

Aplington-Parkersburg Community School District

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

June 30, 2014

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Independent Auditor's Report

To the Board of Education of
Aplington-Parkersburg Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Aplington-Parkersburg Community School District, Parkersburg, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Aplington-Parkersburg Community School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

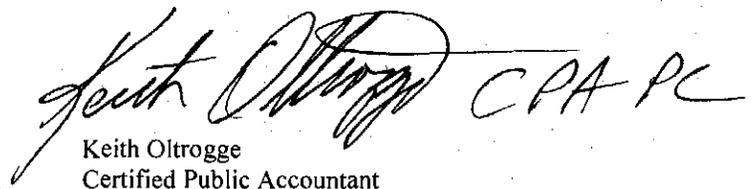
Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aplington-Parkersburg Community School District's basic financial statements. I 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, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 15, 2015 on my consideration of the Aplington-Parkersburg Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aplington-Parkersburg Community School District's internal control over financial reporting and compliance.

 CPA PC
Keith Oltrogge
Certified Public Accountant

January 15, 2015

Aplington-Parkersburg Community School District

Management's Discussion and Analysis

Year ended June 30, 2014

Aplington-Parkersburg 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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,483,473 in fiscal 2013 to \$8,773,198 in fiscal 2014, while General Fund expenditures increased from \$8,378,077 in fiscal 2013 to \$8,545,972 in fiscal 2014. This resulted in an increase in the District's General Fund balance from \$1,424,288 in fiscal 2013 to \$1,657,894 in fiscal 2014, a 16.4% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in State revenue. The increase in expenditures was due primarily to an increase in instruction expenses.
- The District's solvency ratio has increased from 12.2% at June 30, 2013 to 14.1% at June 30, 2014. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Aplington-Parkersburg 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 Aplington-Parkersburg 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 Aplington-Parkersburg Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

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

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

Figure A-1
Aplington-Parkersburg Community School District Annual Financial Report

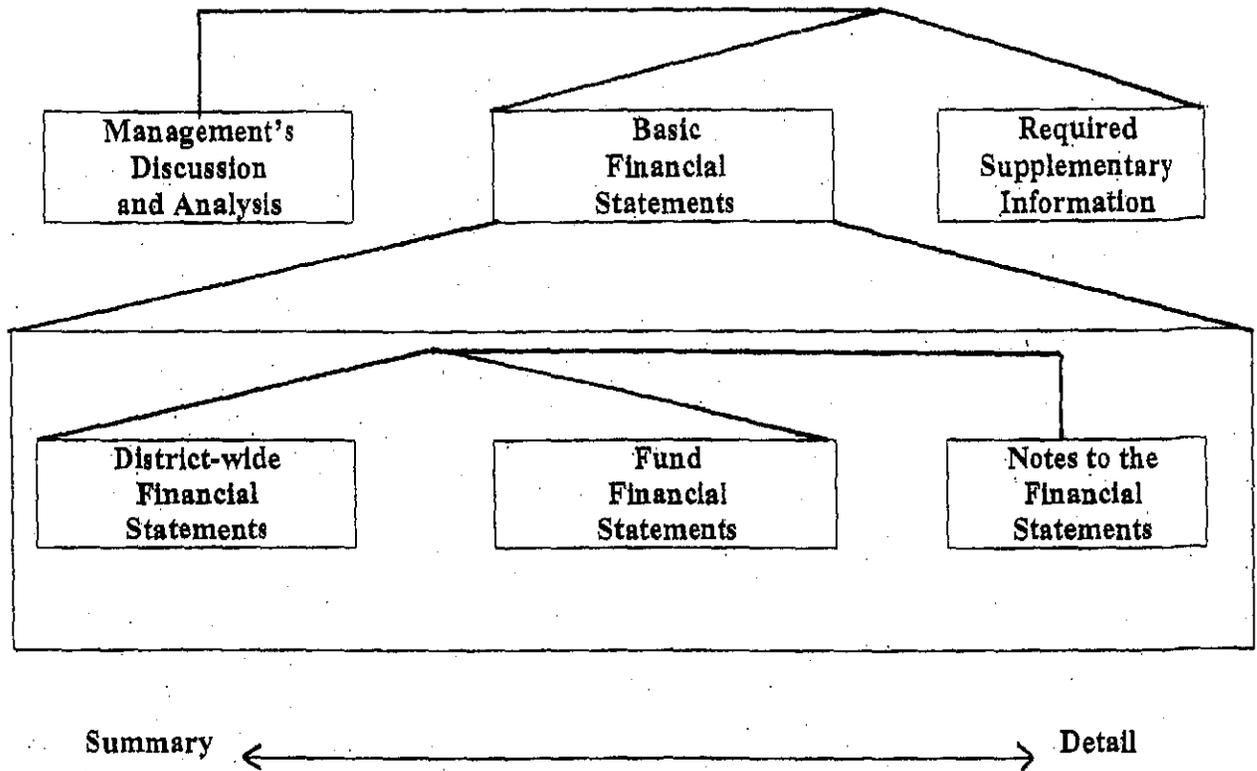


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

**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,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$8,017,133	\$7,328,164	\$15,254	\$30,742	\$8,032,387	\$7,358,906	9.2%
Capital assets	20,236,062	20,887,448	17,932	11,035	20,253,994	20,898,483	-3.1%
Total assets	\$28,253,195	\$28,215,612	\$33,186	\$41,777	\$28,286,381	\$28,257,389	0.1%
Long-term liabilities	\$8,282,712	\$8,342,946	\$-	\$-	\$8,282,712	\$8,342,946	-0.7%
Other liabilities	1,007,152	1,005,803	18,245	16,864	1,025,397	1,022,667	0.3%
Total liabilities	\$9,289,864	\$9,348,749	\$18,245	\$16,864	\$9,308,109	\$9,365,613	-0.6%
Deferred inflows of resources	\$3,392,842	\$3,388,172	\$-	\$-	\$3,392,842	\$3,388,172	0.1%
Net Position:							
Net investment in capital assets	\$12,350,073	\$12,662,448	\$17,932	\$11,035	\$12,368,005	\$12,673,483	-2.4%
Restricted	2,063,152	1,974,569	-	-	2,063,152	1,974,569	4.5%
Unrestricted	1,157,336	843,967	-3,063	11,585	1,154,273	855,552	34.9%
Total net position	\$15,570,561	\$15,480,984	\$14,869	\$22,620	\$15,585,430	\$15,503,604	0.5%

The District's combined net position increased by 0.5%, or approximately \$81,800, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$88,600, or 4.5% over the prior year. The increase was primarily due to an increase in categorical funding.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$299,000, or 34.9%. The increase in unrestricted net position was primarily due to revenue exceeding expenditures.

