525,665	399,602	-	-	925,267
Administration	1,538,739	91,261	3,250	17,919	1,651,169
Operation and maintenance of plant	1,259,972	38,885	-	243,460	1,542,317
Transportation	569,843	268,800	-	3,014	841,657
	<u>4,316,789</u>	<u>798,548</u>	<u>3,250</u>	<u>264,393</u>	<u>5,382,980</u>
Non-instructional programs:					
Food service operations	-	-	-	500	500
Capital outlay	-	1,492,353	-	-	1,492,353
Long-term debt:					
Principal	-	-	905,000	-	905,000
Interest and fiscal charges	-	-	353,198	-	353,198
	<u>-</u>	<u>-</u>	<u>1,258,198</u>	<u>-</u>	<u>1,258,198</u>
Other expenditures:					
AEA flowthrough	443,720	-	-	-	443,720
Total expenditures	<u>13,637,387</u>	<u>2,290,901</u>	<u>1,261,448</u>	<u>568,448</u>	<u>17,758,184</u>
Excess(Deficiency) of revenues over(under) expenditures	380,315	(174,160)	(580,381)	98,296	(275,930)
Other financing sources(uses):					
Transfer in	-	-	590,798	-	590,798
Transfer out	-	(590,798)	-	-	(590,798)
Premium on bond issuance	-	152,662	-	-	152,662
Proceeds from bond issuance	-	7,980,000	-	-	7,980,000
Total other financing sources(uses)	<u>-</u>	<u>7,541,864</u>	<u>590,798</u>	<u>-</u>	<u>8,132,662</u>
Net change in fund balances	380,315	7,367,704	10,417	98,296	7,856,732
Fund balances beginning of year	3,309,196	2,312,559	1,221,296	736,887	7,579,938
Fund balances end of year	<u>\$ 3,689,511</u>	<u>9,680,263</u>	<u>1,231,713</u>	<u>835,183</u>	<u>15,436,670</u>

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL 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 24) \$ 7,856,732

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

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

Capital outlays	\$ 1,754,223	
Depreciation expense	(1,158,189)	
Loss on disposal of capital assets	<u>(64,442)</u>	531,592

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in 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.

Issued	(7,980,000)	
Repaid	<u>905,000</u>	(7,075,000)

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

(8,497)

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.

Compensated absences	11,046	
Termination benefits	(153,929)	
Other postemployment benefits	<u>(248,639)</u>	<u>(391,522)</u>

