

CLARKSVILLE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2014

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis		7-15
<b>Basic Financial Statements:</b>	<b><u>Exhibit</u></b>	
<i>Government-wide Financial Statements:</i>		
Statement of Net Position	A	18
Statement of Activities	B	19
<i>Governmental Fund Financial Statements:</i>		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
<i>Proprietary Fund Financial Statements:</i>		
Statement of Net Position	G	24
Statement of Revenues, Expenditures and Changes in Fund Net Position	H	25
Statement of Cash Flows	I	26
<i>Fiduciary Fund Financial Statements:</i>		
Statement of Fiduciary Net Position	J	27
Statement of Changes in Fiduciary Net Position	K	28
Notes to Financial Statements		29-38
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		40
Notes to Required Supplementary Information - Budgetary Reporting		41
Schedule of Funding Progress for the Retiree Health Plan		42
<b>Supplementary Information:</b>	<b><u>Schedule</u></b>	
<i>Nonmajor Governmental Funds:</i>		
Combining Balance Sheet	1	44
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	45
<i>Capital Projects Accounts:</i>		
Combining Balance Sheet	3	46
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4	47
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	48
<i>Fiduciary Fund, Private Purpose Trust</i>		
Combining Statement of Fiduciary Net Position	6	49
Combining Statement of Changes in Fiduciary Net Position	7	50
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	8	51
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 <u>Government Auditing Standards</u>		52-53
Schedule of Findings		54-57

**Clarksville Community School District**

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2013 Election)</b>		
Chris Backer	President	2015
Justin Clark	Vice President	2013
Rachelle Kelm	Board Member	2013
Tim Backer	Board Member	2013
Jessi Reints	Board Member	2013
<b>(After September 2013 Election)</b>		
Chris Backer	President	2015
Corey Jacobs	Vice President	2015
Justin Clark	Board Member	2017
Tim Backer	Board Member	2017
Shelley Maiers	Board Member	2017
<b>School Officials</b>		
Eric Wood	Superintendent	2014
Shellee Bartlett	Board Secretary/Treasurer	2014
Gruhn Law Firm	Attorney	2014

**Clarksville 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 Clarksville Community School District:**

**Report on the Financial Statements**

We have audited the accompanying financial statements of governmental activities, business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District, Clarksville, 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, business type activities, each major fund, and the aggregate remaining fund information of the Clarksville Community School District at 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, Budgetary Comparison Information and 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 Clarksville Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the two year 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 seven years ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, 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 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 24, 2015, on our consideration of the Clarksville Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Clarksville Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2015  
Newton, Iowa

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Clarksville 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 decreased from \$3,626,642 in fiscal 2013 to \$3,592,277 in fiscal 2014, while General Fund expenditures increased from \$3,588,669 in fiscal 2013 to \$3,647,198 in fiscal 2014. The District's General Fund balance decreased from \$784,196 at June 30, 2013 to \$729,275 at June 30, 2014, a 7.00% decrease from the prior year.
- The decrease in General Fund revenues was mainly attributable to decreases in local source revenue in fiscal 2014. The increase in expenditures was due primarily to increases in expenditures in the support services functional area.

### **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 Clarksville Community School District as a whole and present an overall view of the District's finances.