Figure A-4 shows the change in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4
Changes in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program revenues:							
Charges for service	\$755,617	\$756,420	\$278,793	\$262,241	\$1,034,410	\$1,018,661	1.5%
Operating grants, contributions and restricted interest	1,496,337	1,325,356	184,302	198,050	1,680,639	1,523,406	10.3%
Capital grants, contributions and restricted interest	-	-	-	-	-	-	-
General revenues:							
Property tax	3,390,578	3,311,638	-	-	3,390,578	3,311,638	2.4%
Income surtax	352,197	284,908	-	-	352,197	284,908	23.6%
Statewide sales, service and use tax	737,813	380,692	-	-	737,813	380,692	93.8%
Unrestricted state grants	3,819,367	3,989,240	-	-	3,819,367	3,989,240	-4.3%
Unrestricted investment earnings	12,965	16,629	115	100	13,080	16,729	-21.22%
Other	97,732	81,836	-	-	97,732	81,836	19.4%
Total revenues	\$10,662,606	\$10,146,719	\$463,210	\$460,391	\$11,125,816	\$10,607,110	4.9%
Program expenses:							
Governmental activities:							
Instruction	\$7,235,626	\$6,788,858	\$-	\$-	\$7,235,626	\$6,788,858	6.6%
Support services	2,645,306	2,545,633	-	-	2,645,306	2,545,633	3.9%
Non-instructional programs	9,379	21,049	470,961	489,064	480,340	510,113	-5.8%
Other expenses	736,598	792,620	-	-	736,598	792,620	-7.1%
Total expenses	\$10,626,909	\$10,148,160	\$470,961	\$489,064	\$11,097,870	\$10,637,224	4.3%
Change in net position before other sources	\$35,697	-\$1,441	-\$7,751	-\$28,673	\$27,946	-\$30,114	207.8%
Other sources	53,880	4,975	-	-	53,880	4,975	983.0%
Change in net position	\$89,577	\$3,534	-\$7,751	-\$28,673	\$81,826	-\$25,139	325.5%
Net position beginning of year	15,480,984	15,477,450	22,620	51,293	15,503,604	15,528,743	-0.1%
Net position end of year	\$15,570,561	\$15,480,984	\$14,869	\$22,620	\$15,585,430	\$15,503,604	0.5%

In fiscal year 2014, property tax and unrestricted state grants account for 64.8% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 99.9% of business type activities revenue.

The District's total revenues were approximately \$11.1 million, of which approximately \$10.6 million was for governmental activities and less than \$0.5 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.9% increase in revenues and a 4.3% increase in expenses. Property tax increased approximately \$79,000. The increase in expenses is related to an increase in instruction and non-instructional programs.

Governmental Activities

Revenues for governmental activities were \$10,662,606 and expenses were \$10,628,909 for the year ended June 30, 2014. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services		Change	Net Cost of Services		Change
	2014	2013	2013-2014	2014	2013	2013-2014
Instruction	\$7,235,626	\$6,788,858	6.6%	\$4,995,020	\$4,718,481	5.9%
Support services	2,645,306	2,545,633	3.9%	2,633,958	2,534,234	3.9%
Non-instructional programs	9,379	21,049	-55.5%	9,379	21,049	-55.5%
Other expenses	736,598	792,620	-7.1%	736,598	792,620	-7.1%
Totals	\$10,626,909	\$10,148,160	4.7%	\$8,374,955	\$8,066,384	3.8%

- The cost financed by users of the District's programs was \$1,034,410.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,680,639.
- The net cost of governmental activities was financed with \$3,742,775 in property and other taxes and \$3,819,367 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$463,210 and expenses were \$470,961. The District's business type activities include the School Nutrition Fund and Before and After School Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Aplington-Parkersburg 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 \$15,570,561, above last year's adjusted ending fund balances of \$15,480,984.

Governmental Fund Highlights

- The General Fund balance increased from \$1,424,288 to \$1,657,894, due in part to the increase in state revenue.
- Capital Projects Funds:
 - Capital Projects – Statewide Sales, Services and Use Tax Fund balance decreased from \$335,627 to \$321,128, due to the transfer to debt service.
 - Capital Projects – Physical Plant and Equipment Fund balance decreased from \$31,300 to -\$11,456, due to the increase in expenditures for instructional support services.
- The Debt Service Fund balance increased by \$180,644 due to the operating transfer from Capital Projects – Statewide Sales, Services and Use Tax.

Proprietary Fund Highlights

- School Nutrition Fund net position decreased from \$7,125 at June 30, 2013 to \$5,732 at June 30, 2014, representing a decrease of approximately 20%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$221,321, less than budgeted receipts, a variance of 2.0%. The most significant variance resulted from the District receiving less in state revenue than originally anticipated.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$20.3 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 represents a net decrease of 3.1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$843,473.

The original cost of the District's capital assets was \$29.75 million. Governmental funds account for \$29.72 million, with the remainder of \$.03 million accounted for in the Proprietary, School Nutrition Fund.

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,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$117,065	\$117,065	\$-	\$-	\$117,065	\$117,065	-
Construction in progress	30,712	15,356	-	-	30,712	15,356	200%
Buildings	18,739,861	19,218,212	-	-	18,739,861	19,218,212	-2.5%
Improvements other than buildings	229,227	725,225	-	-	229,227	725,225	-68.4%
Furniture and equipment	1,119,197	811,590	17,932	11,035	1,137,129	822,625	38.2%
Totals	\$20,236,062	\$20,887,448	\$17,932	\$11,035	\$20,253,994	\$20,898,483	-3.1%

Long-Term Debt

At June 30, 2014, the District had \$7,885,989 in long-term debt outstanding. This represents a decrease of approximately 4.1% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5% of the assessed value of all taxable property within the District. The District's outstanding debt is significantly below its constitutional debt limit of approximately \$21.0 million.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30, 2014	2013	June 30, 2013-2014
Capital lease	\$40,989	\$-	100%
General obligation bonds	2,600,000	2,765,000	-6.0%
Revenue bond	5,245,000	5,460,000	-3.9%
Totals	<u>\$7,885,989</u>	<u>\$8,225,000</u>	<u>-4.1%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District continues to be financially dependent on state funding, which can change from year to year based on enrollments and legislative actions.
- The District continues to budget for building repairs and equipment replacement as the need arises.
- The District is in the process of a second appeal with FEMA for revisions/de-obligations to previously approved projects following the May 25, 2008 tornado. The District may be required to repay approximately \$975,000 to FEMA. The first appeal was denied. FEMA plans to de-obligate funds previously approved on the temporary facilities project completed in November 2013. The District will continue to work with legislative representatives to help with appeals. The District is now working with the State of Iowa since FEMA has withheld the deobligation amount from the Aplington-Parkersburg tornado from State of Iowa funding.
- The PPEL vote passed on February 4, 2014 which the levy will generate \$0.57/\$1,000 valuation for the next ten years.

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 Jon Thompson, Superintendent, Aplington-Parkersburg Community School District, 610 North Johnson Road, Parkersburg, IA 50665.

Basic Financial Statements

Aplington-Parkersburg Community School District

Statement of Net Position

June 30, 2014

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 3,690,103	\$ 9,236	\$ 3,699,339
Receivables:			
Property tax:			
Delinquent	47,687	-	47,687
Succeeding year	3,392,842	-	3,392,842
Income surtax	277,876	-	277,876
Accounts	116,999	192	117,191
Due from other governments	491,626	-	491,626
Inventories	-	5,826	5,826
Capital assets, net of accumulated depreciation	20,236,062	17,932	20,253,994
Total Assets	\$ 28,253,195	\$ 33,186	\$ 28,286,381
Liabilities			
Accounts payable	\$ 208,771	\$ 4,320	\$ 213,091
Salaries and benefits payable	656,419	6,636	663,055
Accrued interest payable	141,962	-	141,962
Unearned revenue	-	7,289	7,289
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	120,000	-	120,000
Revenue bonds	225,000	-	225,000
Early retirement	113,600	-	113,600
Capital lease	19,911	-	19,911
Portion due after one year:			
General obligation bonds	2,480,000	-	2,480,000
Revenue bonds	5,020,000	-	5,020,000
Early retirement	258,649	-	258,649
Capital lease	21,078	-	21,078
OPEB	24,474	-	24,474
Total Liabilities	\$ 9,289,864	\$ 18,245	\$ 9,308,109
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 3,392,842	\$ -	\$ 3,392,842
Net Position			
Net investment in capital assets	\$ 12,350,073	\$ 17,932	\$ 12,368,005
Restricted for:			
Categorical funding	452,597	-	452,597
Student activities	178,018	-	178,018
Debt service	609,799	-	609,799
Debt service – sinking fund	501,610	-	501,610
Capital projects	321,128	-	321,128
Unrestricted	1,157,336	-3,063	1,154,273
Total Net Position	\$ 15,570,561	\$ 14,869	\$ 15,585,430

