

WHITING COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2013

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Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

Management has not implemented Governmental Accounting Standards Board (GASB) Statement number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions. The amount by which this departure would affect the liabilities, net assets and expenses in the governmental activities and business type activities has not been determined.

In our opinion, except for the effects of not providing a liability for other postemployment benefits for the governmental activities and the business type activities the financial statements referred to above

presents 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 Whiting Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Other Matters

##### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 4 through 10 and 31 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiting Community School District's basic financial statements. We previously audited, in accordance with the standards referred 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 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly 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 April 28, 2014 on our consideration of Whiting Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Whiting Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

April 28, 2014

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### 2013 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,353,117 in fiscal 2012 to \$2,419,839 in fiscal 2013, while General Fund expenditures increased from \$2,507,075 in fiscal 2012 to \$2,583,050 in fiscal 2013. The District's General Fund balance decreased from \$495,956 in fiscal 2012 to \$332,745 in fiscal 2013.

### 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 Whiting 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 Whiting 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 Whiting Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

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

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

Other Supplementary Information provides detailed information about the nonmajor funds.

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

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

The District has Two [2] 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 governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

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

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Figure A-1

	Condensed Statement of Net Position						Percentage Change 2012-2013
	Governmental Activities		Business-type Activities		Total School District		
	2013	2012	2013	2012	2013	2012	
	\$	\$	\$	\$	\$	\$	
Current and other assets	2,743,907	2,721,540	13,719	24,701	2,757,626	2,746,241	1%
Capital assets	1,553,864	1,629,851	9,975	7,737	1,563,839	1,637,588	-5%
<b>Total assets</b>	<b>4,297,771</b>	<b>4,351,391</b>	<b>23,694</b>	<b>32,438</b>	<b>4,321,465</b>	<b>4,383,829</b>	<b>-1%</b>
Long-term liabilities	226,320	331,520	-	-	226,320	331,520	-32%
Other liabilities	1,456,683	1,395,291	5,358	11,401	1,462,041	1,406,692	4%
<b>Total liabilities</b>	<b>1,683,003</b>	<b>1,726,811</b>	<b>5,358</b>	<b>11,401</b>	<b>1,688,361</b>	<b>1,738,212</b>	<b>-3%</b>
Net Position:							
Net investment in Capital assets	1,343,864	1,319,851	9,975	7,737	1,353,839	1,327,588	2%
Restricted	871,910	737,915	-	-	871,910	737,915	18%
Unrestricted	398,994	566,814	8,361	13,300	407,355	580,114	-30%
<b>TOTAL NET POSITION</b>	<b>2,614,768</b>	<b>2,624,580</b>	<b>18,336</b>	<b>21,037</b>	<b>2,633,104</b>	<b>2,645,617</b>	<b>-1%</b>

The District's total net position decreased by 1%, or \$12,513, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$133,995 or 18% over the prior year.

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 – decreased approximately \$172,759 or 30%. This decrease in unrestricted net position was a result of the District expenditures for the year being more than revenues.

Figure A-2 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-2

	Change in Net Position						Percentage Change 2012-2013
	Governmental Activities		Business-type Activities		Total School District		
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	
Revenues							
Program Revenues:							
Charges for services	646,768	701,996	47,647	48,264	694,415	750,260	-7%
Operating grants & contributions	387,568	399,696	83,649	75,883	471,217	475,579	-1%
Capital grants & contributions	-	-	-	-	-	-	0%
General Revenues:							
Property taxes	1,013,164	1,021,640	-	-	1,013,164	1,021,640	-1%
Income Surtax	77,765	92,378	-	-	77,765	92,378	-16%
Statewide sales services & use tax	154,686	139,978	-	-	154,686	139,978	11%
Unrestricted state grants	636,614	584,386	-	-	636,614	584,386	9%
Unrestricted investment earnings	726	661	5	11	731	672	9%
Other	2,297	57,190	3,500	-	5,797	57,190	-90%
<b>Total Revenues</b>	<b>2,919,588</b>	<b>2,997,925</b>	<b>134,801</b>	<b>124,158</b>	<b>3,054,389</b>	<b>3,122,083</b>	<b>-2%</b>
Expenses:							
Instruction	1,838,995	1,772,973	-	-	1,838,995	1,772,973	4%
Support services	792,791	820,672	-	-	792,791	820,672	-3%
Non-instructional programs	-	-	137,502	131,591	137,502	131,591	4%
Other expenditures	297,614	194,343	-	-	297,614	194,343	53%
<b>Total expenses</b>	<b>2,929,400</b>	<b>2,787,988</b>	<b>137,502</b>	<b>131,591</b>	<b>3,066,902</b>	<b>2,919,579</b>	<b>5%</b>
<b>CHANGE IN NET POSITION</b>	<b>(9,812)</b>	<b>209,937</b>	<b>(2,701)</b>	<b>(7,433)</b>	<b>(12,513)</b>	<b>202,504</b>	<b>-106%</b>
Net position beginning of year	2,624,580	2,414,643	21,037	28,470	2,645,617	2,443,113	8%
Net position end of year	2,614,768	2,624,580	18,336	21,037	2,633,104	2,645,617	-1%