Changes in net position of governmental activities(page 21) \$ 913,305

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Eagles Nest	Cornell Elementary Preschool	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 218,518	41,196	94,899	354,613
Receivables:				
Accounts receivable	229	8,253	-	8,482
Due from other governments	6,795	-	-	6,795
Inventories	9,937	-	-	9,937
Capital assets, net of accumulated depreciation	127,646	7,560	-	135,206
<b>Total assets</b>	<b>363,125</b>	<b>57,009</b>	<b>94,899</b>	<b>515,033</b>
<b>Liabilities</b>				
Accounts payable	3,927	905	-	4,832
Salaries and benefits payable	2,780	9,886	-	12,666
Unearned revenue	7,011	-	-	7,011
Net OPEB liability	4,033	-	-	4,033
<b>Total liabilities</b>	<b>17,751</b>	<b>10,791</b>	<b>-</b>	<b>28,542</b>
<b>Net Position</b>				
Invested in capital assets	127,646	7,560	-	135,206
Unrestricted	217,728	38,658	94,899	351,285
<b>Total net position</b>	<b>\$ 345,374</b>	<b>46,218</b>	<b>94,899</b>	<b>486,491</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Eagles Nest	Cornell Elementary Preschool	Total
Operating revenues:				
Local sources:				
Charges for services	\$ 272,780	149,866	3,350	425,996
Total operating revenues	<u>272,780</u>	<u>149,866</u>	<u>3,350</u>	<u>425,996</u>
Operating expenses:				
Support services:				
Administration:				
Salaries	2,266	756	-	3,022
Benefits	370	124	-	494
	<u>2,636</u>	<u>880</u>	<u>-</u>	<u>3,516</u>
Operation and maintenance of plant:				
Salaries	18,339	2,897	1,371	22,607
Benefits	2,993	473	224	3,690
Services	12	-	-	12
Supplies	5,367	-	-	5,367
	<u>26,711</u>	<u>3,370</u>	<u>1,595</u>	<u>31,676</u>
Transportation:				
Supplies	-	1,460	-	1,460
Total support services	<u>29,347</u>	<u>5,710</u>	<u>1,595</u>	<u>36,652</u>
Non-instructional programs:				
Food service operations:				
Salaries	259,711	-	-	259,711
Benefits	60,694	-	-	60,694
Services	12,435	-	-	12,435
Supplies	384,908	-	-	384,908
Other	742	-	-	742
Depreciation	22,175	-	-	22,175
	<u>740,665</u>	<u>-</u>	<u>-</u>	<u>740,665</u>
Other enterprise operations:				
Salaries	-	107,781	-	107,781
Benefits	-	16,882	-	16,882
Services	-	729	-	729
Supplies	-	15,876	-	15,876
Depreciation	-	2,421	-	2,421
	<u>-</u>	<u>143,689</u>	<u>-</u>	<u>143,689</u>
Total non-instructional programs	<u>740,665</u>	<u>143,689</u>	<u>-</u>	<u>884,354</u>
Total operating expenses	<u>770,012</u>	<u>149,399</u>	<u>1,595</u>	<u>921,006</u>
Operating income(loss)	<u>(497,232)</u>	<u>467</u>	<u>1,755</u>	<u>(495,010)</u>
Non-operating revenues(expenses):				
State sources	6,444	-	-	6,444
Federal sources	487,525	-	-	487,525
Loss on disposal of capital assets	(1,406)	-	-	(1,406)
Interest income	410	122	226	758
Total non-operating revenues(expenses)	<u>492,973</u>	<u>122</u>	<u>226</u>	<u>493,321</u>
Change in net position	<u>(4,259)</u>	<u>589</u>	<u>1,981</u>	<u>(1,689)</u>
Net position beginning of year	<u>349,633</u>	<u>45,629</u>	<u>92,918</u>	<u>488,180</u>
Net position end of year	<u>\$ 345,374</u>	<u>46,218</u>	<u>94,899</u>	<u>486,491</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Eagles Nest	Cornell Elementary Preschool	Total
<b>Cash flows from operating activities:</b>				
Cash received from sale of lunches and breakfasts	\$ 275,608	-	-	275,608
Cash received from parents for tuition	-	146,878	3,350	150,228
Cash received from miscellaneous	30	-	-	30
Cash payments to employees for services	(340,791)	(121,153)	(1,595)	(463,539)
Cash payments to suppliers for goods or services	(353,145)	(25,986)	-	(379,131)
Net cash provided by(used in) operating activities	(418,298)	(261)	1,755	(416,804)
<b>Cash flows from non-capital financing activities:</b>				
State grants received	6,444	-	-	6,444
Federal grants received	435,293	-	-	435,293
Net cash provided by non-capital financing activities	441,737	-	-	441,737
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(13,580)	(8,563)	-	(22,143)
<b>Cash flows from investing activities:</b>				
Interest on investments	410	122	226	758
Net increase(decrease) in cash and cash equivalents	10,269	(8,702)	1,981	3,548
Cash and cash equivalents at beginning of year	208,249	49,898	92,918	351,065
Cash and cash equivalents at end of year	\$ 218,518	41,196	94,899	354,613
<b>Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:</b>				
Operating income(loss)	\$ (497,232)	467	1,755	(495,010)
<b>Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:</b>				
Commodities consumed	45,437	-	-	45,437
Depreciation	22,175	2,421	-	24,596
Decrease in inventories	955	-	-	955
Decrease(Increase) in accounts receivable	2,309	(2,988)	-	(679)
Increase(Decrease) in accounts payable	3,927	(7,921)	-	(3,994)
Increase in salaries and benefits payable	2,780	7,760	-	10,540
Decrease in deposits payable	(425)	-	-	(425)
Increase in unearned revenue	549	-	-	549
Increase in other postemployment benefits payable	1,227	-	-	1,227
Net cash provided by(used in) operating activities	\$ (418,298)	(261)	1,755	(416,804)

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

During the year ended June 30, 2013, the District received \$45,437 in federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 JUNE 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and pooled investments	\$ 33,715	569
<b>Liabilities</b>		
Due to other groups	-	569
<b>Net Position</b>		
Restricted for scholarships	\$ 33,715	-

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest on investments	\$ 74
Deductions:	
Regular instruction:	
Scholarships awarded	450
Change in net position	(376)
Net position beginning of year	34,091
Net position end of year	\$ 33,715

SEE NOTES TO FINANCIAL STATEMENTS.