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2014

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Functions/Programs</u>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 4,863,322	\$ 352,277	\$ 1,214,964	\$ -
Special instruction	897,854	60,380	188,333	-
Other instruction	1,474,450	342,360	82,292	-
	<u>\$ 7,235,626</u>	<u>\$ 755,017</u>	<u>\$ 1,485,589</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 205,992	\$ -	\$ 4,719	\$ -
Instructional staff services	265,892	-	-	-
Administration services	809,664	-	-	-
Operation and maintenance of plant services	867,460	600	-	-
Transportation services	496,298	-	6,029	-
	<u>\$ 2,645,306</u>	<u>\$ 600</u>	<u>\$ 10,748</u>	<u>\$ -</u>
Non-instructional programs	\$ 9,379	\$ -	\$ -	\$ -
Other Expenditures:				
Facilities acquisition	\$ 9,260	\$ -	\$ -	\$ -
Long-term debt interest	382,618	-	-	-
AEA flow-through	344,720	-	-	-
	<u>\$ 736,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 10,626,909</u>	<u>\$ 755,617</u>	<u>\$ 1,496,337</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 458,236	\$ 266,737	\$ 184,302	\$ -
Before & After School Program	12,725	12,056	-	-
	<u>\$ 470,961</u>	<u>\$ 278,793</u>	<u>\$ 184,302</u>	<u>\$ -</u>
Total	<u>\$ 11,097,870</u>	<u>\$ 1,034,410</u>	<u>\$ 1,680,639</u>	<u>\$ -</u>

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ -3,296,081	\$ -	\$ -3,296,081
-649,141	-	-649,141
-1,049,798	-	-1,049,798
<u>\$ -4,995,020</u>	<u>\$ -</u>	<u>\$ -4,995,020</u>
\$ -201,273	\$ -	\$ -201,273
-265,892	-	-265,892
-809,664	-	-809,664
-866,860	-	-866,860
-490,269	-	-490,269
<u>\$ -2,633,958</u>	<u>\$ -</u>	<u>\$ -2,633,958</u>
\$ -9,379	\$ -	\$ -9,379
\$ -9,260	\$ -	\$ -9,260
-382,618	-	-382,618
-344,720	-	-344,720
<u>\$ -736,598</u>	<u>\$ -</u>	<u>\$ -736,598</u>
\$ -8,374,955	\$ -	\$ -8,374,955
\$ -	\$ -7,197	\$ -7,197
-	-669	-669
<u>\$ -</u>	<u>\$ -7,866</u>	<u>\$ -7,866</u>
<u>\$ -8,374,955</u>	<u>\$ -7,866</u>	<u>\$ -8,382,821</u>

Aplington-Parkersburg Community School District

Statement of Activities

Year Ended June 30, 2014

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

General Revenues:

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

Total General Revenues

Change in net position before sale of assets and other revenue

Insurance proceeds

Sale of assets

Change in net position

Net position beginning of year

Net Position End of Year

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$ 2,830,536	\$ -	\$ 2,830,536
476,921	-	476,921
83,121	-	83,121
352,197	-	352,197
737,813	-	737,813
3,819,367	-	3,819,367
12,965	115	13,080
97,732	-	97,732
<u>\$ 8,410,652</u>	<u>\$ 115</u>	<u>\$ 8,410,767</u>
\$ 35,697	\$ -7,751	\$ 27,946
47,500	-	47,500
6,380	-	6,380
<u>\$ 89,577</u>	<u>\$ -7,751</u>	<u>\$ 81,826</u>
15,480,984	22,620	15,503,604
<u>\$ 15,570,561</u>	<u>\$ 14,869</u>	<u>\$ 15,585,430</u>

Aplington-Parkersburg Community School District

**Balance Sheet
Governmental Funds**

June 30, 2014

	General	Debt Service	Capital Projects
Assets			
Cash and Pooled Investments	\$ 2,140,349	\$ 1,104,588	\$ -
Receivables:			
Property Tax:			
Delinquent	36,615	6,801	1,185
Succeeding year	2,684,888	226,011	231,944
Interfund	122,892	-	-
Accounts	69,184	-	-
Due from other governments	336,979	20	432,493
	<u>\$ 5,390,907</u>	<u>\$ 1,337,420</u>	<u>\$ 665,622</u>
Total Assets			
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Interfund payable	\$ -	\$ -	\$ 113,461
Accounts payable	121,570	-	10,545
Salaries and benefits payable	648,679	-	-
	<u>\$ 770,249</u>	<u>\$ -</u>	<u>\$ 124,006</u>
Total Liabilities			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ 2,684,888	\$ 226,011	\$ 231,944
Other	277,876	-	-
Total deferred inflows of resources	<u>\$ 2,962,764</u>	<u>\$ 226,011</u>	<u>\$ 231,944</u>
Fund Balances:			
Restricted for:			
Categorical funding	\$ 452,597	\$ -	\$ -
Debt service	-	609,799	-
Debt service-sinking fund	-	501,610	-
Management levy purposes	-	-	-
Student activities	-	-	-
School infrastructure	-	-	321,128
Unassigned	1,205,297	-	-11,456
	<u>\$ 1,657,894</u>	<u>\$ 1,111,409</u>	<u>\$ 309,672</u>
Total Fund Balance			
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,390,907</u>	<u>\$ 1,337,420</u>	<u>\$ 665,622</u>

See notes to financial statements.

Non-major Funds		Total
\$ 445,166	\$	3,690,103
3,086		47,687
249,999		3,392,842
-		122,892
47,815		116,999
10		769,502
<u>\$ 746,076</u>	<u>\$</u>	<u>8,140,025</u>
\$ 9,359	\$	122,820
76,656		208,771
7,740		656,419
<u>\$ 93,755</u>	<u>\$</u>	<u>988,010</u>
\$ 249,999	\$	3,392,842
-		277,876
<u>\$ 249,999</u>	<u>\$</u>	<u>3,670,718</u>
\$ -	\$	452,597
-		609,799
-		501,610
260,137		260,137
178,018		178,018
-		321,128
-35,833		1,158,008
<u>\$ 402,322</u>	<u>\$</u>	<u>3,481,297</u>
<u>\$ 746,076</u>	<u>\$</u>	<u>8,140,025</u>

Aplington-Parkersburg Community School District
Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Position

June 30, 2014

Total fund balances of governmental funds (page 16)	\$ 3,481,297
 <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	20,236,062
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the governmental funds	277,876
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	-141,962
Long-term liabilities, including early retirement and capital lease, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>-8,282,712</u>
Net position of governmental activities (page 13)	<u>\$ 15,570,561</u>

Aplington-Parkersburg Community School District

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

Year Ended June 30, 2014

Revenues:	General	Debt Service	Capital Projects
Local Sources:			
Local tax	\$ 2,951,275	\$ 476,921	\$ 820,934
Tuition	385,853	-	-
Other	120,777	1,107	15,778
Intermediate sources	-	-	-
State sources	5,022,187	247	43
Federal sources	293,106	-	-
Total Revenues	\$ 8,773,198	\$ 478,275	\$ 836,755
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 3,820,005	\$ -	\$ -
Special instruction	897,684	-	-
Other instruction	1,025,828	-	-
	\$ 5,743,517	\$ -	\$ -
Support Services:			
Student services	\$ 205,741	\$ -	\$ -
Instructional staff services	243,162	-	80,434
Administration services	792,459	781	-
Operation and maintenance of plant services	781,886	-	13,564
Transportation services	434,487	-	69,747
	\$ 2,457,735	\$ 781	\$ 163,745
Non-instructional programs	\$ -	\$ -	\$ -
Other Expenditures:			
Facilities acquisition	\$ -	\$ -	\$ 40,267
Long-Term Debt:			
Principal	-	402,313	-
Interest and fiscal charges	-	390,054	-
AEA flow-through	344,720	-	-
	\$ 344,720	\$ 792,367	\$ 40,267
Total Expenditures	\$ 8,545,972	\$ 793,148	\$ 204,012
Excess (deficiency) of revenues over (under) expenditures	\$ 227,226	\$ -314,873	\$ 632,743
Other Financing Sources (Uses):			
Proceeds from capital assets	\$ -	\$ -	\$ 63,302
Operating transfers in (out)	-	495,517	-753,300
Insurance proceeds	-	-	-
Sale of assets	6,380	-	-
	\$ 6,380	\$ 495,517	\$ -689,998
Net change in fund balances	\$ 233,606	\$ 180,644	\$ -57,255
Fund balances beginning of year	1,424,288	930,765	366,927
Fund Balances End of Year	\$ 1,657,894	\$ 1,111,409	\$ 309,672

See notes to financial statements.