Property tax and unrestricted state grants account for 54% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$2,919,588 and expenses were \$2,929,400. The District was able to balance the budget by trimming expenses below available revenues.

The following figure [A-3] presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-3

### Total and Net Cost of Governmental Activities

	Total Cost of Services 2013 \$	Total Cost of Services 2012 \$	Net Cost of Services 2013 \$	Net Cost of Services 2012 \$
Instruction	1,838,995	1,772,973	876,547	743,069
Support Services	792,791	820,672	792,791	820,672
Non-instructional Programs	-	-	-	-
Other Expenses	297,614	194,343	225,726	122,555
<b>TOTAL</b>	<b>2,929,400</b>	<b>2,787,988</b>	<b>1,895,064</b>	<b>1,686,296</b>

- The cost financed by users of the District's programs was \$646,768.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$387,568.
- The net cost of governmental activities was financed with \$1,245,615 in property and other taxes and \$636,614 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$134,801 and expenses were \$137,502. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## **INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,205,058, below last year's ending fund balances of \$1,234,424.

### **Governmental Fund Highlights**

- The District's General Fund financial position is the result of many factors. Decrease during the year is due to increased expenditures.
- The General Fund balance decreased from \$495,956 to \$332,745.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
  - The Physical Plant and Equipment Levy account balance increased from \$133,901 at June 30, 2012 to \$135,136 at June 30, 2013.
  - The Statewide Sales Tax account balance increased from \$373,758 at June 30, 2012 to \$475,041 at June 30, 2013.

### **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from \$21,037 at June 30, 2012 to \$18,336 at June 30, 2013.

## **BUDGETARY HIGHLIGHTS**

The District's receipts were \$392,111 less than budgeted receipts. The most significant variance resulted from the District receiving less in local revenue than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2013, the District had invested \$1.6 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-4) More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$111,785.

Figure A-4

	Governmental		Business type		Total		Percentage Change 2012-2013
	Activities		Activities		School District		
	2013	2012	2013	2012	2013	2012	
	\$	\$	\$	\$	\$	\$	
Land	10,000	10,000	-	-	10,000	10,000	0%
Buildings	1,127,073	1,165,053	-	-	1,127,073	1,165,053	-3%
Improvements	248,501	302,988	-	-	248,501	302,988	-18%
Equipment & Furniture	168,290	151,810	9,975	7,737	178,265	159,547	12%
<b>TOTAL</b>	<u>1,553,864</u>	<u>1,629,851</u>	<u>9,975</u>	<u>7,737</u>	<u>1,563,839</u>	<u>1,637,588</u>	<u>-5%</u>

### Long-Term Debt

At June 30, 2013, the District had \$226,320 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 32% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

Figure A-5

### Outstanding Long-Term Obligations

	Total School District		Percentage Change 2012-2013
	2013	2012	
	\$	\$	
General Obligation Bonds	210,000	310,000	-32%
Compensated Absences	16,320	21,520	-24%
	<u>226,320</u>	<u>331,520</u>	<u>-32%</u>

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

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

- Although the District has experienced a slight decrease in total enrollment for the past year, the District expects a continued remain steady or have a slight increase in future enrollment due to the preschool age 4 program and the open enrollment into the District. During the 2012-2013 school year, however, the District is anticipating a small preschool age 4 class which may result in no growth or a slight decrease.
- School financing is highly dependent upon student enrollment. The District's October 2011 resident enrollment decreased by 8 students and nonresident enrollment increased by 5 students. This decrease in resident enrollment will decrease the District's state aid funding. The funds derived from open enrollment into the district will assist in off-setting the loss of state aid for fiscal year 2013.
- The District has evaluated the condition of its transportation vehicles and determined that one bus will be replaced in fiscal year 2013. To pay for the bus, the District will use resources from the Physical Plant and Equipment Levy Fund.