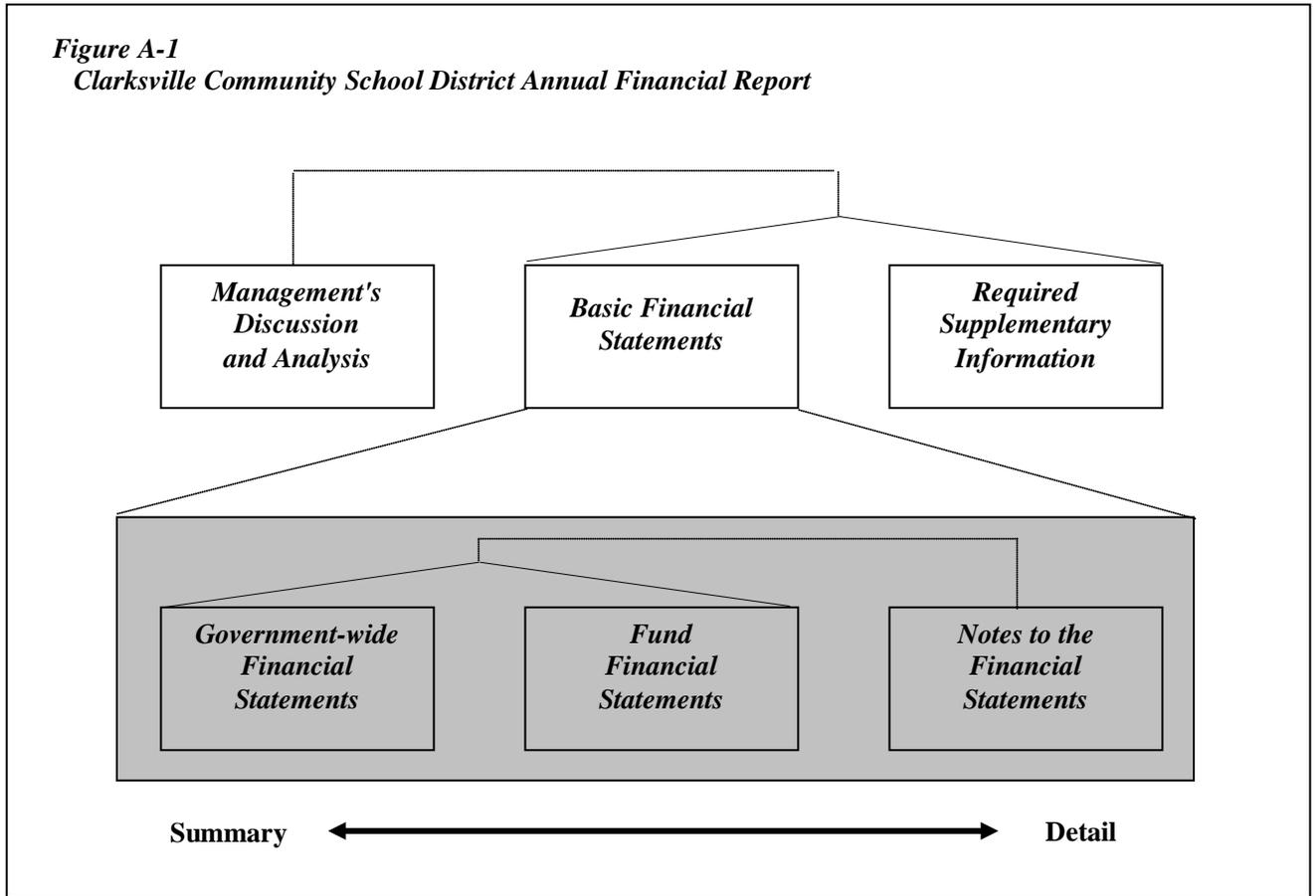
The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarksville Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Clarksville Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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



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

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

## **REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, 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.

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

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

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

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 Fund, one type of proprietary fund, is the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. This fund is 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 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 total net position at June 30, 2014 compared to June 30, 2013.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 2,866,733	3,011,083	35,511	26,770	2,902,244	3,037,853	-4.46%
Capital assets	2,900,731	2,699,818	31,317	1,717	2,932,048	2,701,535	8.53%
Total assets	5,767,464	5,710,901	66,828	28,487	5,834,292	5,739,388	1.65%
Long-term obligations	13,402	117,711	746	-	14,148	117,711	-87.98%
Other liabilities	549,967	576,065	2,610	2,482	552,577	578,547	-4.49%
Total liabilities	563,369	693,776	3,356	2,482	566,725	696,258	-18.60%
Deferred inflows of resources	1,143,607	1,214,382	-	-	1,143,607	1,214,382	-5.83%
Net position:							
Net investment in capital assets	2,900,731	2,699,818	31,317	1,717	2,932,048	2,701,535	8.53%
Restricted	477,097	376,589	-	-	477,097	376,589	26.69%
Unrestricted	682,660	726,336	32,155	24,288	714,815	750,624	-4.77%
Total net position	\$ 4,060,488	3,802,743	63,472	26,005	4,123,960	3,828,748	7.71%

The District's combined net position increased by 7.71% or \$295,212 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment).

