CLARINDA COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Clarinda Community School District

Officials

Name	Title	Term Expires
	Board of Education	
	(Before September 2013 Election)	
Brian Fine	President	2015
Beth Rarick	Vice President	2013
Seth Watkins	Board Member	2015
Pallin Turner	Board Member	2013
Darin Sunderman	Board Member	2015
	(After September 2013 Election)	
Brian Fine	President	2015
Darin Sunderman	Vice President	2015
Seth Watkins	Board Member	2015
Scott A. McComb	Board Member	2017
Pallin Turner	Board Member	2017
	School Officials	
Paul Honnold	Superintendent	2014
Cindy VanFossen	District Secretary/ Treasurer	2014
Ahlers & Cooney	Attorney	2014

Clarinda 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 Clarinda 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 Clarinda Community School District, Clarinda, 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 Clarinda 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 and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 40 through 42 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 Clarinda 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 three years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 March 4, 2015 on our consideration of Clarinda 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 Clarinda Community School District's internal control over financial reporting and compliance.

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Clarinda 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 $9,954,223 in fiscal 2013 to $9,972,291 in fiscal 2014, while General Fund expenditures increased from $9,880,542 in fiscal 2013 to $10,233,290 in fiscal 2014. This resulted in a decrease in the District's General Fund balance from $2,138,634 in fiscal 2013 to $1,877,635 in fiscal 2014, a 12.20% decrease from the prior year.

- The increase in General Fund revenues was primarily attributable to increases in state sources in fiscal 2014. The increase in expenditures was due primarily to an increase in the 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 Clarinda 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 Clarinda 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 Clarinda Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

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

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

Figure A-1
Clarinda Community School District Annual Financial Report

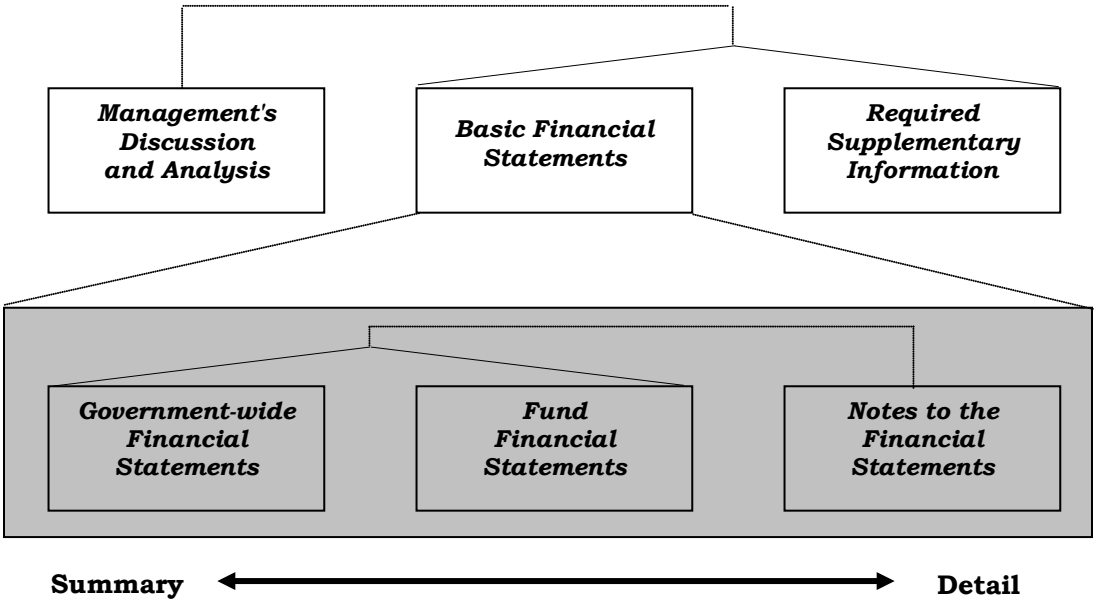

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, 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 they have changed. Net position is one way to measure the District's financial health or 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 three kinds of funds:

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

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

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

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

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

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

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

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

Reconciliations between the government-wide financial statements and the 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.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	$ 8,595,875	8,517,870	123,416	148,424	8,719,291	8,666,294	0.61%
Capital assets	7,964,703	7,814,215	53,679	60,987	8,018,382	7,875,202	1.82%
Total assets	16,560,578	16,332,085	177,095	209,411	16,737,673	16,541,496	1.19%
Long-term obligations	198,203	155,555	11,070	8,688	209,273	164,243	27.42%
Other liabilities	1,022,016	927,259	42,064	38,363	1,064,080	965,622	10.20%
Total liabilities	1,220,219	1,082,814	53,134	47,051	1,273,353	1,129,865	12.70%
Deferred inflows of resources	2,767,977	2,771,796	-	-	2,767,977	2,771,796	-0.14%
Net position:							
Invested in capital assets	7,964,703	7,814,215	53,679	60,987	8,018,382	7,875,202	1.82%
Restricted	2,742,940	2,486,398	-	-	2,742,940	2,486,398	10.32%
Unrestricted	1,864,739	2,176,862	70,282	101,373	1,935,021	2,278,235	-15.06%
Total net position	$ 12,572,382	12,477,475	123,961	162,360	12,696,343	12,639,835	0.45%

The District's combined net position increased by 0.45%, or $56,508, over the prior year. The largest portion of the District's net position is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased $256,542, or 10.32%, over the prior year. This increase in restricted net position was a result of the District's increase in the Capital Projects Accounts balance.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased $343,214, or 15.06%.