Non-Major Funds		Total
\$	220,161	\$ 4,469,291
	-	385,853
	342,799	480,461
	-	-
	121	5,022,598
	-	293,106
<u>\$</u>	<u>563,081</u>	<u>\$ 10,651,309</u>

\$	106,426	\$ 3,926,431
	-	897,684
	352,008	1,377,836
<u>\$</u>	<u>458,434</u>	<u>\$ 6,201,951</u>

\$	-	\$ 205,741
	-	323,596
	2,553	795,793
	63,037	858,487
	11,411	515,645
<u>\$</u>	<u>77,001</u>	<u>\$ 2,699,262</u>
<u>\$</u>	<u>2,116</u>	<u>\$ 2,116</u>

\$	-	\$ 40,267
	-	402,313
	-	390,054
	-	344,720
<u>\$</u>	<u>-</u>	<u>\$ 1,177,354</u>
<u>\$</u>	<u>537,551</u>	<u>\$ 10,080,683</u>

<u>\$</u>	<u>25,530</u>	<u>\$ 570,626</u>
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\$	-	\$ 63,302
	257,783	-
	47,500	47,500
	-	6,380
<u>\$</u>	<u>305,283</u>	<u>117,182</u>
<u>\$</u>	<u>330,813</u>	<u>\$ 687,808</u>
	71,509	2,793,489
<u>\$</u>	<u>402,322</u>	<u>\$ 3,481,297</u>

Aplington-Parkersburg 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, 2014

Net change in fund balances – total governmental funds (page 18) \$ 687,808

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

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

Expenditures for capital assets	\$ 192,087	
Depreciation expense	<u>-843,473</u>	-651,386

Income surtax revenue not received until several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 11,297

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

Issuance	\$ -63,302	
Repaid	<u>402,313</u>	339,011

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. 7,436

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

Early retirement	\$ -254,303	
Other postemployment benefits	<u>-50,286</u>	-304,589

Change in Net Position of Governmental Activities (page 15) \$ 89,577

Aplington-Parkersburg Community School District

Statement of Net Position
Proprietary Funds

June 30, 2014

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 70	\$ 9,166	\$ 9,236
Receivables:			
Accounts	90	102	192
Inventories	5,826	-	5,826
Total Current Assets	\$ 5,986	\$ 9,268	\$ 15,254
Non-Current Assets:			
Capital assets, net of accumulated depreciation	\$ 17,932	\$ -	\$ 17,932
Total Assets	\$ 23,918	\$ 9,268	\$ 33,186
Liabilities			
Current Liabilities:			
Interfund payable	\$ 72	\$ -	\$ 72
Account payable	4,320	-	4,320
Salaries and benefits payable	6,505	131	6,636
Unearned revenue	7,289	-	7,289
Total Current Liabilities	\$ 18,186	\$ 131	\$ 18,317
Total Liabilities	\$ 18,186	\$ 131	\$ 18,317
Net Position			
Net investment in capital assets	\$ 17,932	\$ -	\$ 17,932
Unrestricted	-12,200	9,137	-3,063
Total Net Position	\$ 5,732	\$ 9,137	\$ 14,869

See notes to financial statements.

Aplington-Parkersburg Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

Year Ended June 30, 2014

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 266,737	\$ 12,056	\$ 278,793
Operating expenses:			
Non-instructional programs:			
Salaries	\$ 144,144	\$ 9,265	\$ 153,409
Benefits	32,052	1,536	33,588
Purchased services	14,850	-	14,850
Supplies	264,221	1,924	266,145
Depreciation	2,969	-	2,969
Total operating expenses	\$ 458,236	\$ 12,725	\$ 470,961
Operating (loss) income	\$ -191,499	\$ -669	\$ -192,168
Non-operating revenues:			
State sources	\$ 3,750	\$ -	\$ 3,750
Federal sources	180,552	-	180,552
Interest income	72	43	115
Total non-operating revenues	\$ 184,374	\$ 43	\$ 184,417
Change in net position	\$ -7,125	\$ -626	\$ -7,751
Net position beginning of year	12,857	9,763	22,620
Net position End of Year	\$ 5,732	\$ 9,137	\$ 14,869

See notes to financial statements.

Aplington-Parkersburg Community School District

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2014

	School Nutrition Fund	Non-Major Before & After School Fund	Total
Cash flows from operating activities:			
Cash received from daycare fees	\$ -	\$ 12,066	\$ 12,066
Cash received from sale of lunches and breakfasts	265,843	-	265,843
Cash paid to employees for services	-177,986	-10,711	-188,697
Cash paid to suppliers for goods or services	-277,889	-1,924	-279,813
Net cash used by operating activities	\$ -190,032	\$ -569	\$ -190,601
Cash flows from non-capital financing activities:			
State grants received	\$ 3,750	\$ -	\$ 3,750
Federal grants received	149,975	-	149,975
Cash in lieu of commodities	30,577	-	30,577
Net cash provided by non-capital financing activities	\$ 184,302	\$ -	\$ 184,302
Cash flows from capital and related financing activities:			
Acquisition of capital assets	\$ -9,867	\$ -	\$ -9,867
Cash flows from investing activities:			
Interest on investments	\$ 72	\$ 43	\$ 115
Net increase (decrease) in cash and cash equivalents	\$ -15,525	\$ -526	\$ -16,051
Cash and cash equivalents beginning of year	15,595	9,692	25,287
Cash and Cash Equivalents End of Year	\$ 70	\$ 9,166	\$ 9,236
Reconciliation of operating loss to net cash used by operating activities:			
Operating (loss) income	\$ -191,499	\$ -669	\$ -192,168
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	2,969	-	2,969
(Increase) Decrease in inventories	-602	-	-602
(Increase) Decrease in accounts receivable	29	10	39
Increase (Decrease) in salaries and benefits payable	-1,790	90	-1,700
Increase (Decrease) in unearned revenue	-852	-	-852
Increase (Decrease) in accounts payable	3,933	-	3,933
Increase (Decrease) in interfund payable	-2,220	-	-2,220
Net Cash Used by Operating Activities	\$ -190,032	\$ -569	\$ -190,601

See notes to financial statements.

Aplington-Parkersburg Community School District

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Aplington-Parkersburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. 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 Cities of Aplington and Parkersburg, Iowa and portions of the predominately agricultural territories in Butler and Grundy Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Aplington-Parkersburg 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. Aplington-Parkersburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net Position is reported in the following categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints on resources imposed by management, which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following major proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

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

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

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

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

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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

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

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

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

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

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

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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.

Deferred Inflows of Resources – 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 inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

Deferred inflows of resources 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.

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

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

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

The detail of inter-fund receivables and payables at June 30, 2014 is as follows:

Receivable	Payable	Amount
General Fund	Disaster Recovery	\$ 9,359
General Fund	Capital Projects – Statewide Sales, Services and Use Tax	111,361
General Fund	School Nutrition Fund	72
General Fund	Capital Projects – Physical Plant and Equipment Levy	2,100
		<u>\$ 122,892</u>

On May 6, 2010 the District issued an inter-fund note from the General Fund to the Disaster Recovery Fund at 1% interest rate until funds become available.