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 \$100,508 or 26.69% from the prior year. The increase in restricted net position can be attributed in part to the increase in fund balance for the Capital Projects: Statewide Sales, Services and Use Tax Fund as compared to the previous year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or the legal requirement - decreased \$35,809 or 4.77%. The decrease in unrestricted net position is attributable in part to the decrease in fund balance for the General Fund as compared to the previous year.

**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 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 267,570	190,407	88,986	91,982	356,556	282,389	26.26%
Operating grants, contributions and restricted interest	326,544	304,995	84,748	81,858	411,292	386,853	6.32%
Capital grants, contributions and restricted interest	2,000	-	-	-	2,000	-	100.00%
General revenues:							
Property tax	1,176,282	1,326,254	-	-	1,176,282	1,326,254	-11.31%
Income surtax	267,925	242,273	-	-	267,925	242,273	10.59%
Statewide sales, services and use tax	298,361	299,340	-	-	298,361	299,340	-0.33%
Unrestricted state grants	1,922,477	1,900,371	-	-	1,922,477	1,900,371	1.16%
Unrestricted investment earnings	25,382	22,332	98	87	25,480	22,419	13.65%
Other	64,160	15,488	459	1,954	64,619	17,442	270.48%
Total revenues	4,350,701	4,301,460	174,291	175,881	4,524,992	4,477,341	1.06%
Program expenses:							
Instructional	2,750,841	2,852,829	-	-	2,750,841	2,852,829	-3.57%
Support services	904,141	1,039,349	13,235	12,461	917,376	1,051,810	-12.78%
Non-instructional programs	5,307	4,169	211,115	169,066	216,422	173,235	24.93%
Other expenses	345,141	272,559	-	-	345,141	272,559	26.63%
Total expenses	4,005,430	4,168,906	224,350	181,527	4,229,780	4,350,433	-2.77%
Excess(Deficiency) of revenue over(under) expenses	345,271	132,554	(50,059)	(5,646)	295,212	126,908	132.62%
Transfers	(87,526)	-	87,526	-	-	-	0.00%
Change in net position	257,745	132,554	37,467	(5,646)	295,212	126,908	132.62%
Net position beginning of year	3,802,743	3,670,189	26,005	31,651	3,828,748	3,701,840	3.43%
Net position end of year	\$ 4,060,488	3,802,743	63,472	26,005	4,123,960	3,828,748	7.71%

In fiscal 2014, property tax, income surtax and unrestricted state grants account for 77.38% of the revenue from governmental activities while charges for service and operating grants and contributions account for 99.68% of the revenue from business type activities.

The District's total revenues were approximately \$4.52 million, of which approximately \$4.35 million was for governmental activities and \$0.17 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 1.06% in revenues and a 2.77% decrease in expenses. Unrestricted state grant funding increased \$22,106 to help fund the increase in expenses.

## Governmental Activities

Revenues for governmental activities were \$4,350,701 and expenses were \$4,005,430.

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

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 2,750,841	2,852,829	-3.57%	2,312,746	2,508,064	-7.79%
Support services	904,141	1,039,349	-13.01%	898,673	1,037,812	-13.41%
Non-instructional	5,307	4,169	27.30%	5,307	4,169	27.30%
Other expenses	345,141	272,559	26.63%	192,590	123,459	56.00%
Totals	\$ 4,005,430	4,168,906	-3.92%	3,409,316	3,673,504	-7.19%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$267,570.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$328,544.
- The net cost of governmental activities was financed with \$1,176,282 in property tax, \$267,925 in income surtax, \$298,361 in statewide sales, services and use tax, \$1,922,477 in unrestricted state grants, \$25,382 in interest income and \$64,160 in other general revenue.

## Business Type Activities

Revenues of the District's business type activities were \$174,291 and expenses were \$224,350. The District's business type activities include the School Nutrition Fund. Revenues of these activities were mainly comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Clarksville 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 \$1,069,658, above last year's ending fund balances of \$1,002,558. This increase in combined fund balance is due in part to the increase in fund balances of the Capital Project accounts as compared to the previous year.

## Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. The decrease in revenues from local sources as compared to the previous year resulted in a decrease in revenues as compared to the previous year. The decrease in revenues and an increase in expenditures when compared to the previous led to the District using carryover balance to meet its financial obligations during the year.
- The General Fund balance decreased from \$784,196 to \$729,275 due, in part to the negotiated salaries and benefits and existing expenditure commitments of the District.