## **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 Lori West, District Board Secretary, Whiting Community School District, 606 West Street, Whiting, Iowa, 51063.

## BASIC FINANCIAL STATEMENTS

## WHITING COMMUNITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2013

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash, cash equivalents and pooled investments	1,422,130	12,759	1,434,889
Receivables:			
Property tax:			
Delinquent	11,724	-	11,724
Succeeding year	1,067,251	-	1,067,251
Accounts	-	66	66
Due from other governments	242,802	-	242,802
Inventories	-	894	894
Capital assets, net of accumulated depreciation	1,553,864	9,975	1,563,839
	<u>4,297,771</u>	<u>23,694</u>	<u>4,321,465</u>
<b>Liabilities</b>			
Accounts payable	147,317	-	147,317
Salaries and benefits payable	241,712	5,252	246,964
Accrued interest payable	403	-	403
Deferred revenue:			
Succeeding year property tax	1,067,251	-	1,067,251
Other	-	106	106
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	105,000	-	105,000
Compensated absences	8,160	-	8,160
Portion due after one year:			
General obligation bonds payable	105,000	-	105,000
Compensated absences	8,160	-	8,160
	<u>1,683,003</u>	<u>5,358</u>	<u>1,688,361</u>
<b>Net position</b>			
Net investment in capital assets	1,343,864	9,975	1,353,839
Restricted for:			
Management levy	200,226	-	200,226
Physical plant and equipment levy	135,136	-	135,136
Student activities	40,035	-	40,035
School infrastructure	475,041	-	475,041
Debt service	21,472	-	21,472
Unrestricted	398,994	8,361	407,355
	<u>2,614,768</u>	<u>18,336</u>	<u>2,633,104</u>

See notes to financial statements.

WHITING COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2013

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,101,984	501,314	234,097	-
Special	255,425	79,565	39,381	-
Other	481,586	65,889	42,202	-
	<u>1,838,995</u>	<u>646,768</u>	<u>315,680</u>	<u>-</u>
Support services:				
Student	123,044	-	-	-
Instructional staff	95,099	-	-	-
Administration	360,570	-	-	-
Operation and maintenance of plant	197,995	-	-	-
Transportation	16,083	-	-	-
	<u>792,791</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	65,980	-	-	-
Long-term debt interest	6,480	-	-	-
AEA flowthrough	71,888	-	71,888	-
Loss on disposal of capital assets	80,014	-	-	-
Depreciation (unallocated)*	73,252	-	-	-
	<u>297,614</u>	<u>-</u>	<u>71,888</u>	<u>-</u>
Total governmental activities	2,929,400	646,768	387,568	-
Business type activities:				
Non-instructional programs:				
Food service operations	137,502	47,647	83,649	-
Total	<u>3,066,902</u>	<u>694,415</u>	<u>471,217</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues and transfers				

**Change in net position**

Net position beginning of year

Net position end of year

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(366,573)	-	(366,573)
(136,479)	-	(136,479)
(373,495)	-	(373,495)
<u>(876,547)</u>	<u>-</u>	<u>(876,547)</u>
(123,044)	-	(123,044)
(95,099)	-	(95,099)
(360,570)	-	(360,570)
(197,995)	-	(197,995)
(16,083)	-	(16,083)
<u>(792,791)</u>	<u>-</u>	<u>(792,791)</u>
(65,980)	-	(65,980)
(6,480)	-	(6,480)
-	-	-
(80,014)	-	(80,014)
(73,252)	-	(73,252)
<u>(225,726)</u>	<u>-</u>	<u>(225,726)</u>
(1,895,064)	-	(1,895,064)
<u>-</u>	<u>(6,206)</u>	<u>(6,206)</u>
<u>(1,895,064)</u>	<u>(6,206)</u>	<u>(1,901,270)</u>
819,037	-	819,037
106,810	-	106,810
87,317	-	87,317
77,765	-	77,765
154,686	-	154,686
636,614	-	636,614
726	5	731
2,297	3,500	5,797
<u>1,885,252</u>	<u>3,505</u>	<u>1,888,757</u>
(9,812)	(2,701)	(12,513)
<u>2,624,580</u>	<u>21,037</u>	<u>2,645,617</u>
<u>2,614,768</u>	<u>18,336</u>	<u>2,633,104</u>