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

Figure A-4
Change in Net Position

	Governmental Activities		Business type Activities		Total School District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues and Transfers:							
Program revenues:							
Charges for services	$ 1,774,690	1,758,020	214,475	210,296	1,989,165	1,968,316	1.06%
Operating grants and contributions and restricted interest	1,051,469	982,520	327,969	308,074	1,379,438	1,290,594	6.88%
General revenues:							
Property tax	2,707,518	2,940,521	-	-	2,707,518	2,940,521	-7.92%
Income surtax	290,674	262,349	-	-	290,674	262,349	10.80%
Statewide sales, services and use tax	831,445	798,847	-	-	831,445	798,847	4.08%
Unrestricted state grants	4,611,162	4,488,650	-	-	4,611,162	4,488,650	2.73%
Unrestricted investment earnings	5,680	6,861	132	270	5,812	7,131	-18.50%
Other general revenues	44,918	10,682	1,356	2,706	46,274	13,388	245.64%
Transfers	-	(28,246)	-	28,246	-	-	0.00%
Total revenues and transfers	11,317,556	11,220,204	543,932	549,592	11,861,488	11,769,796	0.78%
Program expenses:							
Governmental activities:							
Instructional	7,032,359	6,813,335	-	-	7,032,359	6,813,335	3.21%
Support services	3,528,983	3,577,373	1,431	3,157	3,530,414	3,580,530	-1.40%
Non-instructional programs	-	-	580,900	605,946	580,900	605,946	-4.13%
Other expenses	661,307	632,781	-	-	661,307	632,781	4.51%
Total expenses	11,222,649	11,023,489	582,331	609,103	11,804,980	11,632,592	1.48%
Change in net position	94,907	196,715	(38,399)	(59,511)	56,508	137,204	-58.81%
Net position beginning of year	12,477,475	12,280,760	162,360	221,871	12,639,835	12,502,631	1.10%
Net position end of year	$ 12,572,382	12,477,475	123,961	162,360	12,696,343	12,639,835	0.45%

In fiscal 2014, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 74.58% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.73% of the revenue from business type activities.

The District's total revenues were approximately $11.86 million of which approximately $11.32 million was for governmental activities and approximately $0.54 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.78% increase in revenues and a 1.48% increase in expenses. Revenues increased as a result of an increase in miscellaneous revenues and revenues received from state sources. Expenses increased due to instructional and other expenses increasing from the prior year.

Governmental Activities

Revenues for governmental activities were $11,317,556 and expenses were $11,222,649.

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.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	$ 7,032,359	6,813,335	3.21%	4,605,296	4,446,034	3.58%
Support services	3,528,983	3,577,373	-1.35%	3,497,214	3,553,452	-1.58%
Other expenses	661,307	632,781	4.51%	293,980	283,463	3.71%
Totals	$ 11,222,649	11,023,489	1.81%	8,396,490	8,282,949	1.37%

- The cost financed by users of the District's programs was $1,774,690.
- Federal and state governments subsidized certain programs with grants and contributions totaling $1,051,469.
- The net cost of governmental activities was financed with $2,707,518 in property tax, $290,674 in income surtax, $831,445 in statewide sales, services and use tax, $4,611,162 in unrestricted state grants, $5,680 in interest income and $44,918 in other general revenues.

Business type Activities

Revenues of the District's business type activities were $543,932 and expenses were $582,331. The District's business type activities include the School Nutrition Fund and the Cardinals Kids Zone Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of $4,557,509, below last year's ending fund balance of $4,582,132. The primary reason for the decrease in combined fund balance in fiscal 2014 was the decrease in the General Fund balance.

Governmental Fund Highlights

- The District's decreasing General Fund financial position is the product of many factors. As compared to the previous year, an increase in state source revenues resulted in an increase in revenues for the year. The increase in expenditures was due to increases in salaries and benefits received by District employees.

- The Capital Projects Accounts balance increased from $2,026,434 at the beginning of the fiscal year 2013 to $2,258,002 at the end of fiscal year 2014. Capital Project account revenues exceeded expenses by $231,568.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from $146,894 at June 30, 2013 to $109,605 at June 30, 2013, representing a decrease of 25.38%. The Cardinal's Kids Zone net position decreased from $15,466 at June 30, 2013 to $14,356 at June 30, 2014.

BUDGETARY HIGHLIGHTS

The District's revenues were $159,701 more than budgeted revenues, a variance of 1.37%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. 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 $8,018,382, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.82% from last year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was $386,709.

The original cost of the District's capital assets was $16,182,587. Governmental funds account for $16,024,520 with the remainder of $158,067 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. District's construction in progress totaled $270,918 at June 30, 2014, compared to $171,667 reported at June 30, 2013. This increase was due to work on various construction projects around the District.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	$ 120,863	120,863	-	-	120,863	120,863	0.00%
Construction in progress	270,918	171,647	-	-	270,918	171,647	57.83%
Buildings	6,852,719	6,724,957	-	-	6,852,719	6,724,957	1.90%
Land improvements	415,331	412,254	-	-	415,331	412,254	0.75%
Machinery and equipment	304,872	384,494	53,679	60,987	358,551	445,481	-19.51%
Total	$ 7,964,703	7,814,215	53,679	60,987	8,018,382	7,875,202	1.82%

Long-Term Debt

At June 30, 2014, the District had a Net OPEB liability of $209,273. This represents an increase of 27.42% in long-term debt outstanding from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Net OPEB obligation	$ 198,203	155,555	11,070	8,688	209,273	164,243	27.42%

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 experienced an increase of salaries and benefits and a decrease in student enrollment.
- Unfunded mandates affect the economic health of the District by monopolizing the time of staff members who must collect, analyze and report information to various state and federal entities.