- The Capital Projects accounts balance increased from \$88,255 at June 30, 2013 to \$163,948 at June 30, 2014. The Statewide Sales, Services and Use Tax Fund balance increased from \$218,347 at June 30, 2013 to \$233,613 at June 30, 2014. The Physical Plant and Equipment Levy Fund balance increased from a deficit balance of \$130,092 on June 30, 2013 to a deficit balance of \$69,665 at June 30, 2014.

### Proprietary Fund Highlights

The School Nutrition Fund net position increased from \$26,005 at June 30, 2013 to \$63,472 at June 30, 2014, representing an increase of approximately 144.08%. The primary reason for this increase in net position was an increase in capital assets as compared to the prior year.

### BUDGETARY HIGHLIGHTS

Over the course of the year, Clarksville Community School District amended its budget one time to reflect additional expenditures associated with increased energy costs.

The District's total revenues were \$221,419 more than budgeted revenues, a variance of 5.15%. 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.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs functional area.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2014, the District had invested \$2,932,048, 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 8.53% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$359,541.

The original cost of the District's capital assets was \$6,446,104. Governmental funds account for \$6,301,499 with the remainder of \$144,605 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. Construction in progress totaled \$242,902 at June 30, 2013, compared to \$0 reported at June 30, 2014. The decrease was primarily the result of the completion of work on the District's weight room addition project.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 9,505	9,505	-	-	9,505	9,505	0.00%
Construction in progress	-	242,902	-	-	-	242,902	-100.00%
Buildings	2,354,499	2,178,950	-	-	2,354,499	2,178,950	8.06%
Improvements other than buildings	284,256	-	-	-	284,256	-	100.00%
Machinery and equipment	252,471	268,461	31,317	1,717	283,788	270,178	5.04%
Total	\$ 2,900,731	2,699,818	31,317	1,717	2,932,048	2,701,535	8.53%

## Long-Term Debt

At June 30, 2014, the District had \$135,148 in other long-term debt outstanding. This represents an increase of 14.81% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had a net OPEB liability of \$135,148 at June 30, 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Termination benefits	\$ -	18,676	-	-	-	18,676	-100.00%
Net OPEB liability	134,402	99,035	746	-	135,148	99,035	36.46%
Total	\$ 134,402	117,711	746	-	135,148	117,711	14.81%

## 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 certified enrollment increased from 339.84 students in October 2012 to 340.8 students in October 2013. The District's special education enrollment dropped from 52.08 additional weighting in October 2012 to 48.53 additional weighting in October 2013.
- The number of students who open enrolled out of the District increased by three students in the October 2012 Certified enrollment compared to the October 2011 certified enrollment while the number of students who open enrolled in to the District decreased by two. The net difference between the District's open enrollment in and its open enrollment out was a negative five students.
- The District's taxable valuation has increased from \$79,115,433 in fiscal year 2012 to \$80,753,396 in fiscal year 2013, a net increase of \$1,619,963. The District's taxable valuation has increased to \$84,452,231 in fiscal year 2014, a net increase of \$3,716,835 from the previous year. The new valuation for fiscal year 2015 is \$88,933,675, a net increase of \$4,481,444.
- The Districts tax levies have dropped from 16.77981 in fiscal year 2012 to 16.40645 in fiscal year 2013. Tax levies also dropped in fiscal 2014 to 13.9028 and are projected to drop to 12.8591 for fiscal year 2015.

## 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 Shellee Bartlett, District Secretary/Treasurer and Business Manager, Clarksville Community School District, 318 N Mather, Clarksville, Iowa, 50619.