## WHITING COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2013

	General	Capital Projects	Management	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Cash, cash equivalents and pooled investments	608,205	554,052	199,187	60,686	1,422,130
Receivables:					
Property tax:					
Delinquent	8,460	1,001	1,039	1,224	11,724
Succeeding year	783,215	89,206	85,000	109,830	1,067,251
Due from other governments	187,678	55,124	-	-	242,802
<b>Total assets</b>	<b>1,587,558</b>	<b>699,383</b>	<b>285,226</b>	<b>171,740</b>	<b>2,743,907</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	147,317	-	-	-	147,317
Salaries and benefits payable	241,712	-	-	-	241,712
Deferred revenue:					
Succeeding year property tax	783,215	89,206	85,000	109,830	1,067,251
Income surtax	82,569	-	-	-	82,569
Total liabilities	1,254,813	89,206	85,000	109,830	1,538,849
Fund balances:					
Restricted for:					
Debt service	-	-	-	21,875	21,875
Management levy	-	-	200,226	-	200,226
School infrastructure	-	475,041	-	-	475,041
Student activities	-	-	-	40,035	40,035
Physical plant and equipment	-	135,136	-	-	135,136
Unassigned	332,745	-	-	-	332,745
Total fund balances	332,745	610,177	200,226	61,910	1,205,058
<b>Total liabilities and fund balances</b>	<b>1,587,558</b>	<b>699,383</b>	<b>285,226</b>	<b>171,740</b>	<b>2,743,907</b>

## WHITING 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 (Exhibit C)</b>	1,205,058
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,553,864
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	82,569
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.	(403)
Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(226,320)</u>
<b>Net position of governmental activities (Exhibit A)</b>	<u><u>2,614,768</u></u>

## WHITING COMMUNITY SCHOOL DISTRICT

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

Year ended June 30, 2013

	General	Capital Projects	Management	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	815,959	242,003	90,652	106,810	1,255,424
Tuition	386,297	-	-	-	386,297
Other	193,524	1,616	101	65,956	261,197
State sources	898,745	38	39	46	898,868
Federal sources	125,314	-	-	-	125,314
Total revenues	<u>2,419,839</u>	<u>243,657</u>	<u>90,792</u>	<u>172,812</u>	<u>2,927,100</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,095,648	-	-	-	1,095,648
Special	255,425	-	-	-	255,425
Other	410,794	-	-	70,792	481,586
	<u>1,761,867</u>	<u>-</u>	<u>-</u>	<u>70,792</u>	<u>1,832,659</u>
Support services:					
Student	123,044	-	-	-	123,044
Instructional staff	60,913	34,186	-	-	95,099
Administration	330,826	8,295	19,870	-	358,991
Operation and maintenance of plant	178,841	-	27,989	-	206,830
Transportation	55,671	-	5,421	-	61,092
	<u>749,295</u>	<u>42,481</u>	<u>53,280</u>	<u>-</u>	<u>845,056</u>
Other expenditures:					
Facilities acquisition	-	102,530	-	-	102,530
Long-term debt:					
Principal	-	-	-	100,000	100,000
Interest and fiscal charges	-	-	-	6,630	6,630
AEA flowthrough	71,888	-	-	-	71,888
	<u>71,888</u>	<u>102,530</u>	<u>-</u>	<u>106,630</u>	<u>281,048</u>
Total expenditures	<u>2,583,050</u>	<u>145,011</u>	<u>53,280</u>	<u>177,422</u>	<u>2,958,763</u>
Excess (deficiency) of revenues over (under) expenditures	(163,211)	98,646	37,512	(4,610)	(31,663)
Other financing sources (uses):					
Compensation for loss of fixed assets	-	2,297	-	-	2,297
Change in fund balances	(163,211)	100,943	37,512	(4,610)	(29,366)
Fund balances beginning of year	495,956	509,234	162,714	66,520	1,234,424
Fund balances end of year	<u>332,745</u>	<u>610,177</u>	<u>200,226</u>	<u>61,910</u>	<u>1,205,058</u>

See notes to financial statements.