SAYDEL COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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

The Saydel Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Des Moines, Iowa, and the predominate agricultural territory in Polk County. 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, Saydel Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Saydel Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary funds:

The School Nutrition Fund, Cornell Elementary Preschool Fund, and Eagles Nest Daycare Fund. The Nutrition fund is used to account for the food service operations of the District. The Cornell Elementary Preschool Fund is used to account for the preschool operations of the District. The Eagles Nest Daycare fund is used to account for the daycare 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.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 and 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records 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 except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

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

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

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

Asset Class	Amount
Land	\$ 500
Buildings	500
Land improvements	500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Intangibles	2-10 years
Machinery 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 represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Deposits Payable - Deposits payable are monies collected for Health insurance that has not yet been paid out. The deposits will be paid to the insurance provider in July and August 2013.

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. 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.

Assigned - Amounts the Board intends to use for specific purposes.

Unassigned - All amounts not included in other spendable classifications.

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

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013 expenditures in the non-instructional programs functional area exceeded the budgeted amount.

(2) **Cash and Pooled Investments**

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

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

At June 30, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$179,481 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) **Transfers**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 590,798

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

(4) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects: Physical Plant and Equipment Levy	\$ 1,392

The Capital Projects Fund: Physical Plant and Equipment Levy is repaying the General Fund for flood control expenditures paid from the incorrect fund.

(5) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,000	-	-	4,000
Construction in progress	3,515,674	1,255,010	4,658,300	112,384
Total capital assets not being depreciated	<u>3,519,674</u>	<u>1,255,010</u>	<u>4,658,300</u>	<u>116,384</u>
Capital assets being depreciated:				
Buildings	30,005,267	4,696,938	-	34,702,205
Land improvements	1,637,004	100,400	-	1,737,404
Machinery and equipment	3,981,703	360,175	434,805	3,907,073
Total capital assets being depreciated	<u>35,623,974</u>	<u>5,157,513</u>	<u>434,805</u>	<u>40,346,682</u>
Less accumulated depreciation for:				
Buildings	16,487,484	722,170	-	17,209,654
Land improvements	921,045	58,022	-	979,067
Machinery and equipment	1,933,856	377,997	370,363	1,941,490
Total accumulated depreciation	<u>19,342,385</u>	<u>1,158,189</u>	<u>370,363</u>	<u>20,130,211</u>
Total capital assets being depreciated, net	<u>16,281,589</u>	<u>3,999,324</u>	<u>64,442</u>	<u>20,216,471</u>
Governmental activities capital assets, net	<u>\$ 19,801,263</u>	<u>5,254,334</u>	<u>4,722,742</u>	<u>20,332,855</u>
<b>Business type activities:</b>				
Machinery and equipment	\$ 315,426	22,143	7,172	330,397
Less accumulated depreciation	176,361	24,596	5,766	195,191
Business type activities capital assets, net	<u>\$ 139,065</u>	<u>(2,453)</u>	<u>1,406</u>	<u>135,206</u>

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 267,892
Support services:		
Instructional staff		51,489
Administration		30,000
Operation and maintenance of plant		28,616
		<u>377,997</u>
Unallocated depreciation		<u>780,192</u>
		<u>\$ 1,158,189</u>
Business type activities:		
Food service operations		\$ 22,175
Eagles Nest		2,421
Total business type activities:		<u>\$ 24,596</u>

**(6) Long-Term Liabilities**

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 1,255,000	7,980,000	655,000	8,580,000	995,000
Revenue bonds	7,460,000	-	250,000	7,210,000	265,000
Compensated absences	107,694	96,648	107,694	96,648	96,648
Termination benefits	60,098	154,122	193	214,027	154,122
Net OPEB liability	323,447	248,639	-	572,086	-
Total	<u>\$ 9,206,239</u>	<u>8,479,409</u>	<u>1,012,887</u>	<u>16,672,761</u>	<u>1,510,770</u>
<b>Business Type Activities:</b>					
Net OPEB liability	\$ 2,806	1,227	-	4,033	-

General Obligation Bonds Payable

Details of the District's June 30, 2013 general obligation bond indebtedness, which is paid with property taxes levied in the Debt Service Fund, are as follows:

Year	Bond Issue of April 1, 2010			Bond Issue June 17, 2013			Total			
	Ending June 30,	Interest Rates	Principal	Interest	Rates	Principle	Interest	Principle	Interest	Total
2014	2.00	%	\$ 600,000	12,000	2.00	395,000	181,126	995,000	193,126	1,188,126
2015	-	-	-	-	2.00	330,000	181,650	330,000	181,650	511,650
2016	-	-	-	-	2.00	335,000	175,050	335,000	175,050	510,050
2017	-	-	-	-	2.00	340,000	168,350	340,000	168,350	508,350
2018	-	-	-	-	2.00	350,000	161,550	350,000	161,550	511,550
2019-2023	-	-	-	-	2.00	1,850,000	700,150	1,850,000	700,150	2,550,150
2024-2028	-	-	-	-	2.00-2.50	2,050,000	503,600	2,050,000	503,600	2,553,600
2029-2033	-	-	-	-	2.75-3.50	2,330,000	225,175	2,330,000	225,175	2,555,175
Total			<u>\$ 600,000</u>	<u>12,000</u>		<u>7,980,000</u>	<u>2,296,651</u>	<u>8,580,000</u>	<u>2,308,651</u>	<u>10,888,651</u>

Revenue Bonds Payable

Details of the District's June 30, 2013 revenue bond indebtedness, which is paid with statewide sales, services and use tax from the Capital Projects Fund, is as follows:

Year Ending June 30,	Bond Issue of February 1, 2009			
	Interest Rates	Principal	Interest	Total
2014	3.75	265,000	320,079	585,079
2015	3.75	275,000	309,954	584,954
2016	3.75	285,000	299,454	584,454
2017	3.75	300,000	288,485	588,485
2018	3.80	315,000	276,875	591,875
2018-2022	4.00-4.50	1,830,000	1,170,575	3,000,575
2023-2027	4.75-4.95	2,370,000	690,112	3,060,112
2028-2030	4.95	1,570,000	99,743	1,669,743
Total		\$ 7,210,000	3,455,277	10,665,277

The District has pledged future statewide sales, services and use tax revenues to repay the \$7,930,000 in bonds issued February 1, 2009. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The annual principal and interest payments on the bonds are expected to require 57.32% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$10,665,277. For the current year, principal of \$250,000 and interest of \$329,735 were paid on the bonds. Total statewide sales, services and use tax revenues were \$1,043,027.

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

- a) \$635,243 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Termination Benefits

The District offers a voluntary early retirement plan to its certified staff and support staff. Eligible employees must be over the age of fifty-five, certified staff must have completed

ten years of full-time service to the District while support staff employees must have completed fifteen years of service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible certified staff employee is calculated upon 75 percent of the difference between the salary schedule base and the licensed employee's current salary, less supplemental pay or extended contract pay, plus the cost to the school district for providing continuing coverage under the school district's group insurance plan until the licensed employee uses up their reserve.

The early retirement incentive for each eligible support staff employee is a lump sum payment based on 80 percent of the average base annual salary for the past three years. In addition, eligible support staff will receive a lump sum payment for unused sick leave (up to the maximum) at the rate of six dollars per day. Upon retirement, support staff may choose to continue coverage on the District's insurance plan at the employees' cost.

A liability has been recorded in the Statement of Net Position representing the District's commitment to fund non-current early retirement.

**(7) Pension and Retirement Benefits**

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$679,869, \$639,745 and \$540,549, respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 116 active and 8 retired members in the plan. Employees must be age 55 or older at retirement and have ten or more years of continuous service to the District.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by Wellmark Blue Cross Blue Shield of Iowa. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. There is no subsidy or OPEB liability associated with the dental benefit which is administered by Delta Dental.

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

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

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

Annual required contribution	\$ 273,461
Interest on net OPEB obligation	8,156
Adjustment to annual required contribution	(21,932)
Annual OPEB cost (expense)	<u>259,685</u>
Contributions made	(9,819)
Increase in net OPEB obligation	<u>249,866</u>
Net OPEB obligation - beginning of year	<u>326,253</u>
Net OPEB obligation - end of year	<u><u>\$ 576,119</u></u>

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

For the year ended June 30, 2013, the District contributed \$9,819 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended June 30,	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	186,083	22.25%	174,193
2012	186,971	18.67%	326,253
2013	259,685	3.78%	576,119

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1.492 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.492 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.358 million, and the ratio of the UAAL to the covered payroll was 23.5%. As of June 30, 2013, there were no trust fund assets.

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

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

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

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$570 per month for retirees. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(9) Risk Management**

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2013 were \$798,398.

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

Saydel 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 \$443,720 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) Deficit Fund Balance**

The Student Activity Fund had a deficit unassigned fund balance of \$11,684.