**Clarksville Community School District**

## **Basic Financial Statements**

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

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 1,275,623	30,798	1,306,421
Receivables:			
Property tax:			
Delinquent	16,385	-	16,385
Succeeding year	1,143,607	-	1,143,607
Income surtax	224,501	-	224,501
Due from other governments	206,617	-	206,617
Inventories	-	4,713	4,713
Capital assets, net of accumulated depreciation	2,900,731	31,317	2,932,048
<b>TOTAL ASSETS</b>	<b>5,767,464</b>	<b>66,828</b>	<b>5,834,292</b>
<b>LIABILITIES</b>			
Accounts payable	44,911	-	44,911
Salaries and benefits payable	300,513	-	300,513
Loans payable	83,543	-	83,543
Unearned revenue	-	2,610	2,610
Long-term liabilities:			
Portion due after one year:			
Net OPEB liability	134,402	746	135,148
<b>TOTAL LIABILITIES</b>	<b>563,369</b>	<b>3,356</b>	<b>566,725</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	1,143,607	-	1,143,607
<b>NET POSITION</b>			
Net investment in capital assets	2,900,731	31,317	2,932,048
Restricted for:			
Categorical funding	57,263	-	57,263
Management levy purposes	158,280	-	158,280
Student activities	27,941	-	27,941
School infrastructure	233,613	-	233,613
Unrestricted	682,660	32,155	714,815
<b>TOTAL NET POSITION</b>	<b>\$ 4,060,488</b>	<b>63,472</b>	<b>4,123,960</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Contributions	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Service	and Restricted Interest	and Restricted Interest			
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 1,712,992	128,340	42,339	-	(1,542,313)	-	(1,542,313)
Special	426,844	10,245	16,080	-	(400,519)	-	(400,519)
Other	611,005	128,985	112,106	-	(369,914)	-	(369,914)
	<u>2,750,841</u>	<u>267,570</u>	<u>170,525</u>	<u>-</u>	<u>(2,312,746)</u>	<u>-</u>	<u>(2,312,746)</u>
Support services:							
Student	73,854	-	-	-	(73,854)	-	(73,854)
Instructional staff	124,794	-	-	-	(124,794)	-	(124,794)
Administration	407,007	-	-	-	(407,007)	-	(407,007)
Operation and maintenance of plant	174,196	-	-	2,000	(172,196)	-	(172,196)
Transportation	124,290	-	3,468	-	(120,822)	-	(120,822)
	<u>904,141</u>	<u>-</u>	<u>3,468</u>	<u>2,000</u>	<u>(898,673)</u>	<u>-</u>	<u>(898,673)</u>
Non-instructional programs:							
Food service operations	5,307	-	-	-	(5,307)	-	(5,307)
Other expenditures:							
AEA flowthrough	152,551	-	152,551	-	-	-	-
Depreciation(unallocated)*	192,590	-	-	-	(192,590)	-	(192,590)
	<u>345,141</u>	<u>-</u>	<u>152,551</u>	<u>-</u>	<u>(192,590)</u>	<u>-</u>	<u>(192,590)</u>
Total governmental activities	<u>4,005,430</u>	<u>267,570</u>	<u>326,544</u>	<u>2,000</u>	<u>(3,409,316)</u>	<u>-</u>	<u>(3,409,316)</u>
Business type activities:							
Support services:							
Administration	2,708	-	-	-	-	(2,708)	(2,708)
Operation and maintenance of plant	10,527	-	-	-	-	(10,527)	(10,527)
	<u>13,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,235)</u>	<u>(13,235)</u>
Non-instructional programs:							
Food service operations	211,115	88,986	84,748	-	-	(37,381)	(37,381)
Total business type activities	<u>224,350</u>	<u>88,986</u>	<u>84,748</u>	<u>-</u>	<u>-</u>	<u>(50,616)</u>	<u>(50,616)</u>
Total	<u>\$ 4,229,780</u>	<u>356,556</u>	<u>411,292</u>	<u>2,000</u>	<u>(3,409,316)</u>	<u>(50,616)</u>	<u>(3,459,932)</u>
<b>General Revenues &amp; Transfers:</b>							
Property tax levied for:							
General purposes					\$ 1,115,314	-	1,115,314
Capital outlay					60,968	-	60,968
Income surtax					267,925	-	267,925
Statewide sales, services and use tax					298,361	-	298,361
Unrestricted state grants					1,922,477	-	1,922,477
Unrestricted investment earnings					25,382	98	25,480
Other					64,160	459	64,619
Transfers					(87,526)	87,526	-
Total general revenues & transfers					<u>3,667,061</u>	<u>88,083</u>	<u>3,755,144</u>
Change in net position					257,745	37,467	295,212
Net position beginning of year					<u>3,802,743</u>	<u>26,005</u>	<u>3,828,748</u>
Net position end of year					<u>\$ 4,060,488</u>	<u>63,472</u>	<u>4,123,960</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 1,009,530	81,965	184,128	1,275,623
Receivables:				
Property tax:				
Delinquent	13,443	849	2,093	16,385
Succeeding year	962,386	96,221	85,000	1,143,607
Income surtax	144,322	80,179	-	224,501
Due from other funds	9,786	-	-	9,786
Due from other governments	31,608	175,009	-	206,617
<b>TOTAL ASSETS</b>	<b>\$ 2,171,075</b>	<b>434,223</b>	<b>271,221</b>	<b>2,876,519</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ -	-	9,786	9,786
Accounts payable	34,579	10,332	-	44,911
Salaries and benefits payable	300,513	-	-	300,513
Loans payable	-	83,543	-	83,543
Total liabilities	335,092	93,875	9,786	438,753
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	962,386	96,221	85,000	1,143,607
Income surtax	144,322	80,179	-	224,501
Total liabilities	1,106,708	176,400	85,000	1,368,108
Fund balances:				
Restricted for:				
Categorical funding	57,263	-	-	57,263
Management levy purposes	-	-	158,280	158,280
Student activities	-	-	27,941	27,941
School infrastructure	-	233,613	-	233,613
Unassigned:				
General	672,012	-	-	672,012
Student activities	-	-	(9,786)	(9,786)
Physical plant and equipment levy	-	(69,665)	-	(69,665)
Total fund balances	729,275	163,948	176,435	1,069,658
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,171,075</b>	<b>434,223</b>	<b>271,221</b>	<b>2,876,519</b>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014