## WHITING 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

	\$	\$
<b>Net change in fund balances - total governmental funds (Exhibit E)</b>		(29,366)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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. Depreciation expense, capital outlay expenditures and basis in capital assets disposal in the current year, as follows:		
Basis in capital assets disposal	(80,014)	
Expenditures for capital assets	114,550	
Depreciation expense	<u>(110,523)</u>	(75,987)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		(9,809)
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		100,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		150
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Compensated absences		<u>5,200</u>
<b>Changes in net position of governmental activities (Exhibit B)</b>		<u><u>(9,812)</u></u>

## WHITING COMMUNITY SCHOOL DISTRICT

Statement of Net Position  
Proprietary Funds

June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
<b>Assets</b>	
Current assets:	
Cash, cash equivalents and pooled investments	12,759
Accounts receivable	66
Inventories	894
Total current assets	<u>13,719</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>9,975</u>
<b>Total assets</b>	<u>23,694</u>
<b>Liabilities</b>	
Current liabilities:	
Salaries and benefits payable	5,252
Deferred revenue	106
<b>Total liabilities</b>	<u>5,358</u>
<b>Net position</b>	
Investment in capital assets	9,975
Unrestricted	8,361
<b>Total net position</b>	<u><u>18,336</u></u>

## WHITING COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>47,647</u>
Operating expenses:	
Non-instructional programs:	
Salaries	39,957
Benefits	23,944
Purchased services	1,144
Supplies	71,195
Depreciation	1,262
Total operating expenses	<u>137,502</u>
Operating income (loss)	<u>(89,855)</u>
Non-operating revenues:	
State sources	1,306
Federal sources	82,343
Interest income	5
Total non-operating revenues	<u>83,654</u>
Income (loss) before capital contributions	(6,201)
Capital contributions	<u>3,500</u>
Change in net position	(2,701)
Net position beginning of year	<u>21,037</u>
Net position end of year	<u><u>18,336</u></u>

## WHITING COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2013

	Nonmajor School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	45,978
Cash payments to employees for services	(68,335)
Cash payments to suppliers for goods or services	(66,077)
Net cash used by operating activities	<u>(88,434)</u>
Cash flows from non-capital financing activities:	
State grants received	1,306
Federal grants received	75,692
Net cash provided by non-capital financing activities	<u>76,998</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>5</u>
Net increase (decrease) in cash and cash equivalents	(11,431)
Cash and cash equivalents at beginning of year	<u>24,190</u>
Cash and cash equivalents at end of year	<u><u>12,759</u></u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>	
Operating income (loss)	(89,855)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	6,651
Depreciation	1,262
Decrease (increase) in inventories	(389)
Decrease (increase) in accounts receivable	(60)
(Decrease) increase in salaries and benefits payable	(4,434)
(Decrease) increase in deferred revenue	(1,609)
Net cash used by operating activities	<u><u>(88,434)</u></u>

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

During the year ended June 30, 2013, the District received \$6,651 of federal commodities.

# WHITING COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

### 1. Summary of Significant Accounting Policies

Whiting Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Whiting, Iowa and the predominately agricultural territory in a portion of Monona 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, Whiting 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 Whiting Community School District has no component units that 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 does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

#### B. Basis of Presentation

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

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

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

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

*Unrestricted net position* consists of net position 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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

The Management Levy Fund is a special revenue fund that is used to account for the revenues from and expenditures of the management property tax levy.

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

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 judgements, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

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

#### D. Assets, Liabilities and Fund Equity

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

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

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

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

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

Property tax revenue recognized in these funds became due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment 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 repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Assets Class</u>	<u>Amount</u>
	\$
Land	500
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-20 years
Intangibles	3-10 years
Furniture and equipment	3-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 year or expected to be collected soon enough thereafter to be

used to pay liabilities of the current year. Deferred revenue consists of property tax receivable and other receivables not collected within sixty days after year end.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

#### E. Budgeting and Budgetary Control

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

### 2. **Cash, Cash Equivalents and Pooled Investments**

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

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

At June 30, 2013, the District had no investments meeting the disclosure requirements of Governmental Accounting Standard Board Statement No. 3 as amended by Statement No. 40.