**(12) Construction Commitment**

The District has entered into various contracts for improvements and upgrades including high school renovations, the high school weight room project, security upgrades and various other projects. As of June 30, 2013, architecture and design costs of \$112,384 has been incurred against the various contracts and the balance will be paid as work on the projects progresses.

**(13) Budget Overexpenditure**

Per the code of Iowa, expenditures may not legally exceed budget appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the non-instructional programs functional area exceeded the certified budget.

**(14) Categorical Funding**

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

Program	Amount
LEP Weighting	\$ 9,873
Gifted and Talented	11,835
Returning Dropouts and Dropout Prevention Programs	25,752
Teacher Salary Supplement	70,211
Market Factor	1,520
Statewide Voluntary Preschool Program	59,867
Professional Development for Model Core Curriculum	30,112
Professional Development	30,108
Market Factor Incentives	9,737
Total	<u>\$ 249,015</u>

**(15) Committed Fund Balances**

The District's General Fund committed fund balance for special purposes at June 30, 2013 is \$1,100,000. The District committed \$1,000,000 to cover the Districts financial obligation associated with the acceptance of the Teacher Incentive Fund Grant and the needed funds to cash flow this reimbursement based grant. The District also committed \$100,000 to cover anticipated early retirement obligations of the District.

**(16) Assigned Fund Balances**

The District's assigned fund balance for special purposes at June 30, 2013 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Cornell Donations	\$ 57,234
Woodside Donations	5,256
Polk County Gaming Grant	41,169
High School Donations	20,604
Student Assistance Team	2,522
Total	<u>\$ 126,785</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Variance
<b>Revenues:</b>						
Local sources	\$ 11,515,923	426,754	11,942,677	11,462,147	11,462,147	480,530
Intermediate sources	19,331	-	19,331	7,500	7,500	11,831
State sources	5,350,520	6,444	5,356,964	5,412,309	5,412,309	(55,345)
Federal sources	596,480	487,525	1,084,005	735,000	735,000	349,005
Total revenues	<u>17,482,254</u>	<u>920,723</u>	<u>18,402,977</u>	<u>17,616,956</u>	<u>17,616,956</u>	<u>786,021</u>
<b>Expenditures/Expenses:</b>						
Instruction	9,180,433	-	9,180,433	9,505,250	9,505,250	324,817
Support services	5,382,980	36,652	5,419,632	5,895,050	5,895,050	475,418
Non-instructional programs	500	885,760	886,260	871,000	871,000	(15,260)
Other expenditures	3,194,271	-	3,194,271	3,944,789	3,944,789	750,518
Total expenditures/expenses	<u>17,758,184</u>	<u>922,412</u>	<u>18,680,596</u>	<u>20,216,089</u>	<u>20,216,089</u>	<u>1,535,493</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	(275,930)	(1,689)	(277,619)	(2,599,133)	(2,599,133)	2,321,514
Other financing sources, net	<u>8,132,662</u>	<u>-</u>	<u>8,132,662</u>	<u>-</u>	<u>-</u>	<u>8,132,662</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	7,856,732	(1,689)	7,855,043	(2,599,133)	(2,599,133)	10,454,176
Balances beginning of year	<u>7,579,938</u>	<u>488,180</u>	<u>8,068,118</u>	<u>6,376,449</u>	<u>6,376,449</u>	<u>1,691,669</u>
Balances end of year	<u>\$ 15,436,670</u>	<u>486,491</u>	<u>15,923,161</u>	<u>3,777,316</u>	<u>3,777,316</u>	<u>12,145,845</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as 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 that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2013, expenditures in the non-instructional programs functional area exceeded the certified budget.

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

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2008	-	\$ 1,376	1,376	0.0%	\$ 5,745	22.8%
2011	July 1, 2010	-	1,229	1,229	0.0%	5,127	24.0%
2012	July 1, 2010	-	1,229	1,229	0.0%	5,495	22.4%
2013	July 1, 2012	-	1,492	1,492	0.0%	6,358	23.5%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