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 Cindy VanFosson, District Secretary/Treasurer, Clarinda Community School District, 423 East Nodaway, Clarinda, Iowa, 51632.

Clarinda Community School District

BASIC FINANCIAL STATEMENTS

Exhibit A

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	$ 4,364,498	100,457	4,464,955
Receivables:			
Property tax:			
Delinquent	35,126	-	35,126
Succeeding year	2,767,977	-	2,767,977
Income surtax	248,373	-	248,373
Accounts	32,927	24	32,951
Due from other governments	1,146,974	-	1,146,974
Inventories	-	22,935	22,935
Capital assets, net of accumulated depreciation	7,964,703	53,679	8,018,382
TOTAL ASSETS	16,560,578	177,095	16,737,673
LIABILITIES			
Accounts payable	913,725	548	914,273
Salaries and benefits payable	108,291	34,963	143,254
Unearned revenue	-	6,553	6,553
Long-term liabilities:			
Portion due after one year:			
Net OPEB liability	198,203	11,070	209,273
TOTAL LIABILITIES	1,220,219	53,134	1,273,353
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	2,767,977	-	2,767,977
NET POSITION			
Invested in capital assets	7,964,703	53,679	8,018,382
Restricted for:			
Categorical funding	63,066	-	63,066
School infrastructure	1,761,183	-	1,761,183
Physical plant and equipment levy	496,819	-	496,819
Management levy purposes	219,368	-	219,368
Student activities	202,504	-	202,504
Unrestricted	1,864,739	70,282	1,935,021
TOTAL NET POSITION	$ 12,572,382	123,961	12,696,343

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit B

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern-mental Activities	Business Type. Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	$ 4,102,835	771,020	161,367	(3,170,448)	-	(3,170,448)
Special	1,521,949	772,942	62,350	(686,657)	-	(686,657)
Other	1,407,575	230,494	428,890	(748,191)	-	(748,191)
	7,032,359	1,774,456	652,607	(4,605,296)	-	(4,605,296)
Support services:						
Student	351,789	-	-	(351,789)	-	(351,789)
Instructional staff	517,477	-	11,700	(505,777)	-	(505,777)
Administration	1,211,459	-	-	(1,211,459)	-	(1,211,459)
Operation and maintenance of plant	1,092,165	-	-	(1,092,165)	-	(1,092,165)
Transportation	356,093	234	19,835	(336,024)	-	(336,024)
	3,528,983	234	31,535	(3,497,214)	-	(3,497,214)
Other expenses:						
AEA flowthrough	367,327	-	367,327	-	-	-
Depreciation(unallocated)*	293,980	-	-	(293,980)	-	(293,980)
	661,307	-	367,327	(293,980)	-	(293,980)
Total governmental activities	11,222,649	1,774,690	1,051,469	(8,396,490)	-	(8,396,490)
Business type activities:						
Support services:						
Operation and maintenance of plant	1,431	-	-	-	(1,431)	(1,431)
Non-instructional programs:						
Nutrition services	579,790	214,475	327,969	-	(37,346)	(37,346)
Daycare activities	1,110	-	-	-	(1,110)	(1,110)
Total business type activities	580,900	214,475	327,969	-	(38,456)	(39,887)
Total	$ 11,804,980	1,989,165	1,379,438	(8,396,490)	(39,887)	(8,436,377)
General Revenues and Transfers:						
Property tax for:						
General purposes				$ 2,620,682	-	2,620,682
Capital outlay				86,836	-	86,836
Income surtax				290,674	-	290,674
Statewide sales, services and use tax				831,445	-	831,445
Unrestricted state grants				4,611,162	-	4,611,162
Unrestricted investment earnings				5,680	132	5,812
Other general revenues				44,918	1,356	46,274
Total general revenues and transfers				8,491,397	1,488	8,492,885
Change in net position				94,907	(38,399)	56,508
Net position beginning of year				12,477,475	162,360	12,639,835
Net position end of year				$ 12,572,382	123,961	12,696,343

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

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit C

CLARINDA COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

		General	Capital Projects	Nonmajor	Total
ASSETS					
Cash and pooled investments	$	1,792,759	2,122,045	449,694	4,364,498
Receivables:					
Property tax:					
Delinquent		31,727	1,126	2,273	35,126
Succeeding year		2,505,109	87,868	175,000	2,767,977
Income surtax		248,373	-	-	248,373
Accounts		32,927	-	-	32,927
Due from other governments		816,166	330,808	-	1,146,974
TOTAL ASSETS	$	5,427,061	2,541,847	626,967	8,595,875
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$	687,653	195,977	30,095	913,725
Salaries and benefits payable		108,291	-	-	108,291
Total liabilities		795,944	195,977	30,095	1,022,016
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax		2,505,109	87,868	175,000	2,767,977
Income surtax		248,373	-	-	248,373
Total deferred inflows of resources		2,753,482	87,868	175,000	3,016,350
Fund balances:					
Restricted for:					
Categorical funding		63,066	-	-	63,066
School infrastructure		-	1,761,183	-	1,761,183
Physical plant and equipment levy		-	496,819	-	496,819
Management levy purposes		-	-	219,368	219,368
Student activities		-	-	202,504	202,504
Unassigned		1,814,569	-	-	1,814,569
Total fund balances		1,877,635	2,258,002	421,872	4,557,509
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$	4,631,117	2,541,847	626,967	7,573,859

