

BELLE PLAINE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2014

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Belle Plaine Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2013 Election)

Marie Stratford	President	2015
Brad Cook	Vice President	2015
Mike Bachelder	Board Member	2015
Jon Garling	Board Member	2013
Rima Johnson	Board Member	2013

(After September 2013 Election)

Marie Stratford	President	2015
Brad Cook	Vice President	2015
Mike Bachelder	Board Member	2015
Jon Garling	Board Member	2017
Rima Johnson	Board Member	2017

School Officials

William Lynch	Superintendent	2014
Lori McClenathan	Business Manager/Board Treasurer	2014
Stacey Kolars	Board Secretary	2014
Lynch Dallas PC	Attorney	2014

Belle Plaine Community School District

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Belle Plaine Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine Community School District, Belle Plaine, 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine 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 Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of Funding Progress for the Retiree Health Plan and the Schedule of Funding Progress for the Supplemental Pension Plan on pages 7 through 16 and 42 through 45 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. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Belle Plaine Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2015 on our consideration of Belle Plaine Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide 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 Belle Plaine Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

February 20, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Belle Plaine 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 \$5,409,809 in fiscal year 2013 to \$5,547,270 in fiscal year 2014 and General Fund expenditures decreased from \$5,758,058 in fiscal year 2013 to \$5,693,784 in fiscal year 2014. Despite the trends, expenditures still outpaced revenues resulting in a decrease in the District's General Fund balance from \$1,567,897 at June 30, 2013 to \$1,421,383 at June 30, 2014, a 9.34% decrease from the prior year.
- The increase in General Fund revenues was attributable to increases in local source revenues received during fiscal year 2014. The decrease in General Fund expenditures was due primarily to decreased regular and special instruction expenditures.

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 Belle Plaine 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 Belle Plaine 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 Belle Plaine Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

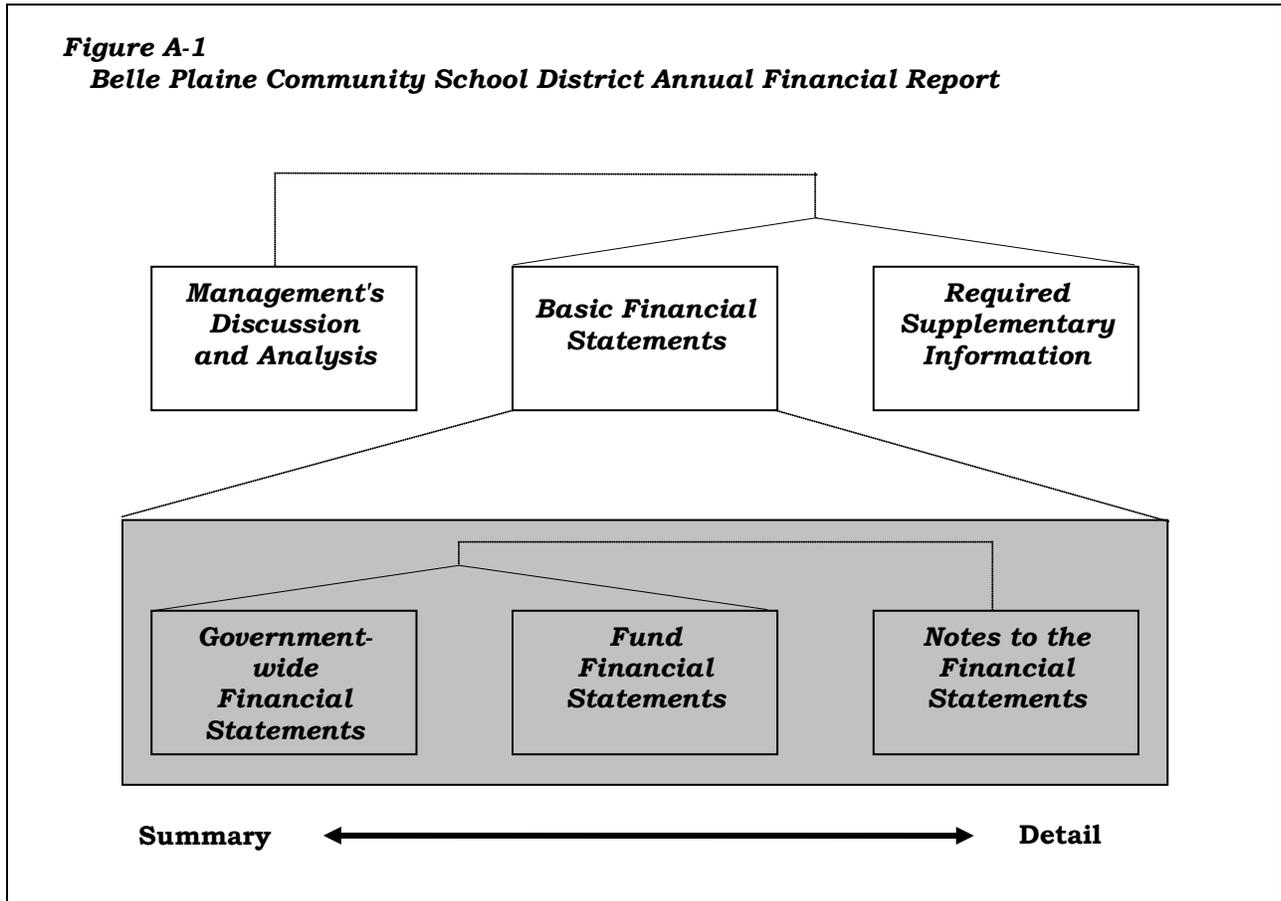


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows
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
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
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

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

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

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

Fund Financial Statements

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

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

The District has two 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, the Debt Service Fund and Capital Projects Fund.