**SAYDEL COMMUNITY SCHOOL DISTRICT**

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

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 791,091	44,248	835,339
Receivables:			
Property tax:			
Delinquent	5,226	-	5,226
Succeeding year	386,502	-	386,502
Accounts	-	9,029	9,029
<b>Total assets</b>	<b>\$ 1,182,819</b>	<b>53,277</b>	<b>1,236,096</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 3,101	11,310	14,411
Deferred revenue:			
Succeeding year property tax	386,502	-	386,502
Total liabilities	389,603	11,310	400,913
Fund balances:			
Restricted for:			
Management levy purposes	793,216	-	793,216
Student activities	-	53,651	53,651
Unassigned	-	(11,684)	(11,684)
Total fund balances	793,216	41,967	835,183
<b>Total liabilities and fund balances</b>	<b>\$ 1,182,819</b>	<b>53,277</b>	<b>1,236,096</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 470,494	-	470,494
Other	5,461	190,637	196,098
State sources	152	-	152
Total revenues	<u>476,107</u>	<u>190,637</u>	<u>666,744</u>
Expenditures:			
Current:			
Instruction:			
Regular	88,881	-	88,881
Other	-	214,674	214,674
Support services:			
Administration	17,508	411	17,919
Operation and maintenance of plant	243,460	-	243,460
Transportation	2,750	264	3,014
Non-instructional programs:			
Food service operations	500	-	500
Total expenditures	<u>353,099</u>	<u>215,349</u>	<u>568,448</u>
Net change in fund balances	123,008	(24,712)	98,296
Fund balances beginning of year	<u>670,208</u>	<u>66,679</u>	<u>736,887</u>
Fund balances end of year	<u>\$ 793,216</u>	<u>41,967</u>	<u>835,183</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	General Obligation Bond Construction	Physical Plant and Equipment Levy	
<b>Assets</b>				
Cash and pooled investments	\$ 390,600	7,970,447	1,191,735	9,552,782
Receivables:				
Property tax:				
Delinquent	-	-	11,574	11,574
Succeeding year	-	-	1,066,178	1,066,178
Due from other governments	165,139	-	-	165,139
<b>Total assets</b>	<b>\$ 555,739</b>	<b>7,970,447</b>	<b>2,269,487</b>	<b>10,795,673</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Due to other funds	\$ -	-	1,392	1,392
Accounts payable	-	47,840	-	47,840
Deferred revenue:				
Succeeding year property tax	-	-	1,066,178	1,066,178
Total liabilities	-	47,840	1,067,570	1,115,410
Fund balances:				
Restricted for:				
School infrastructure	555,739	7,922,607	-	8,478,346
Physical plant and equipment	-	-	1,201,917	1,201,917
Total fund balances	555,739	7,922,607	1,201,917	9,680,263
<b>Total liabilities and fund balances</b>	<b>\$ 555,739</b>	<b>7,970,447</b>	<b>2,269,487</b>	<b>10,795,673</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	General Obligation Bond Construction	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 1,043,027	-	1,046,251	2,089,278
Other	17,199	751	7,783	25,733
State sources	-	-	338	338
Federal sources	-	-	1,392	1,392
Total revenues	<u>1,060,226</u>	<u>751</u>	<u>1,055,764</u>	<u>2,116,741</u>
Expenditures:				
Current				
Support services:				
Instructional staff	-	-	399,602	399,602
Administration	123	88,368	2,770	91,261
Operation and maintenance of plant	-	-	38,885	38,885
Transportation	-	-	268,800	268,800
Capital outlay	414,283	122,438	955,632	1,492,353
Total expenditures	<u>414,406</u>	<u>210,806</u>	<u>1,665,689</u>	<u>2,290,901</u>
Excess(deficiency) of revenues over(under) expenditures	645,820	(210,055)	(609,925)	(174,160)
Other financing sources(uses):				
Transfer out	(590,798)	-	-	(590,798)
Proceeds from issuance of bonds	-	7,980,000	-	7,980,000
Premium on issuance of bonds	-	152,662	-	152,662
Total other financing sources(uses)	<u>(590,798)</u>	<u>8,132,662</u>	<u>-</u>	<u>7,541,864</u>
Excess(deficiency) of revenue and other financing sources over(under) expenditures and other financing uses	55,022	7,922,607	(609,925)	7,367,704
Fund balances beginning of year	<u>500,717</u>	<u>-</u>	<u>1,811,842</u>	<u>2,312,559</u>
Fund balances end of year	<u>\$ 555,739</u>	<u>7,922,607</u>	<u>1,201,917</u>	<u>9,680,263</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra Fund Transfers	Balance End of Year
HS Accounts	\$ 44,894	156,968	174,486	(2,425)	24,951
Woodside Accounts	19,606	33,323	40,070	3,571	16,430
Cornell Accounts	1,059	-	749	276	586
Norwoodville Accounts	1,120	-	44	(1,076)	-
Interest	-	346	-	(346)	-
Total	<u>\$ 66,679</u>	<u>190,637</u>	<u>215,349</u>	<u>-</u>	<u>41,967</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Gerry Scholarship	Dean Scholarship	Voss Scholarship	Pezzetti Scholarship	Total
<b>Assets</b>					
Cash and pooled investments	\$ 22,714	632	2,012	8,357	33,715
<b>Liabilities</b>					
	-	-	-	-	-
<b>Net Position</b>					
Restricted for scholarships	\$ 22,714	632	2,012	8,357	33,715