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit D

CLARINDA 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)	$	4,557,509
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,964,703
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		248,373
Long-term liabilities including other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(195,203)
Net position of governmental activities(page 18)	$	12,575,382

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit E

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

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	$ 2,724,462	86,836	175,204	2,986,502
Tuition	1,411,933	-	-	1,411,933
Other	185,074	2,240	237,663	424,977
State sources	5,133,580	831,506	126	5,965,212
Federal sources	517,242	-	-	517,242
Total revenues	9,972,291	920,582	412,993	11,305,866
EXPENDITURES:				
Current:				
Instruction:				
Regular	4,066,025	-	16,457	4,082,482
Special	1,516,699	-	-	1,516,699
Other	1,169,515	-	231,776	1,401,291
	6,752,239	-	248,233	7,000,472
Support services:				
Student	349,173	-	-	349,173
Instructional staff	404,862	108,161	-	513,023
Administration	1,198,403	2,502	-	1,200,905
Operation and maintenance of plant	871,699	6,997	159,952	1,038,648
Transportation	289,587	-	-	289,587
	3,113,724	117,660	159,952	3,391,336
Capital outlay	-	571,354	-	571,354
Other expenditures:				
AEA flowthrough	367,327	-	-	367,327
Total expenditures	10,233,290	689,014	408,185	11,330,489
Change in fund balances	(260,999)	231,568	4,808	(24,623)
Fund balance beginning of year	2,138,634	2,026,434	417,064	4,582,132
Fund balance end of year	$ 1,877,635	2,258,002	421,872	4,557,509

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit F

CLARINDA 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)		$ (24,623)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlay, depreciation expense and loss on capital asset disposal in the current year, are as follows:		
Capital outlay	$ 529,889	
Depreciation expense	(379,401)	150,488
Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		11,690
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.		
Other postemployment benefits		(42,648)
Change in net position of governmental activities(page 19)		$ 94,907

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit G

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	School Nutrition	Cardinals Kids Zone	Total
ASSETS			
Current assets:			
Cash and pooled investments	$ 85,553	14,904	100,457
Accounts receivable	24	-	24
Inventories	22,935	-	22,935
Total current assets	108,512	14,904	123,416
Noncurent assets:			
Capital assets, net of accumulated depreciation	53,679	-	53,679
TOTAL ASSETS	162,191	14,904	177,095
LIABILITIES			
Current liabilities:			
Accounts payable	-	548	548
Salaries and benefits payable	34,963	-	34,963
Unearned revenue	6,553	-	6,553
Total current liabilities	41,516	548	42,064
Noncurrent liabilities:			
Net OPEB liability	11,070	-	11,070
TOTAL LIABILITIES	52,586	548	53,134
NET POSITION			
Net investment in capital assets	53,679	-	53,679
Unrestricted	55,926	14,356	70,282
TOTAL NET POSITION	$ 109,605	14,356	123,961

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit H

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

	School Nutrition	Cardinals Kids Zone	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	$ 214,475	-	214,475
Miscellaneous	1,356	-	1,356
TOTAL OPERATING REVENUES	215,831	-	215,831
OPERATING EXPENSES:			
Support services:			
Operation and maintenance of plant:			
Services	1,280	-	1,280
Supplies	151	-	151
	1,431	-	1,431
Non-instructional programs:			
Food service operations:			
Salaries	182,068	-	182,068
Benefits	92,798	-	92,798
Services	729	-	729
Supplies	296,887	-	296,887
Depreciation	7,308	-	7,308
	579,790	-	579,790
Other enterprise operations:			
Supplies	-	1,110	1,110
TOTAL OPERATING EXPENSES	581,221	1,110	582,331
OPERATING LOSS	(365,390)	(1,110)	(366,500)
NON-OPERATING REVENUES:			
State sources	5,370	-	5,370
Federal sources	322,599	-	322,599
Interest on investments	132	-	132
TOTAL NON-OPERATING REVENUES	328,101	-	328,101
Change in net position	(37,289)	(1,110)	(38,399)
Net position beginning of year	146,894	15,466	162,360
Net position end of year	$ 109,605	14,356	123,961

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit I

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

		School Nutrition	Cardinals Kids Zone	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	$	215,469	-	215,469
Cash received from miscellaneous		1,356	-	1,356
Cash payments to employees for services		(268,606)	-	(268,606)
Cash payments to suppliers for goods or services		(262,435)	(562)	(262,997)
Net cash used in operating activities		(314,216)	(562)	(314,778)
Cash flows from non-capital financing activities:				
State grants received		5,370	-	5,370
Federal grants received		285,968	-	285,968
Net cash provided by non-capital financing activities		291,338	-	291,338
Cash flows from investing activities:				
Interest on investments		132	-	132
Net decrease in cash and cash equivalents		(22,746)	(562)	(23,308)
Cash and cash equivalents at beginning of year		108,299	15,466	123,765
Cash and cash equivalents at end of year	$	85,553	14,904	100,457
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$	(365,390)	(1,110)	(366,500)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities used		36,631	-	36,631
Depreciation		7,308	-	7,308
Decrease in inventories		1,719	-	1,719
Increase in accounts receivable		(19)	-	(19)
Increase(Decrease) in accounts payable		(1,738)	548	(1,190)
Increase in salaries and benefits payable		3,878	-	3,878
Increase in unearned revenue		1,013	-	1,013
Increase in other postemployment benefits		2,382	-	2,382
Net cash used in operating activities	$	(314,216)	(562)	(314,778)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at $36,631.