### 3. **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	10,000	-	-	10,000
Capital assets being depreciated:				
Buildings	2,223,027	-	-	2,223,027
Improvements other than buildings	513,296	36,550	55,765	494,081
Furniture and equipment	584,774	78,000	106,500	556,274
Total capital assets being deprec.	<u>3,321,097</u>	<u>114,550</u>	<u>162,265</u>	<u>3,273,382</u>
Less accumulated depreciation for:				
Buildings	1,057,974	37,980	-	1,095,954
Improvements other than buildings	210,308	35,272	-	245,580
Furniture and equipment	432,964	37,271	82,251	387,984
Total accumulated depreciation	<u>1,701,246</u>	<u>110,523</u>	<u>82,251</u>	<u>1,729,518</u>
Total capital assets being depreciated, net	<u>1,619,851</u>	<u>4,027</u>	<u>80,014</u>	<u>1,543,864</u>
Governmental activities capital assets, net	<u>1,629,851</u>	<u>4,027</u>	<u>80,014</u>	<u>1,553,864</u>
<b>Business type activities:</b>				
Furniture and equipment	26,107	3,500	2,450	27,157
Less accumulated depreciation	<u>18,370</u>	<u>1,262</u>	<u>2,450</u>	<u>17,182</u>
Business type activities capital assets, net	<u>7,737</u>	<u>2,238</u>	-	<u>9,975</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	11,536
Support services:	
Administration services	1,579
Operation and maintenance of plant	1,665
Transportation	22,491
	<u>37,271</u>
Unallocated depreciation	<u>73,252</u>
Total depreciation expense – governmental activities	<u>110,523</u>
Business type activities:	
Food services	<u>1,262</u>

#### 4. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	310,000	-	100,000	210,000	105,000
Compensated absences	21,520	3,525	8,725	16,320	8,160
<b>Total</b>	<b>331,520</b>	<b>3,525</b>	<b>108,725</b>	<b>226,320</b>	<b>113,160</b>

General Obligation Bonds Payable

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

Year Ending June 30,	Refunding Bond Issue of June 2010			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2014	2.10	105,000	4,830	109,830
2015	2.50	105,000	2,625	107,625
		<u>210,000</u>	<u>7,455</u>	<u>217,455</u>

**5. Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, 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 contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$126,653, \$113,583, and \$97,433 respectively, equal to the required contributions for each year.

**6. Risk Management**

The 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.

**7. Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$71,888 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.

**8. Lease Commitment**

The District entered into a five year operating lease for copy machines in fiscal year 2011. The payments the District will make over the next three years are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Lease Payment</u>
	\$
2014	3,886
2015	3,886
2016	3,886

Lease payments of \$3,886 were made during fiscal year 2013.

REQUIRED SUPPLEMENTARY INFORMATION

WHITING COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Exenses and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2013

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
				Original	Final	
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	1,902,918	47,652	1,950,570	2,104,841	2,104,841	(154,271)
Intermediate sources	-	-	-	125,000	125,000	(125,000)
State sources	898,868	1,306	900,174	981,671	981,671	(81,497)
Federal sources	125,314	82,343	207,657	239,000	239,000	(31,343)
Total revenues	<u>2,927,100</u>	<u>131,301</u>	<u>3,058,401</u>	<u>3,450,512</u>	<u>3,450,512</u>	<u>(392,111)</u>
Expenditures/Expenses:						
Instruction	1,832,659	-	1,832,659	2,200,773	2,200,773	368,114
Support services	845,056	-	845,056	1,297,140	1,297,140	452,084
Non-instructional programs	-	137,502	137,502	178,100	178,100	40,598
Other expenditures	281,048	-	281,048	611,383	611,383	330,335
Total expenditures/expenses	<u>2,958,763</u>	<u>137,502</u>	<u>3,096,265</u>	<u>4,287,396</u>	<u>4,287,396</u>	<u>1,191,131</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(31,663)	(6,201)	(37,864)	(836,884)	(836,884)	799,020
Other financing sources (uses) net	<u>2,297</u>	<u>3,500</u>	<u>5,797</u>	<u>-</u>	<u>-</u>	<u>5,797</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures/expenses	(29,366)	(2,701)	(32,067)	(836,884)	(836,884)	804,817
Balance beginning of year	<u>1,234,424</u>	<u>21,037</u>	<u>1,255,461</u>	<u>1,163,458</u>	<u>1,163,458</u>	<u>92,003</u>
Balance end of year	<u><u>1,205,058</u></u>	<u><u>18,336</u></u>	<u><u>1,223,394</u></u>	<u><u>326,574</u></u>	<u><u>326,574</u></u>	<u><u>896,820</u></u>

WHITING COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2013

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, 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 function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend the budget.