The General Fund advanced to Capital Projects – Statewide Sales, Service and Use Tax Fund to cover the transfer to the Disaster Recovery Fund to pay back the current year inter-fund note. The Capital Projects Fund will pay back the General Fund with the supplement revenue received in August 2014.

The General Fund advanced the School Nutrition Fund to cover payroll. The balance will be repaid by June 30, 2015.

The General Fun advanced the Capital Projects – Physical Plant and Equipment Levy to cover expenses. The balance will be repaid by June 30, 2015.

(4) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects – Statewide Sales, Service and Use Tax	\$ 495,517
Disaster Recovery	Capital Projects – Statewide Sales, Service and Use Tax	257,783
		<u>\$ 753,300</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Re- classified	Balance End Of Year
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 117,065	\$ -	\$ -	\$ -	\$ 117,065
Construction in progress	15,356	15,356	-	-	30,712
Total capital assets not being depreciated	<u>\$ 132,421</u>	<u>\$ 15,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,777</u>
Capital assets being depreciated:					
Buildings	\$ 24,832,057	\$ -	\$ -	\$ -23,432	\$ 24,808,625
Improvements other than buildings	1,223,827	15,651	-	-634,786	604,692
Furniture and equipment	3,337,513	161,080	-	658,218	4,156,811
Total capital assets being depreciated	<u>\$ 29,393,397</u>	<u>\$ 176,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,570,128</u>
Less accumulated depreciation for:					
Buildings	\$ 5,613,845	\$ 457,196	\$ -	\$ -2,277	\$ 6,068,764
Improvements other than buildings	498,602	40,132	-	-163,269	375,465
Furniture and equipment	2,525,923	346,145	-	165,546	3,037,614
Total accumulated depreciation	<u>\$ 8,638,370</u>	<u>\$ 843,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,481,843</u>
Total capital assets being depreciated, net	<u>\$ 20,755,027</u>	<u>\$ -666,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,088,285</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,887,448</u>	<u>\$ -651,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,236,062</u>
Business type activities:					
Furniture and equipment	\$ 36,462	\$ 9,867	\$ 10,818	\$ 35,511	
Less accumulated depreciation	25,428	2,969	10,818	17,579	
Business Type Activities Capital Assets, Net	<u>\$ 11,034</u>	<u>\$ 6,898</u>	<u>\$ -</u>	<u>\$ 17,932</u>	

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$ 651,067
Special	170
Other	135,770

Support services:

Instructional support	7,385
Administration	9,169
Operation and maintenance of plant services	13,028
Transportation	20,178

Non Instructional

6,706

Total Depreciation Expense – Governmental Activities

\$ 843,473

Business Type Activities:

Food service operations	\$ 2,969
Before & After School	-
Total Depreciation Expense – Business Type Activities	<u>\$ 2,969</u>

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
OPEB	\$ -	\$ 24,474	\$ -	\$ 24,474	\$ -
General obligation bonds	2,765,000	-	165,000	2,600,000	120,000
Statewide sales, services and use tax revenue bonds	5,460,000	-	215,000	5,245,000	225,000
Early retirement	117,947	311,774	57,472	372,249	113,600
Capital lease	-	63,302	22,313	40,989	19,911
Total	\$ 8,342,947	\$ 399,550	\$ 459,785	\$ 8,282,712	\$ 478,511

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed ten years of continuous service to the District. Employees must complete an application, which is subject to approval by the Board of Education. The early retirement incentive for each eligible employee approved by the Board will be \$5,000 yearly and will be applied toward the payment of health insurance premiums under the District's group insurance policy or 60% of the employee's final year's salary, distributed over 2 years into one of the state 403b companies. This incentive will remain in effect until the employee reaches eligibility for Medicare. In the event the Medicare guidelines change, the District will limit this incentive to a maximum of ten years. Early retirement expenditures for the year ended June 30, 2014 totaled \$57,472.

Capital Lease

The District entered into a capital lease for computers on December 10, 2013 for \$63,302.10 with annual payments of \$22,313.18 with a 5.586% interest rate. Future lease payments are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2015	5.586%	\$ 19,911	\$ 2,402	\$ 22,313
2016	5.586%	21,078	1,235	22,313
Total		\$ 40,989	\$ 3,637	\$ 44,626

General Obligation Bonds Payable

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond Issued June 1, 2009		
		Principal	Interest	Total
2015	3.75%	\$ 120,000	\$ 106,012	\$ 226,012
2016	3.75%	125,000	101,513	226,513
2017	3.75%	135,000	96,825	231,825
2018	3.75%	140,000	91,762	231,762
2019	3.75%	145,000	86,513	231,513
2020	3.75%	155,000	81,075	236,075
2021	4.00%	160,000	75,262	235,262
2022	4.00%	170,000	68,863	238,863
2023	4.00%	180,000	62,062	242,062
2024	4.10%	185,000	54,863	239,863
2025	4.20%	195,000	47,277	242,277
2026	4.30%	205,000	39,088	244,088
2027	4.35%	215,000	30,272	245,272
2028	4.40%	230,000	20,920	250,920
2029	4.50%	240,000	10,800	250,800
Total		\$ 2,600,000	\$ 973,107	\$ 3,573,107

Statewide Sales, Services and Use Tax Revenue Bonds

Details of the District's June 30, 2014 Statewide sales, service and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Bond Issued May 1, 2010		
		Principal	Interest	Total
2015	4.50%	\$ 225,000	\$ 265,455	\$ 490,455
2016	4.50%	235,000	255,105	490,105
2017	4.50%	245,000	244,305	489,305
2018	4.50%	255,000	233,055	488,055
2019	4.50%	265,000	221,355	486,355
2020	4.75%	280,000	208,743	488,743
2021	5.00%	295,000	194,717	489,717
2022	5.10%	310,000	179,438	489,438
2023	5.20%	325,000	163,082	488,082
2024	5.25%	340,000	145,708	485,708
2025	5.30%	360,000	127,242	487,242
2026	5.40%	375,000	107,578	482,578
2027	5.50%	400,000	86,453	486,453
2028	5.60%	420,000	63,692	483,692
2029	5.65%	445,000	39,361	484,361
2030	5.70%	470,000	13,395	483,395
Total		\$ 5,245,000	\$ 2,548,684	\$ 7,793,684

The District has pledged future statewide sales, service and use tax revenues to repay the \$5,885,000 of bonds issued in May 2010. The bonds were issued for the purpose of financing a portion of the costs of a new school. 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. Annual principal and interest payments on the bonds are expected to require nearly 100 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$7,793,684.

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

- a) \$501,610 of the proceeds from the issuance of the revenue bonds must be deposited into a 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.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2014.

Total principal, interest, and fees paid was \$792,367.

(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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered payroll for the years ended June 30, 2014, 2013 and 2012. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$478,764, \$434,796, and \$351,055, respectively, equal to the required contributions for each year.

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

Plan description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 85 active members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligations:

Annual required contribution	\$	82,921	
Interest on net OPEB obligation		-	
Adjustment to annual required contribution		-	
Annual OPEB cost	\$	82,921	
Contributions made		32,635	
Increase in net OPEB obligation	\$	50,286	
Net OPEB obligation beginning of year		-25,812	*
Net OPEB obligation end of year	\$	24,474	
*Prepaid OPEB liability			

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$503,683 to the medical plan. Plan members eligible for benefits contributed \$113,213, or 18.4% 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 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$65,000	157%	-\$37,000
June 30, 2011	\$65,000	206%	-\$67,947
June 30, 2012	\$65,000	219%	-\$77,971
June 30, 2013	\$78,603	33.3%	-\$25,812
June 30, 2014	\$82,921	39.4%	\$24,474

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$880,199, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$880,199. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,140,870 and the ratio of the UAAL to covered payroll was 21.3%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

Projected claim costs of the medical plan are \$651 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is exposed to various risks 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 \$344,720 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

The District's reserved fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Gifted and Talented Programs	\$ 96,988
Dropout Prevention	32,449
Beginning Teacher Mentoring	2,714
Market Factor	4,604
Iowa Early Intervention	47,183
Core Curriculum	78,448
Professional Development	50,398
Preschool Aid	59,179
Teacher Quality	53,878
Early Literacy	18,632
Teacher Leadership	8,124
Total	<u>\$ 452,597</u>

(12) Subsequent Events

The District has evaluated subsequent events through January 15, 2015 which is the date that the financial statement were available to be issued.