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

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

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

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 7,310,779	7,529,492	100,569	154,058	7,411,348	7,683,550	-3.54%
Capital assets	10,147,900	10,278,908	51,767	58,898	10,199,667	10,337,806	-1.34%
Total assets	<u>17,458,679</u>	<u>17,808,400</u>	<u>152,336</u>	<u>212,956</u>	<u>17,611,015</u>	<u>18,021,356</u>	<u>-2.28%</u>
Long-term liabilities	7,411,949	7,724,402	1,837	1,837	7,413,786	7,726,239	-4.04%
Other liabilities	818,816	973,622	72,992	132,918	891,808	1,106,540	-19.41%
Total liabilities	<u>8,230,765</u>	<u>8,698,024</u>	<u>74,829</u>	<u>134,755</u>	<u>8,305,594</u>	<u>8,832,779</u>	<u>-5.97%</u>
Deferred inflows of resources	<u>2,031,356</u>	<u>2,251,832</u>	-	-	<u>2,031,356</u>	<u>2,251,832</u>	<u>-9.79%</u>
Net position:							
Net investment in capital assets	2,982,900	2,793,908	51,767	58,898	3,034,667	2,852,806	6.37%
Restricted	3,198,742	2,786,171	-	-	3,198,742	2,786,171	14.81%
Unrestricted	1,014,916	1,278,465	25,740	19,303	1,040,656	1,297,768	-19.81%
Total net position	<u>\$ 7,196,558</u>	<u>6,858,544</u>	<u>77,507</u>	<u>78,201</u>	<u>7,274,065</u>	<u>6,936,745</u>	<u>4.86%</u>

The District's combined net position increased by 4.86%, or \$337,320, over the prior year. A large 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 14.81%, or \$412,571, over the prior year. The increase in restricted net position can be mainly attributable to the increase in the Management Levy Fund balance.

Unrestricted net position - the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased 19.81%, or \$257,112, from the prior year. This decrease in unrestricted net position was due to the decrease in the fund balance of the General Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 as compared to 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	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 391,597	397,101	138,204	137,078	529,801	534,179	-0.82%
Operating grants, contributions and restricted interest	520,977	494,086	145,520	147,579	666,497	641,665	3.87%
Capital grants, contributions and restricted interest	12,725	28,375	-	-	12,725	28,375	100.00%
General revenues:							
Property tax	2,259,036	2,253,583	-	-	2,259,036	2,253,583	0.24%
Income surtax	284,037	239,532	-	-	284,037	239,532	18.58%
Statewide sales, services and use tax	506,079	495,616	-	-	506,079	495,616	2.11%
Unrestricted state grants	3,017,678	3,084,228	-	-	3,017,678	3,084,228	-2.16%
Unrestricted investment earnings	11,850	12,449	219	163	12,069	12,612	-4.31%
Other	81,565	94,875	531	148	82,096	95,023	-13.60%
Total revenues	<u>7,085,544</u>	<u>7,099,845</u>	<u>284,474</u>	<u>284,968</u>	<u>7,370,018</u>	<u>7,384,813</u>	<u>-0.20%</u>
Program expenses:							
Instructional	4,029,122	4,204,366	-	-	4,029,122	4,204,366	-4.17%
Support services	1,846,406	1,755,687	-	-	1,846,406	1,755,687	5.17%
Non-instructional programs	-	-	285,168	270,480	285,168	270,480	5.43%
Other expenses	872,002	814,060	-	-	872,002	814,060	7.12%
Total expenses	<u>6,747,530</u>	<u>6,774,113</u>	<u>285,168</u>	<u>270,480</u>	<u>7,032,698</u>	<u>7,044,593</u>	<u>-0.17%</u>
Excess(Deficiency) of revenues over(under) expenditures	338,014	325,732	(694)	14,488	337,320	340,220	-0.85%
Transfers	-	(1,475)	-	1,475	-	-	0.00%
Change in net position	338,014	324,257	(694)	15,963	337,320	340,220	-0.85%
Net position beginning of year	<u>6,858,544</u>	<u>6,534,287</u>	<u>78,201</u>	<u>62,238</u>	<u>6,936,745</u>	<u>6,596,525</u>	<u>5.16%</u>
Net position end of year	<u>\$ 7,196,558</u>	<u>6,858,544</u>	<u>77,507</u>	<u>78,201</u>	<u>7,274,065</u>	<u>6,936,745</u>	<u>4.86%</u>

In fiscal year 2014, local tax, statewide sales, services and use tax and unrestricted state grants account for 85.62% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.74% of the revenue from business type activities.

The District's total revenues were \$7,370,018 of which \$7,085,544 was for governmental activities and \$284,474 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.20% decrease in revenues and a 0.17% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$7,085,544 and expenses were \$6,747,530.

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

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 4,029,122	4,204,366	-4.17%	3,373,069	3,575,747	-5.67%
Support services	1,846,406	1,755,687	5.17%	1,795,876	1,676,102	7.15%
Other expenses	872,002	814,060	7.12%	653,286	602,702	8.39%
Totals	\$ 6,747,530	6,774,113	-0.39%	5,822,231	5,854,551	-0.55%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$391,597.
- Federal and state governments along with local sources subsidized certain programs with grants and contributions totaling \$533,702.
- The net cost of governmental activities was financed with \$2,259,036 in property tax, \$284,037 in income surtax, \$506,079 in statewide sales, services and use tax, \$3,017,678 in unrestricted state grants, \$11,850 in interest income, and \$81,565 in other general revenues.

Business Type Activities

Revenues from the District's business type activities were \$284,474 and expenses were \$285,168. The District's business type activities include the School Nutrition Fund. Revenues of this activity were mostly comprised of charges for service, federal and state reimbursements, and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Belle Plaine 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 \$4,325,565, above last year's ending combined fund balance of \$4,171,663. The primary reason for the increase in the combined fund balance at the end of fiscal year 2014 is the increase in the Management Levy Fund balance.

Governmental Fund Highlights

- The General Fund balance decreased from \$1,567,897 at June 30, 2013 to \$1,421,383 at June 30, 2014. Although revenues from local sources increased and expenditures were reduced in the instruction functional area, total expenditures outpaced total revenues leading to the decline in fund balance.

-
- The Management Levy Fund balance increased from \$613,875 at June 30, 2013 to \$757,627 at June 30, 2014. The fund balance improved despite a 22.31% reduction in local tax sources received as compared to the prior year.
 - The Capital Projects Fund balance increased from \$1,498,140 at June 30, 2013 to \$1,596,550 at June 30, 2014. The District was able to reduce capital outlay expenditures to create the improvement in fund balance.
 - The Debt Service Fund balance increased from \$363,436 at June 30, 2013 to \$421,246 at June 30, 2014.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$78,201 at June 30, 2013 to \$77,507 at June 30, 2014, representing a decrease of 0.89%.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Belle Plaine Community School District amended its budget one time to reflect additional expenditures associated with increased instructional and support service program costs.

The District's revenues were \$473,395 more than budgeted revenues, a variance of 6.86%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

Total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at or near 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 ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$10,199,667, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.34% from the previous year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$343,979.

The original cost of the District's capital assets was \$13,860,647. Governmental funds account for \$13,715,671 with the remainder of \$144,976 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$194,286 at June 30, 2013, compared to \$266,662 reported at June 30, 2014. This increase is due in part to the purchase of a new school bus and school vehicle during the year.