During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

SUPPLEMENTARY INFORMATION

## WHITING COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2013

<b>Assets</b>	Student Activity	Debt Service	Total
	\$	\$	\$
Cash, cash equivalents and pooled investments	40,035	20,651	60,686
Receivables:			
Property tax:			
Delinquent	-	1,224	1,224
Succeeding year	-	109,830	109,830
	<u>40,035</u>	<u>131,705</u>	<u>171,740</u>
<b>Total assets</b>	<b><u>40,035</u></b>	<b><u>131,705</u></b>	<b><u>171,740</u></b>
<b>Liabilities &amp; Fund Balances</b>			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	-	109,830	109,830
	<u>-</u>	<u>109,830</u>	<u>109,830</u>
Fund balances:			
Restricted for:			
Debt service	-	21,875	21,875
Student activities	40,035	-	40,035
Total fund balances	<u>40,035</u>	<u>21,875</u>	<u>61,910</u>
	<u>40,035</u>	<u>131,705</u>	<u>171,740</u>
<b>Total liabilities and fund balances</b>	<b><u>40,035</u></b>	<b><u>131,705</u></b>	<b><u>171,740</u></b>

## WHITING COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2013

	Student Activity	Debt Service	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	-	106,810	106,810
Other	65,908	48	65,956
State sources	-	46	46
Total revenues	<u>65,908</u>	<u>106,904</u>	<u>172,812</u>
Expenditures:			
Current:			
Instruction:			
Other	70,792	-	70,792
Other expenditures:			
Long-term debt:			
Principal	-	100,000	100,000
Interest and fiscal charges	-	6,630	6,630
Total expenditures	<u>70,792</u>	<u>106,630</u>	<u>177,422</u>
Change in fund balances	(4,884)	274	(4,610)
Fund balances beginning of year	<u>44,919</u>	<u>21,601</u>	<u>66,520</u>
Fund balances end of year	<u>40,035</u>	<u>21,875</u>	<u>61,910</u>

## WHITING COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Capital Project Accounts

June 30, 2013

Assets	Capital Projects			Total
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	-	419,917	134,135	554,052
Receivables:				
Property tax:				
Delinquent	-	-	1,001	1,001
Succeeding year	-	-	89,206	89,206
Due from other governments	-	55,124	-	55,124
<b>Total assets</b>	<b>-</b>	<b>475,041</b>	<b>224,342</b>	<b>699,383</b>
<b>Liabilities &amp; Fund Balances</b>				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	-	-	89,206	89,206
Fund balances:				
Restricted for:				
School infrastructure	-	475,041	-	475,041
Physical plant and equipment	-	-	135,136	135,136
Total fund balances	-	475,041	135,136	610,177
<b>Total liabilities and fund balances</b>	<b>-</b>	<b>475,041</b>	<b>224,342</b>	<b>699,383</b>

## WHITING COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Capital Project Accounts

Year ended June 30, 2013

	Capital Projects			Total
	Construction	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
	\$	\$	\$	
Revenues:				
Local Sources:				
Local tax	-	154,686	87,317	242,003
Other	-	1,558	58	1,616
State sources	-	-	38	38
Total revenues	-	156,244	87,413	243,657
Expenditures:				
Current:				
Support services:				
Instructional staff services	-	-	34,186	34,186
Administration services	-	-	8,295	8,295
Other expenditures:				
Facilities acquisition	1,575	54,961	45,994	102,530
Total expenditures	1,575	54,961	88,475	145,011
Excess (deficiency) of revenues over (under) expenditures	(1,575)	101,283	(1,062)	98,646
Other financing sources (uses):				
Compensation for loss of fixed assets	-	-	2,297	2,297
Change in fund balance	(1,575)	101,283	1,235	100,943
Fund balances beginning of year	1,575	373,758	133,901	509,234
Fund balance end of year	-	475,041	135,136	610,177

## WHITING COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2013

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra-Fund Transfers</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$	\$
Class of 2013	213	170	382	-	1
Class of 2014	505	6,389	5,757	-	1,137
Class of 2015	275	105	-	-	380
Class of 2016	108	125	-	-	233
Class of 2017	145	80	-	-	225
Class of 2018	70	80	-	-	150
Class of 2019	-	60	-	-	60
Student affairs	287	-	199	-	88
Unallocated interest	-	18	-	(18)	-
Music parents	11,217	7,528	6,140	9	12,614
Band fund raiser	5	181	53	-	133
Athletics	18,994	45,023	52,741	9	11,285
Cheerleaders	423	-	-	-	423
Character counts	4,187	1,650	1,412	-	4,425
National Honor Society	1,244	744	417	-	1,571
Band trip	2,418	-	-	-	2,418
Student council	3,194	1,349	454	-	4,089
Annual	1,634	2,406	3,237	-	803
	<u>44,919</u>	<u>65,908</u>	<u>70,792</u>	<u>-</u>	<u>40,035</u>
Total					