(13) Deficit Balances

The Disaster Recovery Tornado Fund and Capital Projects – Physical Plant and Equipment Levy had deficit balances of \$35,833 and \$11,456 at June 30, 2014. The deficit balances were a result of costs incurred exceeding available revenue.

(14) Contingencies

The District may be required to repay approximately \$975,000 to FEMA for de-obligated funding of the temporary facilities project due to the May 25, 2008 tornado. In October 2013, Iowa Homeland Security sent an invoice to the District asking for approximately \$800,000. FEMA took their money back by shorting the State of Iowa this amount during the last round of Federal Relief Funding. The Iowa Association of Schools Board is working with the District to secure a State allocation that would cover this amount. In May 2014, the District's legal counsel advised the District to do nothing.

(15) Other Commitments

The District has entered into a Capital Lease for 13 computers to be delivered July 1, 2014 for \$77,035.71 with three annual payments.

(16) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosure and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

Aplington-Parkersburg Community School District

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 5,335,605	\$ 278,908
Intermediate sources	-	-
State sources	5,022,598	3,750
Federal sources	293,106	180,552
Total Receipts	\$ 10,651,309	\$ 463,210
Disbursements:		
Instruction	\$ 6,201,951	\$ -
Support services	2,699,262	-
Non-instructional programs	2,116	470,961
Other expenditures	1,177,354	-
Total Disbursements	\$ 10,080,683	\$ 470,961
Excess (deficiency) of revenues over (under) expenditures/expenses	\$ 570,626	\$ -7,751
Other financing sources, net	117,182	-
Excess (deficiency) of revenues and other financing sources over (under) expenditure/expenses and other financing uses	\$ 687,808	\$ -7,751
Balances beginning of year	2,793,489	22,620
Balances End of Year	\$ 3,481,297	\$ 14,869

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts	Final to Actual Variance
\$	5,614,513	\$ 5,740,626	\$ -126,113
	-	-	-
	5,026,348	5,080,214	-53,866
	473,658	515,000	-41,342
\$	11,114,519	\$ 11,335,840	\$ -221,321
\$	6,201,951	\$ 6,350,000	\$ 148,049
	2,699,262	2,714,300	15,038
	473,077	596,000	122,923
	1,177,354	1,527,922	350,568
\$	10,551,644	\$ 11,188,222	\$ 636,578
\$	562,875	\$ 147,618	\$ 415,257
	117,182	257,783	-140,601
\$	680,057	\$ 405,401	\$ 274,656
	2,816,109	3,073,008	-256,899
\$	3,496,166	\$ 3,478,409	\$ 17,757

Aplington-Parkersburg Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2014

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

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

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

Aplington-Parkersburg Community School District

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

Required Supplementary Information

June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$-	\$807	\$807	0.0%	\$3,369	24%
2011	July 1, 2009	\$-	\$807	\$807	0.0%	\$3,559	23%
2012	July 1, 2009	\$-	\$807	\$807	0.0%	\$4,418	18%
2013	July 1, 2012	\$-	\$880	\$880	0.0%	\$4,272	21%
2014	July 1, 2012	\$-	\$880	\$880	0.0%	\$4,141	21.3%

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

Supplementary Information

Aplington-Parkersburg Community School District

Combining Balance Sheet
Non-Major Funds

June 30, 2014

	Capital Projects		Special Revenue		Total
	Disaster Recovery Tornado	Management Levy	Student Activity		
Assets					
Cash and pooled investments	\$ -	\$ 264,781	\$ 180,385	\$	445,166
Receivables:					
Property Tax:					
Delinquent	-	3,086	-		3,086
Succeeding year	-	249,999	-		249,999
Accounts	47,500	-	315		47,815
Intergovernmental	-	10	-		10
Total Assets	\$ 47,500	\$ 517,876	\$ 180,700	\$	746,076
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 73,974	\$ -	\$ 2,682	\$	76,656
Salaries and benefits payable	-	7,740	-		7,740
Interfund payable	9,359	-	-		9,359
Total liabilities	\$ 83,333	\$ 7,740	\$ 2,682	\$	93,755
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	\$ -	\$ 249,999	\$ -	\$	249,999
Total deferred inflows of resources	\$ -	\$ 249,999	\$ -	\$	249,999
Fund Balances:					
Restricted for:					
Management levy purposes	\$ -	\$ 260,137	\$ -	\$	260,137
Student activities	-	-	178,018		178,018
Unrestricted	-35,833	-	-		-35,833
Total fund balances	\$ -35,833	\$ 260,137	\$ 178,018	\$	402,322
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 47,500	\$ 517,876	\$ 180,700	\$	746,076

Aplington-Parkersburg Community School District

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

Year Ended June 30, 2014

	Capital Projects		Special Revenue		Total
	Disaster Recovery Tornado	Management Levy	Student Activity		
Revenues:					
Local Sources:					
Local tax	\$ -	\$ 220,161	\$ -	\$ -	\$ 220,161
Other	-	771	342,028	-	342,799
State sources	-	121	-	-	121
Total Revenues	\$ -	\$ 221,053	\$ 342,028	\$ -	\$ 563,081
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 9,359	\$ 97,067	\$ -	\$ -	\$ 106,426
Other instruction	-	-	352,008	-	352,008
Support Services:					
Administration services	2,553	-	-	-	2,553
Operation & maintenance of plant services	434	62,603	-	-	63,037
Transportation services	-	11,411	-	-	11,411
Non-instructional	-	2,116	-	-	2,116
Total Expenditures	\$ 12,346	\$ 173,197	\$ 352,008	\$ -	\$ 537,551
Excess (deficiency) of revenues over (under) expenditures	\$ -12,346	\$ 47,856	\$ -9,980	\$ -	\$ 25,530
Other Financing Sources (Uses):					
Operating transfer in	\$ 257,783	\$ -	\$ -	\$ -	\$ 257,783
Insurance proceeds	47,500	-	-	-	47,500
Total Other Financing Sources	\$ 305,283	\$ -	\$ -	\$ -	\$ 305,283
Net change in fund balance	\$ 292,937	\$ 47,856	\$ -9,980	\$ -	\$ 330,813
Fund balances beginning of year	-328,770	212,281	187,998	-	71,509
Fund Balance End of Year	\$ -35,833	\$ 260,137	\$ 178,018	\$ -	\$ 402,322

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

Combining Balance Sheet
Capital Project Accounts

June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ -	\$ -	\$ -
Receivables:			
Property Tax:			
Delinquent	-	1,185	1,185
Succeeding year	-	231,944	231,944
Due from other governments	432,489	4	432,493
Total Assets	\$ 432,489	\$ 233,133	\$ 665,622
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Interfund payable	\$ 111,361	\$ 2,100	\$ 113,461
Accounts	-	10,545	10,545
Total Liabilities	\$ 111,361	\$ 12,645	\$ 124,006
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	\$ 231,944	\$ 231,944
Total deferred inflow of resources	\$ -	\$ 231,944	\$ 231,944
Fund Balances:			
Restricted for:			
School infrastructure	\$ 321,128	\$ -	\$ 321,128
Unrestricted	-	-11,456	-11,456
Total fund balances	\$ 321,128	\$ -11,456	\$ 309,672
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 432,489	\$ 233,133	\$ 665,622

See accompanying independent auditor's report.