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit J

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

	Private Purpose Trust
	Scholarship Fund
ASSETS	
Cash and pooled investments	$ 2,578
LIABILITIES	-
NET POSITION	
Restricted for scholarships	$ 2,578

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit K

CLARINDA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Scholarship Fund
Additions:	
Local sources:	
Gifts and contributions	$ 1,395
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	600
Change in net position	795
Net position beginning of year	1,783
Net position end of year	$ 2,578

SEE NOTES TO FINANCIAL STATEMENTS.

(1) Summary of Significant Accounting Policies

The Clarinda Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Clarinda, Iowa, and the agricultural territory in Page County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Clarinda 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 Clarinda 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 Page 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 three 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 that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

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

The District also reports the following nonmajor proprietary funds:

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

The Cardinal Kid Zone Funds is used to account for the classroom education operations of the District.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - restricted 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 a 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 the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

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

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

Capital Assets – Capital assets, which include property, machinery, 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	$ 3,000
Buildings	3,000
Land improvements	3,000
Intangibles	150,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Intangibles	2 or more years
Machinery and equipment	5-15 years

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

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

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

Fund 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. Budgeting and Budgetary Control

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

(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 and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of $1,433,705 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	$ 158,067	-	-	158,067
Less accumulated depreciation	97,080	7,308	-	104,388
Business type activities capital assets, net	$ 60,987	(7,308)	-	53,679

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 120,863	-	-	120,863
Construction in progress	171,647	288,978	189,707	270,918
Total capital assets not being depreciated	292,510	288,978	189,707	391,781
Capital assets being depreciated:				
Buildings	12,126,735	357,425	-	12,484,160
Land improvements	1,632,394	67,394	-	1,699,788
Machinery and equipment	1,442,992	5,799	-	1,448,791
Total capital assets being depreciated	15,202,121	430,618	-	15,632,739
Less accumulated depreciation for:				
Buildings	5,401,778	229,663	-	5,631,441
Land improvements	1,220,140	64,317	-	1,284,457
Machinery and equipment	1,058,498	85,421	-	1,143,919
Total accumulated depreciation	7,680,416	379,401	-	8,059,817
Total capital assets being depreciated, net	7,521,705	51,217	-	7,572,922
Governmental activities capital assets, net	$ 7,814,215	340,195	189,707	7,964,703

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	$ 1,900
Other	3,244
Support services:	
Instructional staff	2,707
Administration	3,313
Operation and maintenance of plant	8,648
Transportation	65,609
	85,421
Unallocated depreciation	293,980
Total governmental activities depreciation expense	$ 379,401
Business type activities:	
Food services	$ 7,308

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
Net OPEB liability	$ 155,555	42,648	-	198,203	-
Business Type Activities:					
Net OPEB liability	$ 8,688	2,382	-	11,070	-

(5) Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% 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 $498,368, $455,848, and $405,407, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 61 active and 7 retired members in the plan. Retired participants must be age 55 or older at retirement and have ten or more years of service to the District.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit 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 of the District (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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

Annual required contribution	$	61,332
Interest on net OPEB obligation		4,106
Adjustment to annual required contribution		(12,680)
Annual OPEB cost		52,758
Contributions made		(7,728)
Increase in net OPEB obligation		45,030
Net OPEB obligation - beginning of year		164,243
Net OPEB obligation - end of year	$	209,273

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

For fiscal year 2014, the District contributed $7,728 to the medical plan.

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 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$ 55,929	21.5%	$ 121,643
2013	53,788	20.8%	164,243
2014	52,758	14.6%	209,273

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 $422,374, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $422,374. The covered payroll (annual payroll of active employees covered by the plan) was $5,455,742, and the ratio of the UAAL to the covered payroll was 7.7%. 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 healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The ultimate medical trend rate is 6%. The medical trend rate is reduced by a percentage each year until reaching the 6% ultimate trend rate.

Mortality rates are from the 94 Group Annuity Mortality Table, Projected to 2000 applied on a gender-specific basis. Annual retirement and termination probabilities were based upon the 2006 Society of Actuaries Study.

Projected claim costs of the medical plan are $652 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(7) Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2014 were $676,864.

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

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

(8) 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 $367,327 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.

(9) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2014 are broken out by the following projects:

Program		Amount
Teacher salary supplement	$	39,449
Successful progresion for early readers		16,853
Core curriculum		4,572
Teacher leadership grants		1,172
Governor's advisory council STEM scale-up programs		1,020
Total	$	63,066

(10) Construction Commitment

The District has entered into contracts totaling $311,641 for the remodel of the high school roof and restrooms. As of June 30, 2014, costs of $270,918 had been incurred against the contracts. The balance of $40,723 remaining at June 30, 2014, will be paid as work on the projects is completed.