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	2013-14
Land	\$ 59,610	59,610	-	-	59,610	59,610	0.00%
Buildings	9,656,634	9,883,277	-	-	9,656,634	9,883,277	-2.29%
Land improvements	216,761	200,633	-	-	216,761	200,633	8.04%
Machinery and equipment	214,895	135,388	51,767	58,898	266,662	194,286	37.25%
Total	\$ 10,147,900	10,278,908	51,767	58,898	10,199,667	10,337,806	-1.34%

Long-Term Debt

At June 30, 2014, the District had \$7,413,786 in long-term debt outstanding. This represents a decrease of 4.04% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

The District had outstanding general obligation bonds payable of \$3,525,000 at June 30, 2014.

The District had outstanding revenue bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$3,640,000 at June 30, 2014.

The District had outstanding compensated absences payable from the General Fund of \$76,017 at June 30, 2014.

The District had an outstanding net pension liability of \$7,249 at June 30, 2014.

The District had a net OPEB liability of \$165,520 at June 30, 2014. Of this total, \$163,683 is attributed to governmental activities, with the remaining \$1,837 attributed to business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
General obligation bonds	\$ 3,525,000	3,690,000	-	-	3,525,000	3,690,000	-4.47%
Revenue bonds	3,640,000	3,795,000	-	-	3,640,000	3,795,000	-4.08%
Termination benefits	-	20,992	-	-	-	20,992	-100.00%
Compensated absences	76,017	54,727	-	-	76,017	54,727	38.90%
Net pension liability	7,249	-	-	-	7,249	-	100.00%
Net OPEB liability	163,683	163,683	1,837	1,837	165,520	165,520	0.00%
Total	\$ 7,411,949	7,724,402	1,837	1,837	7,413,786	7,726,239	-4.04%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District is facing the following circumstances which adversely affect District revenues and impact the budget:
 - Declining enrollment
 - Decrease in operational sharing
 - Reduction in State Aid funding

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 Stacey Kolars, Board Secretary, Belle Plaine Community School District, 707 7th Street, Belle Plaine, Iowa, 52208.

BASIC FINANCIAL STATEMENTS

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 4,513,168	93,635	4,606,803
Receivables:			
Property tax:			
Delinquent	29,396	-	29,396
Succeeding year	2,031,356	-	2,031,356
Income surtax	247,072	-	247,072
Accounts	474	593	1,067
Due from other funds	48,439	-	48,439
Due from other governments	440,874	-	440,874
Inventories	-	6,341	6,341
Capital assets, net of accumulated depreciation	10,147,900	51,767	10,199,667
Total assets	17,458,679	152,336	17,611,015
Liabilities			
Due to other funds	-	48,439	48,439
Accounts payable	146,277	105	146,382
Salaries and benefits payable	524,224	19,947	544,171
Advances from grantors	36,285	-	36,285
Accrued interest payable	112,030	-	112,030
Unearned revenue	-	4,501	4,501
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	175,000	-	175,000
Revenue bonds	185,000	-	185,000
Compensated absences	76,017	-	76,017
Portion due after one year:			
General obligation bonds	3,350,000	-	3,350,000
Revenue bonds	3,455,000	-	3,455,000
Net pension liability	7,249	-	7,249
Net OPEB liability	163,683	1,837	165,520
Total liabilities	8,230,765	74,829	8,305,594
Deferred Inflows of Resources			
Unavailable property tax revenue	2,031,356	-	2,031,356
Net Position			
Net investment in capital assets	2,982,900	51,767	3,034,667
Restricted for:			
Categorical funding	406,590	-	406,590
Management levy purposes	757,627	-	757,627
Debt service	666,934	-	666,934
School infrastructure	691,857	-	691,857
Physical plant and equipment	546,975	-	546,975
Student activities	128,759	-	128,759
Unrestricted	1,014,916	25,740	1,040,656
Total net position	\$ 7,196,558	77,507	7,274,065

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,669,574	116,933	64,054	-	(2,488,587)	-	(2,488,587)
Special	622,086	36,540	27,895	-	(557,651)	-	(557,651)
Other	737,462	201,272	209,359	-	(326,831)	-	(326,831)
	<u>4,029,122</u>	<u>354,745</u>	<u>301,308</u>	<u>-</u>	<u>(3,373,069)</u>	<u>-</u>	<u>(3,373,069)</u>
Support services:							
Student	115,609	-	500	-	(115,109)	-	(115,109)
Instructional staff	135,858	-	-	-	(135,858)	-	(135,858)
Administration	719,654	-	-	-	(719,654)	-	(719,654)
Operation and maintenance of plant	566,169	-	-	12,725	(553,444)	-	(553,444)
Transportation	309,116	36,852	453	-	(271,811)	-	(271,811)
	<u>1,846,406</u>	<u>36,852</u>	<u>953</u>	<u>12,725</u>	<u>(1,795,876)</u>	<u>-</u>	<u>(1,795,876)</u>
Long-term debt interest	388,634	-	-	-	(388,634)	-	(388,634)
Other expenses:							
AEA flowthrough	218,716	-	218,716	-	-	-	-
Depreciation(unallocated)*	264,652	-	-	-	(264,652)	-	(264,652)
	<u>483,368</u>	<u>-</u>	<u>218,716</u>	<u>-</u>	<u>(264,652)</u>	<u>-</u>	<u>(264,652)</u>
Total governmental activities	<u>6,747,530</u>	<u>391,597</u>	<u>520,977</u>	<u>12,725</u>	<u>(5,822,231)</u>	<u>-</u>	<u>(5,822,231)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	285,168	138,204	145,520	-	-	(1,444)	(1,444)
Total	<u>\$ 7,032,698</u>	<u>529,801</u>	<u>666,497</u>	<u>12,725</u>	<u>(5,822,231)</u>	<u>(1,444)</u>	<u>(5,823,675)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,715,451	-	1,715,451
Capital outlay					218,902	-	218,902
Debt service					324,683	-	324,683
Statewide sales, services and use tax					506,079	-	506,079
Income surtax					284,037	-	284,037
Unrestricted state grants					3,017,678	-	3,017,678
Unrestricted investment earnings					11,850	219	12,069
Other					81,565	531	82,096
Total general revenues					<u>6,160,245</u>	<u>750</u>	<u>6,160,995</u>
Change in net position					338,014	(694)	337,320
Net position beginning of year					<u>6,858,544</u>	<u>78,201</u>	<u>6,936,745</u>
Net position end of year					<u>\$ 7,196,558</u>	<u>77,507</u>	<u>7,274,065</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Manage- ment Levy	Capital Projects	Debt Service	Nonmajor: Student Activity	Total
Assets						
Cash and pooled investments	\$ 1,927,245	754,386	1,285,861	416,917	128,759	4,513,168
Receivables:						
Property tax:						
Delinquent	18,919	3,241	2,907	4,329	-	29,396
Succeeding year	1,383,404	100,000	218,425	329,527	-	2,031,356
Income surtax	222,365	-	24,707	-	-	247,072
Accounts	474	-	-	-	-	474
Due from other funds	48,439	-	28,463	-	-	76,902
Due from other governments	151,851	-	289,023	-	-	440,874
Total assets	\$ 3,752,697	857,627	1,849,386	750,773	128,759	7,339,242
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Due to other funds	\$ 28,463	-	-	-	-	28,463
Accounts payable	136,573	-	9,704	-	-	146,277
Salaries and benefits payable	524,224	-	-	-	-	524,224
Advances from grantors	36,285	-	-	-	-	36,285
Total liabilities	725,545	-	9,704	-	-	735,249
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	1,383,404	100,000	218,425	329,527	-	2,031,356
Income surtax	222,365	-	24,707	-	-	247,072
Total deferred inflows of resources	1,605,769	100,000	243,132	329,527	-	2,278,428
Fund balances:						
Restricted for:						
Categorical funding	406,590	-	-	-	-	406,590
Management levy purposes	-	757,627	-	-	-	757,627
Debt service	-	-	357,718	421,246	-	778,964
School infrastructure	-	-	691,857	-	-	691,857
Physical plant and equipment levy	-	-	546,975	-	-	546,975
Student activities	-	-	-	-	128,759	128,759
Unassigned	1,014,793	-	-	-	-	1,014,793
Total fund balances	1,421,383	757,627	1,596,550	421,246	128,759	4,325,565
Total liabilities, deferred inflows of resources and fund balances	\$ 3,752,697	857,627	1,849,386	750,773	128,759	7,339,242