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Gerry Scholarship	Dean Scholarship	Voss Scholarship	Pezzetti Scholarship	Other Scholarship	Total
Additions:						
Local sources:						
Interest on investments	\$ 55	1	5	13	-	74
Deductions:						
Regular instruction:						
Scholarships awarded	-	-	-	250	200	450
Change in position	55	1	5	(237)	(200)	(376)
Net position beginning of year	22,659	631	2,007	8,594	200	34,091
Net position end of year	\$ 22,714	632	2,012	8,357	-	33,715

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 9,460,381	9,892,478	9,746,879	9,392,141	9,146,422	8,331,660	8,032,494	7,317,531	8,014,844	7,321,833
Tuition	1,681,188	1,503,531	1,283,754	1,288,562	1,202,420	1,199,455	1,203,159	1,009,642	877,047	831,183
Other	374,354	331,581	535,205	396,060	414,398	565,340	665,059	686,507	428,360	340,121
Intermediate sources	19,331	21,838	23,839	26,714	33,050	27,498	-	60	2,121	5,402
State sources	5,350,520	5,185,364	4,907,013	4,233,217	5,776,029	5,687,232	5,576,309	5,503,088	5,555,709	5,634,457
Federal sources	596,480	396,345	651,750	1,228,924	416,604	496,500	277,770	299,414	296,225	229,517
<b>Total</b>	<b>\$ 17,482,254</b>	<b>17,331,137</b>	<b>17,148,440</b>	<b>16,565,618</b>	<b>16,988,923</b>	<b>16,307,685</b>	<b>15,754,791</b>	<b>14,816,242</b>	<b>15,174,306</b>	<b>14,362,513</b>
Expenditures:										
Current:										
Instruction:										
Regular	\$ 5,201,986	5,146,077	4,974,838	4,757,539	4,941,113	4,765,867	4,764,872	4,126,410	4,054,942	3,898,480
Special	2,051,798	2,048,609	2,134,094	2,040,785	2,106,601	2,226,733	2,269,487	2,197,819	2,462,914	2,330,861
Other	1,926,649	1,890,684	1,892,326	1,921,943	1,809,095	1,561,837	1,284,502	1,420,754	782,626	807,675
Support services:										
Student	422,570	424,993	384,633	475,464	430,960	452,550	413,741	458,322	347,629	382,996
Instructional staff	925,267	389,633	597,601	295,420	200,485	365,712	336,056	512,939	683,959	377,178
Administration	1,651,169	1,997,290	1,922,656	1,878,528	1,871,072	1,644,564	1,658,418	1,473,451	1,311,237	1,416,274
Operation and maintenance of plant	1,542,317	1,581,707	1,582,407	1,501,665	1,519,384	1,536,632	1,334,461	1,789,408	1,530,754	1,203,079
Transportation	841,657	865,800	755,508	731,510	710,609	765,142	535,274	613,666	558,842	470,960
Non-instructional programs	500	250	698	1,635	250	-	-	250	1,680	30,253
Capital outlay	1,492,353	3,442,690	1,374,541	4,118,026	2,750,938	654,525	567,573	427,769	959,360	3,805,648
Long-term debt:										
Principal	905,000	840,000	836,508	546,603	1,400,000	1,825,000	1,270,000	1,385,000	2,415,000	1,280,000
Interest	353,198	375,585	394,007	452,735	261,247	299,710	333,618	373,692	491,051	545,000
Other expenditures:										
AEA flow-through	443,720	440,814	495,489	492,137	466,082	439,097	423,414	412,140	410,100	411,969
<b>Total</b>	<b>\$ 17,758,184</b>	<b>19,444,132</b>	<b>17,345,306</b>	<b>19,213,990</b>	<b>18,467,836</b>	<b>16,537,369</b>	<b>15,191,416</b>	<b>15,191,620</b>	<b>16,010,094</b>	<b>16,960,373</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 13	\$ 93,587
National School Lunch Program	10.555	FY 13	361,659 *
Special Milk Program for Children	10.556	FY 13	1,213
Summer Food Service Program	10.559	FY 13	6,795
			<u>463,254</u>
 Fresh Fruit and Vegetable Program	 10.582	 FY 13	 <u>24,271</u>
 U.S. Department of Defense:			
Polk County:			
Flood Control Projects	12.106	FY 13	<u>1,392</u>
 U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY 13	155,200
SINA - Title I Grants to Local Educational Agencies	84.010	FY 13	18,480
			<u>173,680</u>
 U.S. Department of Education:			
National Institute for Excellence in Teaching:			
Teacher Incentive Fund Grant	84.374	FY 13	<u>70,489</u>
 Special Education - Grants to States (High Cost Claim)	 84.027	 FY 13	 <u>2,670 **</u>
 Career and Technical Education - Basic Grants to States	 84.048	 FY 13	 <u>13,310</u>
 Improving Teacher Quality State Grants(Title IIA)	 84.367	 FY 13	 <u>37,467</u>
 Grants for State Assessments and Related Activities	 84.369	 FY 13	 <u>8,508</u>
 Area Education Agency:			
Special Education Cluster(IDEA):			
Special Education - Grants to States (Part B)	84.027	FY 13	<u>69,527 **</u>
 Total			 <u>\$ 864,568</u>