(11) Prospective Accounting Change

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

Clarinda Community School District

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
Revenues:						
Local sources	$ 4,823,412	215,963	5,039,375	5,884,705	5,884,705	(845,330)
State sources	5,965,212	5,370	5,970,582	4,945,940	4,945,940	1,024,642
Federal sources	517,242	322,599	839,841	859,452	859,452	(19,611)
Total revenues	11,305,866	543,932	11,849,798	11,690,097	11,690,097	159,701
Expenditures/Expenses:						
Instruction	7,000,472	-	7,000,472	7,026,766	7,026,766	26,294
Support services	3,391,336	1,431	3,392,767	3,426,530	3,426,530	33,763
Non-instructional programs	-	580,900	580,900	600,000	600,000	19,100
Other expenditures	938,681	-	938,681	1,393,994	1,393,994	455,313
Total expenditures/expenses	11,330,489	582,331	11,912,820	12,447,290	12,447,290	534,470
Deficiency of revenues under expenditures/expenses	(24,623)	(38,399)	(63,022)	(757,193)	(757,193)	694,171
Other financing sources, net	-	-	-	-	-	-
Deficiency of revenues under expenditures and other financing sources	(24,623)	(38,399)	(63,022)	(757,193)	(757,193)	(694,171)
Balance beginning of year	4,582,132	162,360	4,744,492	4,335,128	4,335,128	409,364
Balance end of year	$ 4,557,509	123,961	4,681,470	3,577,935	3,577,935	1,103,535

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

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

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

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

CLARINDA 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	$ -	$ 457,987	$ 457,987	0.0 %	$ 5,293,000	8.7 %
2011	July 1, 2009	-	411,437	411,437	0.0	4,093,947	10.0
2012	July 1, 2009	-	411,437	411,437	0.0	5,023,635	8.2
2013	July 1, 2012	-	433,723	433,723	0.0	3,403,840	12.7
2014	July 1, 2012	-	422,374	422,374	0.0	5,455,742	7.7

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

Schedule 1

CLARINDA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	$ 233,402	216,292	449,694
Receivables:			
Property tax:			
Delinquent	2,273	-	2,273
Succeeding year	175,000	-	175,000
TOTAL ASSETS	$ 410,675	216,292	626,967
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 16,307	13,788	30,095
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	175,000	-	175,000
Fund balances:			
Restricted for:			
Management levy purposes	219,368	-	219,368
Student activities	-	202,504	202,504
Total fund balances	219,368	202,504	421,872
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 410,675	216,292	626,967

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 2

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

	Special Revenue		
	Management Levy	Student Activity	Total
REVENUES:			
Local sources:			
Local tax	$ 175,204	-	175,204
Other	6,833	230,830	237,663
State sources	126	-	126
Total revenues	182,163	230,830	412,993
EXPENDITURES:			
Current:			
Instruction:			
Regular	16,457	-	16,457
Other	-	231,776	231,776
Support services:			
Operation and maintenance of plant	159,952	-	159,952
Total expenditures	176,409	231,776	408,185
Change in fund balances	5,754	(946)	4,808
Fund balance beginning of year	213,614	203,450	417,064
Fund balance end of year	$ 219,368	202,504	421,872

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 3

CLARINDA COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECT ACCOUNTS
JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services & Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	$ 1,626,352	495,693	2,122,045
Receivables:			
Delinquent	-	1,126	1,126
Succeeding year	-	87,868	87,868
Due from other governments	330,808	-	330,808
TOTAL ASSETS	$ 1,957,160	584,687	2,541,847
LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 195,977	-	195,977
Deferred inflows of resources:			
Unavailable revenues:			
Suceeding year property tax	-	87,868	87,868
Fund balances:			
Restricted for:			
School infrastructure	1,761,183	-	1,761,183
Physical plant and equipment	-	496,819	496,819
Total fund balances	1,761,183	496,819	2,258,002
TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,957,160	584,687	2,541,847

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 4

CLARINDA COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT ACCOUNTS
YEAR ENDED JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services & Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	$ -	86,836	86,836
Other	1,597	643	2,240
State sources	831,445	61	831,506
Total revenues	833,042	87,540	920,582
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	108,161	-	108,161
Adminstration	2,502	-	2,502
Operation and maintenance of plant	6,997	-	6,997
Capital outlay	571,354	-	571,354
Total expenditures	689,014	-	689,014
Change in fund balances	144,028	87,540	231,568
Fund balances beginning of year	1,617,155	409,279	2,026,434
Fund balances end of year	$ 1,761,183	496,819	2,258,002