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE 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 20)	\$	4,325,565
 <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.		10,147,900
Accounts receivable income surtax, are not yet available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		247,072
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(112,030)
Long-term liabilities, including general obligation bonds payable, revenue bonds payable, compensated absences payable, net pension benefits payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(7,411,949)</u>
Net position of governmental activities(page 18)	\$	<u><u>7,196,558</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Management Levy	Capital Projects	Debt Service	Nonmajor: Student Activity	Total
Revenues:						
Local sources:						
Local tax	\$ 1,720,782	250,795	247,365	324,683	-	2,543,625
Tuition	149,305	-	-	-	-	149,305
Other	160,886	3,665	14,459	5,292	186,488	370,790
State sources	3,324,393	-	506,079	-	-	3,830,472
Federal sources	191,904	-	-	-	-	191,904
Total revenues	5,547,270	254,460	767,903	329,975	186,488	7,086,096
Expenditures:						
Current:						
Instruction:						
Regular	2,662,374	20,992	-	-	-	2,683,366
Special	625,768	-	-	-	-	625,768
Other	563,125	-	-	-	186,044	749,169
	3,851,267	20,992	-	-	186,044	4,058,303
Support services:						
Student	129,136	-	-	-	-	129,136
Instructional staff	145,953	-	-	-	-	145,953
Administration	614,211	89,716	-	-	-	703,927
Operation and maintenance of plant	467,636	-	92,336	-	-	559,972
Transportation	266,865	-	95,000	-	-	361,865
	1,623,801	89,716	187,336	-	-	1,900,853
Capital outlay	-	-	42,469	-	-	42,469
Long-term debt:						
Principal	-	-	-	320,000	-	320,000
Interest and fiscal charges	-	-	-	391,853	-	391,853
	-	-	-	711,853	-	711,853
Other expenditures:						
AEA flowthrough	218,716	-	-	-	-	218,716
Total expenditures	5,693,784	110,708	229,805	711,853	186,044	6,932,194
Excess(Deficiency) of revenues over(under) expenditures	(146,514)	143,752	538,098	(381,878)	444	153,902
Other financing sources(uses):						
Transfer in	-	-	-	439,688	-	439,688
Transfer out	-	-	(439,688)	-	-	(439,688)
Total other financing sources(uses)	-	-	(439,688)	439,688	-	-
Change in fund balances	(146,514)	143,752	98,410	57,810	444	153,902
Fund balances beginning of year	1,567,897	613,875	1,498,140	363,436	128,315	4,171,663
Fund balances end of year	\$ 1,421,383	757,627	1,596,550	421,246	128,759	4,325,565

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE 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

Change in fund balances - total governmental funds(page 22) \$ 153,902

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

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

Capital outlay	\$ 205,840	
Depreciation expense	<u>(336,848)</u>	(131,008)

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. 320,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,219

Income surtax accounts receivable is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds. (552)

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

Compensated absences	(21,290)	
Termination benefits	20,992	
Net pension benefits	<u>(7,249)</u>	<u>(7,547)</u>

Change in net position of governmental activities(page 19) \$ 338,014

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Enterprise, School Nutrition
Assets	
Current assets:	
Cash and pooled investments	\$ 93,635
Accounts receivable	593
Inventories	6,341
Total current assets	100,569
Noncurrent assets:	
Capital assets, net of accumulated depreciation	51,767
Total assets	152,336
Liabilities	
Current liabilities:	
Due to other funds	48,439
Accounts payable	105
Salaries and benefits payable	19,947
Unearned revenue	4,501
Total current liabilities	72,992
Noncurrent liabilities:	
Net OPEB liability	1,837
Total liabilities	74,829
Net Position	
Net investment in capital assets	51,767
Unrestricted	25,740
Total net position	\$ 77,507

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 138,204
Miscellaneous	531
Total operating revenues	138,735
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	115,623
Benefits	24,327
Services	590
Supplies	137,497
Depreciation	7,131
Total operating expenses	285,168
Operating loss	(146,433)
Non-operating revenues:	
State sources	2,155
Federal sources	143,365
Interest income	219
Total non-operating revenues	145,739
Change in net position	(694)
Net position beginning of year	78,201
Net position end of year	\$ 77,507

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2014

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 138,417
Cash received from miscellaneous	531
Cash payments to employees for services	(139,211)
Cash payments to suppliers for goods or services	(110,511)
Net cash used in operating activities	(110,774)
Cash flows from non-capital financing activities:	
Repayments to the General Fund	(60,838)
State grants received	2,155
Federal grants received	118,321
Net cash provided by non-capital financing activities	59,638
Cash flows from investing activities:	
Interest on investments	219
Net increase in cash and cash equivalents	(50,917)
Cash and cash equivalents beginning of year	144,552
Cash and cash equivalents end of year	\$ 93,635
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (146,433)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	25,044
Depreciation	7,131
Decrease in inventories	2,490
Increase in interfund receivables	-
Decrease in accounts receivable	82
Increase in accounts payable	42
Increase in salaries and benefits payable	739
Increase in unearned revenue	131
Decrease in other postemployment benefits	-
Net cash used in operating activities	\$ (110,774)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received \$25,044 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

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

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's nonfiduciary assets, 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 preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

The Special Revenue Management Fund is utilized to account for the District's termination benefits, workmen's comprehensive claims, and payments for the District's property insurance.