Aplington-Parkersburg Community School District

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

Year Ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local Sources:			
Local tax	\$ 737,813	\$ 83,121	\$ 820,934
Other	988	14,790	15,778
State sources	-	43	43
Total Revenues	<u>\$ 738,801</u>	<u>\$ 97,954</u>	<u>\$ 836,755</u>
Expenditures:			
Support Services:			
Instructional staff service	\$ -	\$ 80,434	\$ 80,434
Operation and maintenance of plant services	-	13,564	13,564
Transportation services	-	69,747	69,747
Other Expenditures:			
Facilities acquisition	-	40,267	40,267
Total Expenditures	<u>\$ -</u>	<u>\$ 204,012</u>	<u>\$ 204,012</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 738,801	\$ -106,058	\$ 632,743
Other Financing Sources (Uses):			
Operating transfers out	-753,300	-	-753,300
Proceeds from capital lease	-	63,302	63,302
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -14,499	\$ -42,756	\$ -57,255
Fund balances beginning of year	335,627	31,300	366,927
Fund Balances End of Year	<u>\$ 321,128</u>	<u>\$ -11,456</u>	<u>\$ 309,672</u>

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2014

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Athletics	\$ 53,352	\$ 110,269	\$ 118,660	\$ -	\$ 44,961
Music	16,001	4,940	3,934	-	17,007
Wellness	607	-	-	-	607
All weather track	1,205	3	-	-	1,208
Class of 2019	4,018	1,450	-	-	5,468
Class of 2013	444	193	393	252	496
Class of 2014	2,000	145	662	404	1,887
Class of 2015	2,220	617	814	-1,764	259
Class of 2020	-	1,245	-	2,220	3,465
Class of 2017	3,705	2,789	6,827	-	-333
Class of 2018	5,417	3,694	5,152	-	3,959
Auditorium	64	634	-	-	698
National Honor Society	2,247	1,577	1,416	-	2,408
Student Senate	584	2,098	2,145	-	537
Future Farmers of America	6,130	23,615	14,980	-	14,765
Cheerleaders	2,770	4,910	6,656	-	1,024
Musical	3,881	3,523	1,994	-	5,410
Drill Team	2,712	9,016	8,048	-	3,680
Spanish Club	5,367	7,880	4,846	-	8,401
Speech & Drama	2,376	1,608	2,028	-	1,956
Concessions	1,325	19,840	19,807	2,620	3,978
Popper	510	-	-	-	510
Elementary	11,221	5,173	4,619	-	11,775
Band Trip	5,487	78,274	79,353	-	4,408
All Coaches Fund	-	418	-	-	418
Lift-A-Thon	9,487	1,837	4,369	-	6,955
S.A.D.D.	162	154	-	-	316
Pop/Lounge	2,968	110	188	-2,620	270
N.F.L.	9,270	6,000	14,075	-	1,195
Greenhouse	1,556	-	-	-	1,556
High School Activity	5,490	568	-2,022	-	8,080
Industrial Arts Projects	2,515	1,611	3,943	-	183
SAGA	6,630	-	50	-	6,580
Field Maintenance	2,315	-	1,955	-	360
Middle School:					
Athletics	24	-	24	-	-
Promotion	147	2,647	2,747	-	47
Drama	1	358	953	594	-
Student Council	2,086	4,483	5,205	277	1,641
Athletic resale	59	-	-	-	59
Magazine sales	23	3,263	1,888	-1,390	8
Library	2,379	2,788	4,063	-	1,104
D C Trip	1,251	22,631	22,684	-	1,198

Aplington-Parkersburg Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2014

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Middle School (continued):					
Juice sales	\$ 138	\$ -	\$ -	\$ -138	\$ -
Projects	1,085	2,104	2,555	-455	179
Vocal music	839	901	-	-	1,740
Band	1,109	2,154	2,250	-	1,013
Elementary:					
ATOM Elementary project	4,561	4,446	2,501	-	6,506
Parkersburg Library	260	2,062	2,246	-	76
Total	\$ 187,998	\$ 342,028	\$ 352,008	\$ -	\$ 178,018

Aplington-Parkersburg Community School District

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

For the Last Ten Years

	Modified Accrual Basis			
	2014	2013	2012	2011
Revenues:				
Local Sources:				
Local tax	\$ 4,469,291	\$ 3,970,220	\$ 4,163,310	\$ 3,825,236
Tuition	385,853	374,518	377,026	379,206
Other	480,461	480,367	585,557	424,838
Intermediate sources	-	-	-	-
State sources	5,022,598	5,032,827	4,442,632	3,942,740
Federal sources	293,106	281,769	256,861	480,797
Total	\$ 10,651,309	\$ 10,139,701	\$ 9,825,386	\$ 9,052,817
Expenditures:				
Instruction:				
Regular instruction	\$ 3,926,431	\$ 3,726,395	\$ 3,627,814	\$ 3,478,937
Special instruction	897,684	1,017,770	942,282	817,305
Other instruction	1,377,836	1,268,447	1,204,257	1,007,584
Support services:				
Student services	205,741	180,133	159,612	182,141
Instructional staff services	323,596	262,488	203,467	189,895
Administrative services	795,793	808,968	714,177	703,798
Operation and maintenance of plant services	858,487	791,024	735,971	738,355
Transportation services	515,645	555,254	392,443	339,916
Non-instructional programs	2,116	12,248	12,740	9,925
Other expenditures:				
Facilities acquisition	40,267	109,966	44,977	173,083
Long-term debt:				
Principal	402,313	642,887	375,000	325,000
Interest and other charges	390,054	405,857	418,205	429,305
AEA flow-through	344,720	327,548	312,803	331,142
Total	\$ 10,080,683	\$ 10,108,985	\$ 9,143,748	\$ 8,726,386

See accompanying independent auditor's report.

Modified Accrual Basis

2010	2009	2008	2007	2006	2005
\$ 3,493,130	\$ 3,364,364	\$ 3,408,697	\$ 3,241,494	\$ 3,116,380	\$ 2,833,215
361,955	318,896	318,678	345,948	320,342	298,814
621,888	1,070,971	552,681	487,570	466,783	382,787
-	-	-	-	-	-
3,402,325	4,006,833	3,960,837	3,796,150	3,730,438	3,640,225
2,311,745	634,407	158,221	170,914	170,888	250,388
<u>\$ 10,191,043</u>	<u>\$ 9,395,471</u>	<u>\$ 8,399,114</u>	<u>\$ 8,042,076</u>	<u>\$ 7,804,831</u>	<u>\$ 7,405,429</u>
\$ 4,173,767	\$ 3,768,659	\$ 3,260,757	\$ 3,198,502	\$ 3,146,628	\$ 3,220,726
864,670	876,402	845,460	915,034	806,494	736,950
1,151,037	1,190,256	886,436	873,667	788,842	774,968
40,331	40,694	59,355	102,868	229,827	221,810
313,482	317,245	271,993	245,754	295,706	280,722
735,020	686,580	611,976	598,455	712,495	677,074
787,603	1,393,633	732,427	692,113	747,734	637,839
305,513	566,420	293,809	487,279	379,475	255,392
7,757	7,690	7,075	6,609	6,107	4,571
4,115,969	19,035,478	1,163,712	225,179	152,468	67,076
210,000	1,130,000	1,400,000	175,000	170,000	286,967
337,950	176,116	95,620	72,825	80,560	93,486
327,394	273,857	260,889	249,614	240,057	238,210
<u>\$ 13,370,493</u>	<u>\$ 29,463,030</u>	<u>\$ 9,889,509</u>	<u>\$ 7,842,899</u>	<u>\$ 7,756,393</u>	<u>\$ 7,495,791</u>

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

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

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 15, 2015.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-14 thru I-E-14 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-F-14 to be a significant deficiency.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

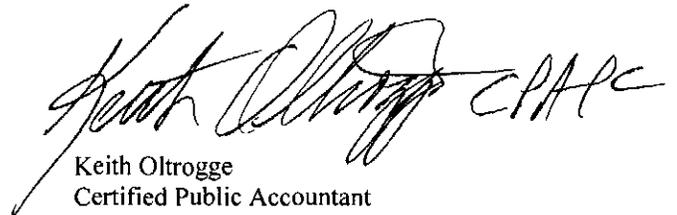
Aplington-Parkersburg Community School District's Responses to the Findings

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

Purpose of this Report

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

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



Keith Oltrogge
Certified Public Accountant

January 15, 2015

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2014

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I 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.