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA 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	Intrafund Transfers	Balance End of Year
District-Wide Accounts:					
Paperback Books	$ -	5,790	5,790	-	-
Field Trips	-	227	227	-	-
Athletic Booster Club	-	10,952	10,922	10	40
Wrestling Boosters	-	2,621	2,621	-	-
Partners in Education	3,390	3,500	4,224	27	2,693
Student Activity Interest	-	336	-	(336)	-
Elementary Track Program	2	-	-	-	2
Gate Receipts	53,586	65,854	4,428	(115,012)	-
Cross country club	-	679	416	-	263
	56,978	89,959	28,628	(115,311)	2,998
High School Clubs and Organizations					
Drama	4,200	-	8,439	9,239	5,000
Music Resale	394	498	765	(127)	-
Annual	5,000	3,055	3,631	576	5,000
Concessions	3,716	24,690	23,366	1,516	6,556
Cheerleaders	2,798	7,808	5,817	-	4,789
Honor Society	1,000	-	643	643	1,000
Student Council	2,493	2,618	2,611	603	3,103
Spanish Club	33	-	-	(33)	-
AFS Students	178	-	-	(178)	-
Thespian Club	919	6,879	6,103	-	1,695
Weightlifting Club	3,732	1,116	2,255	-	2,593
FFA	18,171	32,368	32,176	188	18,551
FCCLA	2,537	12,456	9,827	54	5,220
Activities Resale	4,147	4,723	4,674	(89)	4,107
Class of 2013	2,049	-	2,049	-	-
Class of 2014	2,005	14,018	14,205	-	1,818
Class of 2015	2,603	5,291	6,644	-	1,250
Class of 2016	-	2,564	1,141	-	1,423
Class of 2017	-	-	89	89	-
REACH Leadership Team	392	-	-	(392)	-
Activities Tickets	-	9,270	-	(9,270)	-
	56,367	127,354	124,435	2,819	62,105
High School Athletics:					
Cross Country	1,500	-	1,125	1,125	1,500
Golf	1,500	-	885	885	1,500
Boys Basketball	4,000	-	4,309	4,809	4,500
Football	8,000	-	5,957	5,957	8,000
Baseball	4,035	-	3,857	4,822	5,000
Boys Track	3,113	-	2,859	3,246	3,500
Boys Tennis	1,000	-	144	144	1,000
Wrestling	3,433	-	2,089	2,156	3,500
Girls Basketball	4,000	-	2,707	2,707	4,000
Volleyball	4,500	-	3,407	3,407	4,500
Softball	3,107	-	2,517	3,410	4,000
Girls Track	3,500	-	2,551	2,551	3,500
Girls Tennis	1,000	-	174	174	1,000
Athletic Director	16,847	3,230	29,927	72,150	62,300
	59,535	3,230	62,508	107,543	107,800

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 5

Account	Balance Beginning of Year	Revenues	Expendi-tures	Intrafund Transfers	Balance End of Year
Middle School Clubs and Organizations					
Teachers	20	-	-	(20)	-
Science Fair	283	-	-	-	283
Music Resale	2,241	1,082	1,107	(2,216)	-
Yearbook	1,100	781	723	-	1,158
Student Council	1,655	3,658	3,504	565	2,374
Fiesta Bowl	42	-	-	(42)	-
Special Olympics	228	-	-	(228)	-
7th and 8th Grade	8,334	2,738	2,466	-	8,606
IAMLE Conference	275	-	-	(275)	-
	14,178	8,259	7,800	(2,216)	12,421
Middle School Athletics:					
Track	1,500	-	1,519	1,519	1,500
Boys Basketball	1,700	-	297	297	1,700
Football	2,500	-	2,853	3,353	3,000
Wrestling	1,000	-	407	407	1,000
Girls Basketball	1,500	-	822	822	1,500
Volleyball	1,500	-	767	767	1,500
	9,700	-	6,665	7,165	10,200
Elementary School Organizations					
Teachers	5,879	2,028	1,740	-	6,167
Jump Rope For Heart	813	-	-	-	813
	6,692	2,028	1,740	-	6,980
Total	$ 203,450	230,830	231,776	-	202,504

Schedule 6

CLARINDA COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - PRIVATE PURPOSE TRUST
JUNE 30, 2014

	Private Purpose Trust - Scholarship Fund			
	CEA Scholarship	New Market Scholarship	Butler Memorial	Total
ASSETS				
Cash and pooled investments	$ 316	1,606	656	2,578
LIABILITIES	-	-	-	-
NET POSITION				
Restricted for scholarships	$ 316	1,606	656	2,578

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Schedule 7

CLARINDA COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - PRIVATE PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2014

	Private Purpose Trust - Scholarship Fund			
	CEA Scholarship	New Market Scholarship	Butler Memorial	Total
Additions:				
Local sources:				
Gifts and contributions	$ 795	-	600	1,395
Deductions:				
Instruction:				
Regular:				
Scholarships awarded	600	-	-	600
Change in net position	195	-	600	795
Net position beginning of year	121	1,606	56	1,783
Net position end of year	$ 316	1,606	656	2,578

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	$ 2,986,502	3,987,808	4,137,605	4,108,196	3,817,738	3,730,903	3,508,295	3,329,578	3,214,315	3,133,655
Tuition	1,411,933	1,402,166	1,285,740	1,404,024	1,422,416	1,344,751	1,535,721	1,340,106	1,289,544	1,211,801
Other	424,977	388,146	425,597	510,889	424,507	478,150	584,130	549,427	418,243	470,490
State sources	5,965,212	4,877,442	4,942,650	4,764,530	4,380,355	4,903,331	4,642,737	4,687,776	4,231,693	3,973,876
Federal sources	517,242	578,979	818,511	1,025,727	1,106,743	673,812	565,423	552,471	608,309	487,546
Total	$ 11,305,866	11,234,541	11,610,103	11,813,366	11,151,759	11,130,947	10,836,306	10,459,358	9,762,104	9,277,368
Expenditures:										
Instruction:	$									
Regular	4,082,482	3,975,384	3,724,895	3,715,630	3,781,423	3,756,343	3,434,698	3,424,981	3,267,317	3,285,057
Special	1,516,699	1,526,551	1,442,598	1,678,080	1,707,794	1,696,467	1,551,204	1,546,815	1,475,610	1,483,622
Other	1,401,291	1,304,781	1,492,437	1,461,935	1,487,822	1,477,954	1,351,401	1,347,578	1,285,544	1,292,524
Support services:										
Student	349,173	320,136	270,262	284,913	325,540	330,774	308,591	301,676	286,289	314,785
Instructional staff	513,023	596,422	568,710	551,934	309,735	357,792	357,533	345,284	180,067	61,141
Administration	1,200,905	1,123,457	1,088,960	1,099,585	1,130,011	979,626	940,816	905,626	865,768	722,024
Operation and maintenance	-	-								
of plant	1,038,648	1,019,445	1,108,064	927,912	953,602	906,714	901,997	814,612	802,665	717,553
Transportation	289,587	541,910	383,901	286,095	281,450	296,953	325,122	291,716	267,205	233,413
Capital outlay	571,354	622,830	301,875	79,951	123,983	283,755	9,050	164,834	79,298	423,414
Long-term debt:										
Principal	-	-	-	240,000	555,000	1,280,000	945,000	495,000	450,000	350,000
Interest and fiscal charges	-	-	-	5,960	30,528	78,167	113,424	131,865	166,473	306,487
Other expenditures:										
AEA flow-through	367,327	349,318	346,777	388,675	387,290	342,355	308,916	306,881	277,459	269,609
Total	$ 11,330,489	11,380,234	10,728,479	10,720,670	11,074,177	11,786,899	10,547,752	10,076,868	9,403,694	9,459,629