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

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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 To and Due From Other Funds - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as June 30, 2014, balances of interfund accounts receivable or payable have been recorded.

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

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

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

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Intangibles	35,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

Salaries and benefits payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is 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.

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

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

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches.

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.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Unassigned - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

The District's deposits 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. At June 30, 2014, the District had no investments.

Note 3. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 59,610	-	-	59,610
Capital assets being depreciated:				
Buildings	12,161,757	21,608	-	12,183,365
Land improvements	334,340	32,529	-	366,869
Machinery and equipment	1,105,020	151,703	150,896	1,105,827
Total capital assets being depreciated	13,601,117	205,840	150,896	13,656,061
Less accumulated depreciation for:				
Buildings	2,278,480	248,251	-	2,526,731
Land improvements	133,707	16,401	-	150,108
Machinery and equipment	969,632	72,196	150,896	890,932
Total accumulated depreciation	3,381,819	336,848	150,896	3,567,771
Total capital assets being depreciated, net	10,219,298	(131,008)	-	10,088,290
Governmental activities capital assets, net	\$ 10,278,908	(131,008)	-	10,147,900
Business type activities:				
Machinery and equipment	\$ 144,976	-	-	144,976
Less accumulated depreciation	86,078	7,131	-	93,209
Business type activities capital assets, net	\$ 58,898	(7,131)	-	51,767

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular		\$ 5,252
Special		2,740
Other		7,776
Support services:		
Student		3,324
Instructional staff		3,892
Administration		9,462
Operation and maintenance of plant		2,632
Transportation		37,118
		72,196
Unallocated depreciation		264,652
		\$ 336,848
Total governmental activities depreciation expense		
Business type activities:		
Food service operations		\$ 7,131

Note 4. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,690,000	-	165,000	3,525,000	175,000
Revenue bonds	3,795,000	-	155,000	3,640,000	185,000
Termination benefits	20,992	-	20,992	-	-
Compensated absences	54,727	76,017	54,727	76,017	76,017
Net pension liability	-	7,249	-	7,249	-
Net OPEB liability	163,683	-	-	163,683	-
Total	\$ 7,724,402	83,266	395,719	7,411,949	436,017
Business type activities:					
Net OPEB liability	\$ 1,837	-	-	1,837	-

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 issue May 1, 2009		
		Principal	Interest	Total
2015	3.50	% \$ 175,000	154,028	329,028
2016	3.75	180,000	147,902	327,902
2017	4.00	185,000	141,152	326,152
2018	4.25	195,000	133,753	328,753
2019	4.25	205,000	125,465	330,465
2020-2024	4.25-4.50	1,150,000	488,513	1,638,513
2025-2029	4.50-4.70	1,435,000	205,880	1,640,880
Total		\$ 3,525,000	1,396,693	4,921,693

Revenue Bonds Payable

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

Year Ending June 30,	Interest Rate	Bond issue May 1, 2009		
		Principal	Interest	Total
2015	3.40	% \$ 185,000	168,573	353,573
2016	3.60	185,000	163,097	348,097
2017	3.80	195,000	156,062	351,062
2018	4.00	195,000	148,458	343,458
2019	4.20	200,000	140,358	340,358
2020-2024	4.40-5.00	1,095,000	557,371	1,652,371
2025-2029	5.10-5.40	1,290,000	258,142	1,548,142
2030	5.50	295,000	8,112	303,112
Total		\$ 3,640,000	1,600,173	5,240,173

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,150,000 bonds issued in May 2009. The bonds were issued for the purpose of financing a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 70% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$5,240,173. For the current year, \$155,000 in principal \$174,043 interest was paid on the bonds and the total statewide sales, services and use tax revenues were \$506,079.

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

- a) \$357,718 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Termination Benefits

The District offers a voluntary early retirement plan to its full-time and part-time employees. Eligible employees must be at least age fifty-five and must have completed at least fifteen years of service to the District. Employees who have at least fifteen years of service will receive \$4,500, employees with at least twenty years of service will receive \$5,500 and employees with at least twenty five years of service will receive \$6,500. Retirees have the option to apply for continued health coverage at their own expense under the District’s policy. Employees must complete an application which is subject to approval by the Board of Education. For the year ended June 30, 2014, the District paid \$20,992 for termination benefits.

Note 5. Due To and Due From Other Funds

The detail of the interfund receivables and payables at June 30, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects: Physical Plant and Equipment Levy	\$ 28,463
General	School Nutrition	<u>48,439</u>
Total		<u><u>\$ 76,902</u></u>

The Capital Projects: Physical Plant and Equipment Levy Fund is repaying the General Fund for revenues receipted to the wrong fund.

The Nutrition Fund is repaying the General Fund for salaries and benefits paid in prior years by the General Fund.

Note 6. Interfund Transfers

The detail of interfund 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	\$ 439,688

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

Note 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health plan which provides medical and prescription drug benefits for employees, retirees, and their spouses. There are 37 active and 5 retired members in the plan. Retired participants must be age 55 or older at time of retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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 that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

GASB Statement No. 45 allows Districts with fewer than 100 employees included on the District’s health plan to use the Alternative Measurement Method to determine the net OPEB liability. Those Districts with fewer than 100 members are required to get new actuarial valuations every three years barring a substantial change in the plan. Under the Alternative Measurement Method, the net OPEB liability remains the same until the District is required to renew their actuarial valuation. The net OPEB liability as of the most recent valuation is \$165,520. The District is scheduled to need a new valuation dated July 1, 2015 for fiscal year 2016.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 is summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 131,983	49.25%	\$ 218,509
2013	13,311	498.08	165,520
2014	-	0.00	165,520

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 \$147,016, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$147,016. The covered payroll (annual payroll of active employees covered by the plan) was \$1,622,805, and the ratio of the UAAL to covered payroll was 9.1%. 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 for the Retiree Health Plan, 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 entry age actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the District's funding policy. Life expectancy rates are from the Life Expectancy Table from National Center Health Statistics updated in 2008. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Supplemental Pension Plan

Plan Description - The District offers a supplemental pension (early retirement incentive) for all eligible employees who attain age 55 with 15 or more years of service, submit an application to the Board of Directors, receive Board approval, and retire by June 30 of the same year.