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	1,255,424	1,161,618	1,187,913	1,166,213	1,110,648	1,199,728	1,211,685	1,249,341	1,105,798	1,259,856
Tuition	386,297	450,894	360,965	304,204	290,067	258,391	252,526	218,616	123,776	118,101
Other	261,197	251,830	271,192	280,430	277,334	295,305	350,205	289,341	297,077	294,508
State sources	898,868	848,390	871,526	786,598	1,039,627	990,227	829,643	796,971	810,196	670,788
Federal sources	125,314	135,625	131,972	212,875	106,876	83,761	83,280	95,300	95,938	143,684
Total revenues	<u>2,927,100</u>	<u>2,848,357</u>	<u>2,823,568</u>	<u>2,750,320</u>	<u>2,824,552</u>	<u>2,827,412</u>	<u>2,727,339</u>	<u>2,649,569</u>	<u>2,432,785</u>	<u>2,486,937</u>
Expenditures:										
Instruction:										
Regular instruction	1,095,648	1,065,311	1,002,482	997,286	925,474	970,450	892,385	829,274	786,815	858,050
Special instruction	255,425	206,692	163,524	209,936	263,333	283,560	272,555	240,054	397,659	383,182
Other instruction	481,586	474,405	469,566	433,898	456,136	385,004	388,785	379,200	151,583	218,328
Support services:										
Student services	123,044	101,668	99,318	98,673	106,911	32,298	28,123	29,672	28,335	26,968
Instructional staff services	95,099	61,336	64,393	61,864	66,252	101,877	50,955	65,783	48,981	49,023
Administration services	358,991	357,661	349,657	323,857	300,044	306,711	289,836	281,139	334,350	287,704
Operation and maintenance	206,830	209,271	209,357	223,210	210,117	196,697	191,221	187,099	137,744	152,718
Transportation services	61,092	152,183	74,564	67,150	71,097	97,950	143,655	111,564	50,915	57,713
Non-instructional programs	-	-	-	3,390	-	-	-	-	2,300	552
Other expenditures:										
Facilities acquisition	102,530	120,323	81,450	197,747	157,583	161,334	164,774	217,578	37,802	54,735
Long-term debt:										
Principal	100,000	105,000	100,000	575,000	65,000	67,407	66,770	66,144	60,575	55,059
Interest and other charges	6,630	8,205	10,701	30,075	33,325	36,592	40,081	44,017	47,224	50,016
AEA flowthrough	71,888	71,721	80,641	80,219	74,758	73,687	69,040	66,545	66,447	67,403
Total expenditures	<u>2,958,763</u>	<u>2,933,776</u>	<u>2,705,653</u>	<u>3,302,305</u>	<u>2,730,030</u>	<u>2,713,567</u>	<u>2,598,180</u>	<u>2,518,069</u>	<u>2,150,730</u>	<u>2,261,451</u>

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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  
Whiting Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Whiting Community School District and 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 April 28, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whiting Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whiting Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Whiting 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 Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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

Compliance and Other Matters

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

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

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.

#### Whiting Community School District's Responses to Findings

Whiting Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Whiting Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Whiting 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.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

April 28, 2014

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

13-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, processing payroll, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

13-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

- 13-II-A Certified Budget: Expenditures for the year ended June 30, 2013 did not exceed the certified budget amounts.
- 13-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 13-II-C Travel Expenses: 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.
- 13-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
David Storm, Board Member	School banking	\$ -

The Board member, David Storm, is an employee of the bank that handles the majority of the bank transactions for the District. The Board should be mindful of the potential for a conflict when the bank may indirectly benefit from Board action.

Recommendation: The District should consult legal counsel to determine the disposition of these matters.

District Response: We will consult with our attorney.

Conclusion: Response accepted.

- 13-II-E 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.
- 13-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 13-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 13-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 13-II-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 13-II-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

WHITING COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2013

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

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

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

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

Beginning balance	\$	\$
		373,758
Revenues/transfers in:		
Sales tax revenues	154,686	
Other local revenues	1,558	156,244
Expenditures/transfers out:		
School infrastructure construction		54,961
Ending balance		475,041

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.