\* Includes \$45,437 of non-cash awards.

\*\* The total for the Special Education Cluster is \$72,197

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

**Certified Public Accountants**

(a professional corporation)

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

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

We have audited in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Saydel Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 6, 2014.

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

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Saydel Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a

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

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

### **Saydel Community School District's Responses to Findings**

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

### **Purpose of this Report**

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Saydel Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 6, 2014  
Newton, Iowa

**NOLTE, CORNMAN & JOHNSON P.C.**  
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**Independent Auditor's Report on Compliance**  
**with Requirements That Could Have a Direct and Material Effect**  
**on Each Major Program and on Internal Control over Compliance in Accordance**  
**with OMB Circular A-133**

To the Board of Education of Saydel Community School District:

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

**Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance which is less severe than a material weakness, yet important enough to merit attention by those charge with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-13 to be a significant deficiency.

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

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

  
NOLTE, CORNMAN & JOHNSON, P.C.

January 6, 2014  
Newton, Iowa

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

**Part I: Summary of the Independent Auditor's Report:**

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

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

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

- 1) Investments - authorizing, investing and reconciling earnings
- 2) Inventories - purchasing, handling inventory, and maintaining inventory records
- 3) Receipts - collecting, recording, depositing
- 4) Wire transfers - processing and approving
- 5) Payroll - entering contracts into the system and approval
- 6) Financial reporting - preparing, reconciling and approving
- 7) Journal entries - posting and approval

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

Response - We will continue to investigate alternatives to achieve adequate separation of duties.

Conclusion - Response accepted.

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

- 1) Inventories - purchasing, handling inventory, and maintaining inventory records
- 2) Receipts - posting and reconciling
- 3) Financial reporting - preparing, reconciling and approving

4) Journal entries - posting and approval

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

Response - We will continue to investigate alternatives to achieve adequate separation of duties.

Conclusion - Response accepted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

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

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

Response - In the future, the District will amend the budget in a timely manner.

Conclusion - Response accepted.

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

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

IV-D-13 Business Transactions - No business transactions between the District and District officials were noted.

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

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

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

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

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

Conclusion - Response accepted.

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

- IV-I-13 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- IV-J-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-13 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$ 500,717
Revenues:		
Sales tax revenues	\$ 1,043,027	
Other local revenues	17,199	1,060,226
	<u>                    </u>	<u>1,560,943</u>
Expenditures/transfers out:		
School infrastructure construction	175,591	
Equipment	540	
Other	238,275	
Transfers to other funds:		
Debt service fund	590,798	1,005,204
	<u>                    </u>	<u>1,005,204</u>
Ending Balance		<u><u>\$ 555,739</u></u>

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

- IV-M-13 Financial Condition - The District had three negative student account balances within the Student Activity Fund, totaling \$11,684 as of June 30, 2013.

Recommendation - The District should review their procedures with regards to account balances in the Student Activity Fund. The District may want to require additional administrative approval of purchase orders for the accounts that are negative. The District should also distribute a detailed monthly financial report to the sponsor responsible for each club/organization. The sponsor should have a budget for the club/organization and should be accountable for the balance.

Response - The District office provides a summary of beginning balances, receipts, expenditures and ending balances on a monthly basis to the Activities Director and each building principal for further distribution to appropriate coaches/sponsors. The Activities Director reviews this report and advises the District office to transfer funds as needed to alleviate any negative balances.

Conclusion - Response accepted.