There are 77 active members in the plan as of June 30, 2014. The pension benefit is defined as:

- Full time employees with a minimum of 15 years of service and have attained at least 55 years of age receive a cash benefit of \$4,500.
- Full time employees with a minimum of 20 years of service and have attained at least 55 years of age receive a cash benefit of \$5,500.
- Full time employees with a minimum of 25 years of service and have attained at least 55 years of age receive a cash benefit of \$6,500.

Funding Policy - Payments under the plan are made on a pay-as-you-go basis. There are no interest plan assets accumulated for payment of future benefits. The District makes the contributions from the Special Revenue, Management Levy Fund.

Annual Pension Cost and Net Pension Obligation - The District's annual pension cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 27, as amended by GASB Statement No. 50. 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 pension cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net pension obligation:

Annual required contribution	\$ 7,249
Interest on net pension obligation	-
Adjustment to annual required contribution	20,992
Annual pension cost	<u>28,241</u>
Contributions made	<u>(20,992)</u>
Increase in net pension obligation	7,249
Net pension obligation beginning of year	-
Net pension obligation end of year	<u><u>\$ 7,249</u></u>

For calculation of the net pension obligation, the actuary has set the transition day as July 1, 2013. The end of the year net pension obligation was calculated 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 \$20,992 to the pension plan. The District's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation are summarized as follows:

Year Ended June 30,	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2014	\$ 28,241	74.33%	\$ 7,249

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$217,463, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$217,463. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,522,213 and the ratio of the UAAL to covered payroll was 6.2%. 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 employee retirement age. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. As this is the first year the UAAL was calculated for financial statements, there is no 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. The Schedule of Funding Progress for the Supplemental Pension Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques 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 calculation.

As of July 1, 2013 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. An inflation rate of 0% is assumed for purposes of this computation. The actuarial assumptions used for mortality rates, employee termination by age and group, employee retirement by age and group and others are similar to or identical to the GASB Statement No. 45 assumptions used to determine the OPEB. The UAAL is being amortized as a level dollar cost using a closed group method over 30 years.

Note 9. 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 salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$344,179, \$321,024, and \$295,186 respectively, equal to the required contributions for each year.

Note 10. Risk Management

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

Note 11. 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 \$218,716 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.

Note 12. Categorical Funding

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

Program	Amount
Returning dropouts and dropout prevention programs	\$ 192,265
Teacher salary supplement	33,684
Four-year-old preschool state aid	92,309
Beginning administrator mentoring and induction program	1,346
Successful progression for early readers	16,354
Professional development for model core curriculum	16,389
Professional development	47,184
Teacher leadership grants	7,059
Total	\$ 406,590

Note 13. 28E Lease Agreement

On September 17, 2008, the District entered into a 28E agreement with HLV Community School District, for the lease of a shared maintenance facility owned by John Grieder. Monthly payments of \$600 are split evenly between the two Districts, each paying \$300 per month until either the Districts or the landlord terminates this lease.

Note 14. Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position are as follows:

	<u>Net investment in Capital Assets</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	778,964	1,014,793
Capital assets, net of accumulated depreciation	10,147,900	-	-
General obligation bond capitalized indebtedness	(3,525,000)	-	-
Revenue bond capitalized indebtedness	(3,640,000)	-	-
Accrued interest payable	-	(112,030)	-
Income surtax receivable	-	-	247,072
Compensated absences payable	-	-	(76,017)
Net pension liability	-	-	(7,249)
Net OPEB liability	-	-	(163,683)
Net position (Exhibit A)	<u>\$ 2,982,900</u>	<u>666,934</u>	<u>1,014,916</u>

Note 15. Prospective Account 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 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.

Belle Plaine Community School District

REQUIRED SUPPLEMENTARY INFORMATION

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2014

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,063,720	138,954	3,202,674	3,397,950	3,397,950	(195,276)
State sources	3,830,472	2,155	3,832,627	3,221,225	3,221,225	611,402
Federal sources	191,904	143,365	335,269	278,000	278,000	57,269
Total revenues	<u>7,086,096</u>	<u>284,474</u>	<u>7,370,570</u>	<u>6,897,175</u>	<u>6,897,175</u>	<u>473,395</u>
Expenditures/Expenses:						
Instruction	4,058,303	-	4,058,303	4,164,500	4,350,000	291,697
Support services	1,900,853	-	1,900,853	2,276,000	2,300,000	399,147
Non-instructional programs	-	285,168	285,168	300,000	300,000	14,832
Other expenditures	973,038	-	973,038	1,304,157	1,304,157	331,119
Total expenditures/expenses	<u>6,932,194</u>	<u>285,168</u>	<u>7,217,362</u>	<u>8,044,657</u>	<u>8,254,157</u>	<u>1,036,795</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	153,902	(694)	153,208	(1,147,482)	(1,356,982)	1,510,190
Balances beginning of year	<u>4,171,663</u>	<u>78,201</u>	<u>4,249,864</u>	<u>3,226,018</u>	<u>3,226,018</u>	<u>1,023,846</u>
Balances end of year	<u>\$ 4,325,565</u>	<u>77,507</u>	<u>4,403,072</u>	<u>2,078,536</u>	<u>1,869,036</u>	<u>2,534,036</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$209,500.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

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	-	\$ 1,532,000	1,532,000	0.0%	\$ 3,304,982	46.4%
2011	July 1, 2009	-	1,532,000	1,532,000	0.0	3,177,384	48.2
2012	July 1, 2009	-	1,532,000	1,532,000	0.0	3,657,823	41.9
2013	July 1, 2012	-	147,016	147,016	0.0	1,880,008	7.8
2014	July 1, 2012	-	147,016	147,016	0.0	1,622,805	9.1

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 SUPPLEMENTAL PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

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)
2014	July 1, 2013	-	\$ 217,463	217,463	0.0%	\$ 3,522,213	6.2%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Belle Plaine Community School District

SUPPLEMENTARY INFORMATION

BELLE PLAINE 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	\$ 760,552	525,309	1,285,861
Receivables:			
Property tax:			
Delinquent	-	2,907	2,907
Succeeding year	-	218,425	218,425
Income surtax	-	24,707	24,707
Due from other funds	-	28,463	28,463
Due from other governments	289,023	-	289,023
Total assets	\$ 1,049,575	799,811	1,849,386
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	9,704	9,704
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	218,425	218,425
Income surtax	-	24,707	24,707
Total deferred inflows of resources	-	243,132	243,132
Fund balances:			
Restricted for:			
Debt service	357,718	-	357,718
School infrastructure	691,857	-	691,857
Physical plant and equipment levy	-	546,975	546,975
Total fund balances	1,049,575	546,975	1,596,550
Total liabilities, deferred inflows of resources and fund balances	\$ 1,049,575	799,811	1,849,386