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARINDA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
U.S. DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 14	$ 56,819
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 14	265,780 *
			322,599
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 14	140,645
TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH	84.013	FY 14	267,675
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 14	44,767
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 14	6,259
GREEN HILLS AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 14	48,241
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 14	9,452
ADVANCED PLACEMENT PROGRAM	84.330	FY 14	33
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CENTERS FOR DISEASE CONTROL AND PREVENTION			
IOWA DEPARTMENT OF EDUCATION:			
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS (AIDS EDUCATION)	93.938	FY 14	170
TOTAL			$ 839,841

* - Includes $36,631 of non-cash awards

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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 Clarinda 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 Clarinda 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 March 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarinda 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 Clarinda Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarinda Community School District's internal control.

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

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.

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 deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarinda 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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 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.

Clarinda Community School District's Responses to Findings

Clarinda Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Clarinda 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 Clarinda 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 PC

NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2015
Newton, Iowa

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 Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133

To the Board of Education of Clarinda Community School District:

Report on Compliance for Each Major Federal Program

We have audited Clarinda Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Clarinda Community School District's major federal programs for the year ended June 30, 2014. Clarinda Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Clarinda Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Clarinda Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

A deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Nolte, Cornman & Johnson PC

NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2015
Newton, Iowa

CLARINDA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

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

(a) Unmodified opinions were issued on the financial statements.

(b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No material weaknesses in internal control over the major programs were noted.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major program were as follows:

- Clustered:
  - CFDA Number 10.553 - School Breakfast Program
  - CFDA Number 10.555 - National School Lunch Program

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Clarinda Community School District did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-A-14 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for all coaches who are non-certified staff. The Department of Labor requirements on wage per hour contracts required the District to track the number of hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Recommendation - The District should review its procedures to ensure compliance with

Response - The District will provide coaches who are non-certified staff with the necessary means to document hours worked daily during the sports season.

Conclusion - Response accepted.

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over the major program were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget - District expenditures for the year ended June 30, 2013 did not exceed the certified amounts in the budget.

IV-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.

IV-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. We did note an instance of an employee being reimbursed for meals without providing a detailed receipt. Board policy number 401.10 states in part "Prior to reimbursement of actual and necessary expenses, the employee must provide the school district with a detailed receipt, indicating the date, purpose and nature of the expense for each claim item."

Recommendation - The District should review procedures to ensure compliance with board policy number 401.10.

Response - Central Office staff will review receipts more closely and verify compliance with board policy number 401.10.

Conclusion - Response accepted.

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

Name, Title and Business Connection	Transaction Description	Amount
Brian Fine, Board Member		
Owns Fine Services	Pest control	$2,016

In accordance with the Chapter 279.7A of the Code of Iowa, the above transactions with the Board Member do not appear to represent a conflict of interest.

IV-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.

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

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

IV-H-14 Supplementary Weighting - No variances in supplementary weighting data certified to the Iowa Department of Education were noted

IV-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.

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

IV-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-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 District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		$ 1,617,155
Revenues:		
Sales tax revenues	$ 831,445	
Other local revenues	1,597	833,042
		2,450,197
Expenditures:		
School infrastructure construction	346,245	
Equipment	248,240	
Other	94,529	689,014
Ending balance		$ 1,761,183

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

IV-M-14 Student Activity Fund - In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as part of the education program for students. More specific examples of these instances of questioned items and recommendations are as follows:

Field Trips account: We noted during our audit the District is maintaining a Field Trips account in the Student Activity Fund. That is used to account for revenues and expenses related to field trips for elementary students. This would appear to be instructional in nature and not related to the cocurricular and extracurricular activities offered by the District.

Recommendation - The District should review the revenues and expenses associated with this account and determine if they would be more appropriately recorded in a different fund per 298A.8 of the Code of Iowa.

Response - The field trips account has been closed.

Conclusion - Response accepted.

IV-N-14 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliations that have been outstanding for over a year.

Recommendation - The District needs to determine if the checks need to be voided, reissued or submitted to the State Treasurer as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The District will review outstanding checks prior to the end of the fiscal year and determine which need to be voided, reissued, or sent to the State Treasurer.

Conclusion - Response accepted.