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

Conclusion – Response accepted.

I-B-14 Supporting Documentation – I noted three instances of checks being written to a vendor without an invoice or supporting documentation in the Activity Fund.

Recommendation – The District should review their procedures that are in place to ensure that all bills are supported, approved, and paid from an invoice. The District should adopt processes and procedures to use when an invoice may not be available, such as requiring additional approval or support documentation other than the invoice.

Response – The District will review its procedures to ensure invoices are provided for all payments.

Conclusion – Response accepted.

I-C-14 Supporting Documentation for Meal Money – I noted during my audit instances of students receiving meal money during District sponsored trips. However, there was no documentation as to who received funds and/or the amount of funds received.

Recommendation – The District should document who receives cash when going on trips. The District should have a list of who received the cash and the amount. The student should sign off upon receiving cash for a trip. The District should review the procedures in place and implement controls to ensure documentation is gathered to support the check written for cash needed for the trip.

Response – The District will document who is receiving cash by having the students sign that they have received the money.

Conclusion – Response acknowledged.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2014

Part I – Findings Related to the Financial Statements (continued):

INTERNAL CONTROL DEFICIENCIES:

I-D-14 School Nutrition Fund Accounts – I noted the Enterprise, School Nutrition Fund revenue and expenses classifications as required by the Iowa Department of Education were not accurately recorded in the general ledger. The District records student meal deposits as student lunch revenue and then allocates the breakfast, adult and ala carte revenues at year end. The District records food costs in one account and then allocates them at year end.

Recommendation – The District should record meal deposits in an unearned revenue liability account. On a monthly basis, the District should recognize the amount of meals served as revenue and record these in their applicable meal revenue category to ensure more accurate revenue classifications. The District should record expenses for food in the correct accounts as the purchases are made.

Response – We are implementing changes in procedures for fiscal year 2015 which will correct this problem.

Conclusion – Response accepted.

I-E-14 Disbursement Approval – For 12 of 28 general fund disbursements tested, there was no evidence to document the date the Superintendent approved the expenditures.

Recommendation – The District should ensure all expenditures are properly approved. The District should maintain documentation of the Superintendent's approval of claims for payment, such as the Superintendent's initials and date of approval.

Response – We will ensure all expenditures are properly approved and maintained documentation of the approval.

Conclusion – Response acknowledged.

I-F-14 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

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

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

Conclusions – Response accepted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2014

Part II - Other Findings Related to Statutory Reporting:

II-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 did not exceed the certified budget.

II-B-14 Questionable Expenditures – Certain disbursements were noted I believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Vendor	Description	Amount
Employee	Staff treats	\$88.25
Employee	Gift cards	316.92
Employee	Wrestling hospitality room food and pop	42.36
Leoh’s Gift Shop	Funeral gift	35.99

Recommendation – The District should review Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1) for the allowability of expenditures from the Student Activity Fund. When the District purchases items as gifts and food for teacher appreciation, these purchases would be more appropriate from the General Fund as long as public purpose is documented and the items are de minimis according to Internal Revenue Service Publication 15-B. Additionally, the Board of Directors should approve the purchase of such items prior to the expenditure and document the public purpose derived.

Gift cards are not appropriate district purchases since Iowa Code Section 279.29 requires districts to “audit and allow” all bills and the gift card does not provide the Board with the ability to perform the required function of approval of the final purchase. Also, some of the gift cards are for restaurants or establishments which may have items which are not an allowable purchase with public funds. Without knowing the ultimate purchase, we do not believe that the District can comply with Chapter 279.29.

Response – Beginning in fiscal 2015, the Student Activity Fund will not make any purchases for gifts, teacher appreciation supplies or other items that are not appropriate.

Conclusion – Response acknowledged

II-C-14 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-14 Business Transactions – Business transactions between the District and District officials or employees are as follows:

Name, Title & Business Connection	Transaction Description	Amount
Calvin Voss – Board Member & Owner of Voss Repair	Repairs and maintenance	\$1,381
Howard Thompson – Employee & Owner of Howard’s Repair	Grounds maintenance	\$731

In accordance with an Attorney General’s opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2014

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

II-E-14 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-F-14 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted.

II-G-14 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-H-14 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

II-I-14 Deposits and Investments – 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 were noted.

II-J-14 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.

II-K-14 Categorical Funding – No instances were noted of categorical funding being used to supplant rather the supplement other funds.

II-L-14 Sales Tax – Sales tax was paid by the District on one disbursement tested.

Recommendation – Supporting documentation should be reviewed carefully before disbursements are made.

Response – We will review all invoices for sales tax before payments are made.

Conclusion – Response acknowledged.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2014

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

II-M-14 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	335,627
Revenues/transfers in:			
Sales tax revenues	\$	371,741	
Other local revenues		988	
School infrastructure supplemental amount		366,072	738,801
			<hr/>
		\$	1,074,428
Expenditures/transfers out:			
Transfers to other funds:			
Debt service fund	\$	257,783	
Disaster recovery tornado fund		495,517	753,300
			<hr/>
Ending balance		\$	<u>321,128</u>

For the year ended June 30, 2014, the District reduced the following levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Debt service levy	\$ 1.9223	\$ 737,813
Physical plant and equipment levy	-	-
Public educational and recreational levy	-	-

II-N-14 Deficit Balances – The Disaster Recovery Tornado Fund and Capital Projects – Physical Plant and Equipment Levy had deficit balances of \$35,833 and \$11,456 at June 30, 2014. The Activity Fund had one deficit account at June 30, 2014.

Recommendation – The District should continue to monitor this situation and investigate alternatives to eliminate these deficits in order to return the funds to a sound financial condition.

Response – We are working on this.

Conclusion – Response accepted.

Aplington-Parkersburg Community School District

Schedule of Findings

Year Ended June 30, 2014

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

II-O-14 Enterprise Fund, School Nutrition –I noted in my testing of revenues for the Enterprise Fund, School Nutrition that the District records all meal sales and related revenues into one general ledger account for sale of student lunches. The matching expenses were also just recorded in one food purchase account.

Recommendation – The Iowa Department of Education requires any school district operating as a school authority to utilize the uniform chart of accounts in Iowa to record and track meal revenues and expenses. The District should record all meal account deposits to an unearned revenue account, then periodically allocate the earned portion of meal deposits to the proper accounts, including student lunches, student breakfasts, ala carte and adult lunches and breakfasts. Matching expenses also need to be recorded. This would allow the District to better track meal revenues and expenses and protect the underlying assets. It would also bring the District into compliance with Iowa Department of Education guidelines.

Response – We will properly adjust our revenue and expense recognition and coding in the School Nutrition Fund to comply with the Iowa Department of Education requirements.

Conclusion – Response accepted.

II-P-14 Student Activity Class Accounts – I noted during my audit that the Class of 2013 and Class of 2014 accounts in the Student Activity Fund had balances at year end.

Recommendation – Upon graduation, the remaining balances in old class accounts should be redistributed to other individual fund accounts or used as start-up funds for the next incoming class.

Response – The old class accounts will be closed and the remaining balances will be allocated among other activity accounts.

Conclusion – Response accepted.