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE 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	\$ -	247,365	247,365
Tuition	-		-
Other	-	14,459	14,459
State sources	506,079	-	506,079
Total revenues	<u>506,079</u>	<u>261,824</u>	<u>767,903</u>
Expenditures:			
Current:			
Support services:			
Adminstration	-		-
Operation and maintenance of plant	-	92,336	92,336
Transportation	-	95,000	95,000
Capital outlay	-	42,469	42,469
Total expenditures	<u>-</u>	<u>229,805</u>	<u>229,805</u>
Excess of revenues over expenditures	506,079	32,019	538,098
Other financing uses:			
Transfer out	<u>(439,688)</u>	-	<u>(439,688)</u>
Change in fund balances	66,391	32,019	98,410
Fund balances beginning of year	<u>983,184</u>	<u>514,956</u>	<u>1,498,140</u>
Fund balances end of year	<u>\$ 1,049,575</u>	<u>546,975</u>	<u>1,596,550</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
School Play	\$ 41	512	553	-	-
Speech	141	59	36	-	164
Speech fundraiser	63	46	-	-	109
Vocal	200	-	-	-	200
Band	99	101	101	-	99
Boys Cross Country	-	200	200	-	-
Girls Cross Country	86	114	200	-	-
Boys Cross Country Fundraiser	132	1,039	915	-	256
Boys/Girls Golf	64	686	300	-	450
Boys Basketball	9	741	702	-	48
Boys Basketball Fundraiser	213	-	213	-	-
Football	-	1,250	1,250	-	-
Football Fundraiser	2,274	7,951	8,971	-	1,254
Baseball	-	750	750	-	-
Baseball Fundraiser	753	3,539	3,340	-	952
Boys Track	-	375	375	-	-
Boys Track Fundraiser	81	2,122	2,121	-	82
Boys Golf Fundraiser	489	382	265	-	606
Wrestling	-	750	750	-	-
Wrestling Fundraiser	16	25	39	-	2
Girls Basketball	4	1,126	1,130	-	-
Girls Basketball Fundraiser	1,307	2,490	2,921	-	876
Volleyball	10	740	750	-	-
Volleyball Fundraiser	3,446	6,707	7,521	-	2,632
Softball	114	635	749	-	-
Softball Fundraiser	63	780	558	-	285
Girls Track	55	320	350	-	25
Girls Track Fundraiser	1,606	8,514	8,414	-	1,706
Activities	8,544	61,361	65,312	536	5,129
Cheerleading Fundraiser	890	3,442	2,257	-	2,075
Cheerleading	-	400	400	-	-
Dance/Drill Team	385	-	-	-	385
K-8 Art Club	169	240	334	-	75
Junior High/Elementary Drama	217	200	224	-	193
PBIS-HS	19	57	76	-	-
Science Club	1,353	25	-	-	1,378
Pep Club	499	-	-	-	499
High School Student Council	5,710	602	1,308	535	5,539
Annual	13,369	7,151	6,364	536	14,692
Close Up	339	1,090	537	-	892
Spanish club	187	-	-	-	187
FFA	44,798	44,708	41,005	-	48,501
Win With Wellness	807	100	133	-	774
Video Club	561	263	352	-	472
German Club	182	249	-	-	431
Prom	613	839	718	-	734
Lego Club	136	392	380	-	148
Junior High Student Council	2,428	631	779	-	2,280
Camp Courageous	673	1,116	765	-	1,024
6th Grade	364	-	364	-	-
Elementary Student Council	12,550	1,066	5,047	-	8,569
Student/Staff Pop fund	4,163	4,585	4,984	-	3,764
Field Trip	1,511	-	-	-	1,511
Class of 2011	274	-	-	(274)	-
Class of 2012	570	-	-	(570)	-
Class of 2013	1,022	1,168	2,190	-	-
Class of 2014	1,573	400	1,044	211	1,140
Class of 2015	1,468	2,129	300	211	3,508
Class of 2016	4,274	322	1,684	211	3,123
Class of 2017	3,935	323	-	210	4,468
Class of 2018	2,389	2,336	1,172	-	3,553
Class of 2019	-	8,810	4,841	-	3,969
Interest	1,077	529	-	(1,606)	-
Total	\$ 128,315	186,488	186,044	-	128,759

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

BELLE PLAINE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 2,543,625	2,996,345	3,156,043	3,085,771	2,878,235	2,650,971	2,488,684	2,311,470	2,187,039	2,197,074
Tuition	149,305	115,238	194,965	177,573	164,036	176,204	138,590	167,612	128,317	263,300
Other	370,790	446,877	403,119	451,601	508,547	613,970	420,898	357,117	319,339	237,063
State sources	3,830,472	3,372,603	3,313,223	3,283,645	2,984,563	3,205,102	3,190,242	3,114,097	2,986,849	3,019,856
Federal sources	191,904	176,396	319,593	175,498	578,831	112,634	127,976	120,028	129,567	126,370
Total	\$ 7,086,096	7,107,459	7,386,943	7,174,088	7,114,212	6,758,881	6,366,390	6,070,324	5,751,111	5,843,663
Expenditures:										
Instruction:										
Regular	\$ 2,683,366	2,729,474	2,831,661	2,836,335	2,619,266	2,392,766	2,450,902	2,534,811	2,546,399	2,496,924
Special	625,768	730,209	731,631	775,040	649,172	741,855	624,013	705,497	671,141	675,667
Other	749,169	762,789	628,846	633,044	686,781	799,478	558,205	512,360	498,777	489,880
Support services:										
Student	129,136	115,893	85,638	84,377	77,507	50,455	44,050	77,402	79,791	92,382
Instructional staff	145,953	129,172	108,546	141,436	79,796	76,334	79,943	150,924	170,979	108,201
Administration	703,927	632,184	614,326	553,608	683,918	1,095,919	618,806	724,720	693,490	662,511
Operation and maintenance of plant	559,972	529,144	489,315	524,192	468,412	447,593	453,011	460,129	472,027	493,409
Transportation	361,865	285,875	363,978	393,408	248,164	216,812	294,431	311,662	228,354	208,482
Capital outlay	42,469	272,092	66,963	1,902,308	7,128,710	152,655	16,188	59,558	139,931	51,903
Long Term Debt:										
Principal	320,000	320,000	285,000	215,000	145,000	-	-	-	-	-
Interest and fiscal charges	391,853	343,638	353,218	357,275	300,685	600	-	-	-	-
Other expenditures:										
AEA flow-through	218,716	211,358	209,569	237,896	236,563	216,427	211,997	208,301	201,163	201,940
Total	\$ 6,932,194	7,061,828	6,768,691	8,653,919	13,323,974	6,190,894	5,351,546	5,745,364	5,702,052	5,481,299

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of the Belle Plaine Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Belle Plaine 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 our report thereon dated February 20, 2015.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a 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. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-14 and I-C-14 to be significant deficiencies.

Compliance and Other Matters

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

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of 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 our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Belle Plaine Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

February 20, 2015
Newton, Iowa

BELLE PLAINE 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 noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.

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

Response - The District will continue to look for ways to improve internal controls.

Conclusion - Response accepted.

I-B-14 Bank Reconciliations - We noted during our audit that bank reconciliations for the Bankers Trust statements were not being completed timely.

The District is currently reconciling the Bank Statements for the District's checking accounts; however, many of the reconciling items appear to be repeated for several months prior to posting of the reconciling items.

Recommendation - Bankers Trust statements should be reconciled monthly to the District's financial statements.

The bank reconciliation serves as a control for the receipting process as well as the disbursement process. We suggest that the bank reconciliations, when completed, are initialed by an independent person who compares the general ledger balances to the reconciled balances to ensure that reconciling items are being cleared from bank reconciliations in a timely manner.

Response - The District will balance Bankers Trust statements monthly.

Conclusion - Response accepted.

I-C-14 Title I Reporting - We noted during our audit that Title I reports submitted to the Iowa Department of Education were not reconciled to actual expenses reported in the District's general ledger.

Recommendation - The District needs to reconcile Title I reports submitted to the Iowa Department of Education to actual expenses reported in the District's general ledger. Once this reconciliation is completed, the District should amend the Title I budget to match revenues to actual general ledger expenditures.

Response - The District will reconcile Title I reports to actual expenses reported, and will amend the Title I budget to match actual general ledger expenditures.

Conclusion - Response accepted.

OTHER MATTERS:

I-D-14 Board Policies - We noted during our audit the District's board policy book appears to have not been kept up to date. All board policies should be reviewed every five years and documented when approved and reviewed.

Recommendation - The District should review the board policy book and update all policies that have not been updated within the past five years. The District should take steps to review board policies in a more timely manner.

Response - The District is in the process of updating its Board policies.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - Expenditures for the year ended June 30, 2014 did not exceed the amounts budgeted.

II-B-14 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

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 - No business transactions between the District and District officials were noted.

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 that the coverage is adequate for current operations.

II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

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

- 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 - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy, except as follows. It was noted that the District has funds at Bankers Trust, however, Bankers Trust was not approved as an official depository in the District's depository resolution.

Recommendation - Per Chapter 12C.2 of the Code of Iowa, the approval of a financial institution as a depository of public funds for a public body shall be by written resolution or order that shall be entered of record in the minutes of the approving board, and that shall distinctly name each depository approved, and specify the maximum amount that may be kept on deposit in each depository.

Response - The District will name Bankers Trust as an official depository in the District's depository resolution.

Conclusion - Response accepted.

- II-J-14 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely; and we noted no significant deficiencies in the amounts reported.

- II-K-14 Categorical Funding - We noted during our audit that the District attributed \$7,897 of transportation expenses to the Returning Dropouts and Dropout Prevention Program. As set out by Iowa Administrative Code 281 Chapter 98.21(3) "Financial Management of Categorical Funding", any expenditure not directly related to providing the returning dropout and dropout prevention program beyond the scope of the regular classroom is an inappropriate expenditure. We also noted \$33,792 of expenses for a counselor which should have been attributed to the Returning Dropouts and Dropout Prevention Program.

The following are adjustments to the ending restricted balances for categorical funding:

	Restricted Balance on District's CAR	Amount of Expense Adjustment	Audited Ending Restricted Balance
Returning dropouts and dropout prevention programs	\$ 218,160	25,895	192,265

Recommendation - The District should review their procedures to ensure expenditures coded to returning dropouts and dropout prevention are allowable per Chapter 281-98.21 of the Code of Iowa.

Response - The District will ensure future expenditures are allowable under Chapter 281-98.21 of the Code of Iowa.

Conclusion - Response accepted.

- II-L-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 following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal 2014 audit.

Beginning Balance	\$ 983,184
Revenues:	
Sales tax revenues	506,079
	<u>1,489,263</u>
Expenditures/transfers out:	
Transfers to other funds:	
Debt service fund	439,688
	<u>439,688</u>
Ending Balance	<u>\$ 1,049,575</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-14 Interfund Loans - The District has interfund loans which were on the balance sheets in the prior year and still on the current year balance sheets. As of June 30, 2014, the Nutrition Fund owes \$48,439 to the General Fund and the General Fund owes \$28,463 to the Capital Projects: Physical Plant and Equipment Levy Fund.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2008, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must seek external borrowing options to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - It appears that the District has adequate funding to repay the interfund loans. In the future, the District should repay interfund loans in a timely manner or seek external funding if they are unable to repay a loan.

Response - The District will repay any future interfund loans in a timely manner.

Conclusion - Response accepted.

II-N-14 Student Activity Fund - During our audit concerns arose about the propriety of certain receipts, expenditures and accounts within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.8).

Scholarship Awards: We noted that scholarship checks were written from the Student Activity Fund directly to students.

Recommendation - Clubs in the Student Activity Fund wishing to award scholarships must fundraise specifically for that purpose and document as such. Scholarships are most appropriately paid from a Private Purpose Trust Fund; therefore, proceeds from scholarship fundraising should be placed and expended from a Private Purpose Trust Fund. Furthermore, scholarship checks should be written to both the school and the recipient.

Response - The District has established a separate scholarship account and checks are now being written to both the school and student recipient.

Conclusion - Response accepted.

District and Regional Rents: We noted during our audit that the District receives money for the use of facilities when hosting district and regional athletic events. The District currently receipts district and regional rents into the Student Activity Fund.

Recommendation - Chapter 297.9 of the code of Iowa requires rental income to be receipted into the General Fund. The District should receipt rent collected for facility usage into the General Fund.

Response - The District is now receipting rent collected for facility usage into the General Fund.

Conclusion - Response accepted

Questionable Accounts: We noted that the Student/Staff Pop account within the Student Activity Fund does not appear to be extra or co-curricular in nature. The Student/Staff Pop account is used for miscellaneous expenses for the District.

Recommendation - The Student/Staff Pop account should be accounted for in the General Fund. The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund.

Response - The District is now accounting for these activities in the General Fund.

Conclusion - Response accepted.