<b>Total fund balances of governmental funds (page 20)</b>	\$ 1,069,658
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	2,900,731
Income surtax receivable are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	224,501
Long-term liabilities, including termination benefits and other postemployment benefits payable, are not due and payable in the current period and therefore, are not reported in the governmental funds.	<u>(134,402)</u>
<b>Net position of governmental activities (page 18)</b>	<u><u>\$ 4,060,488</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE 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	\$ 1,140,244	147,264	150,276	1,437,784
Tuition	116,301	-	-	116,301
Other	87,412	19,641	136,317	243,370
State sources	2,152,324	298,402	101	2,450,827
Federal sources	95,996	-	-	95,996
Total revenues	<u>3,592,277</u>	<u>465,307</u>	<u>286,694</u>	<u>4,344,278</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,717,957	14,337	27,935	1,760,229
Special	445,138	-	-	445,138
Other	471,980	14,180	143,965	630,125
	<u>2,635,075</u>	<u>28,517</u>	<u>171,900</u>	<u>2,835,492</u>
Support services:				
Student	76,910	-	-	76,910
Instructional staff	64,039	67,263	-	131,302
Administration	415,017	3,426	3,836	422,279
Operation and maintenance of plant	213,580	13,931	49,853	277,364
Transportation	90,026	59,330	9,470	158,826
	<u>859,572</u>	<u>143,950</u>	<u>63,159</u>	<u>1,066,681</u>
Non-instructional programs:				
Food service operations	-	-	5,307	5,307
Capital outlay	-	217,147	-	217,147
Other expenditures:				
AEA flowthrough	152,551	-	-	152,551
Total expenditures	<u>3,647,198</u>	<u>389,614</u>	<u>240,366</u>	<u>4,277,178</u>
Change in fund balances	(54,921)	75,693	46,328	67,100
Fund balances beginning of year	784,196	88,255	130,107	1,002,558
Fund balances end of year	<u>\$ 729,275</u>	<u>163,948</u>	<u>176,435</u>	<u>1,069,658</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE 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)** \$ 67,100

*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. Capital outlay expenditures exceeded depreciation expense in the current year as follows:

Capital outlay	\$ 502,528	
Depreciation expense	<u>(301,615)</u>	200,913

Income surtax accounts receivable is not available to finance expenditures of the current period and is recognized as deferred inflows of resources in the governmental funds 6,423

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.

Termination benefits	18,676	
Other postemployment benefits	<u>(35,367)</u>	<u>(16,691)</u>

**Change in net position of governmental activities (page 19)** \$ 257,745

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
<b>ASSETS</b>	
Current assets:	
Cash and pooled investments	\$ 30,798
Inventories	4,713
Total current assets	35,511
Noncurrent assets:	
Capital assets, net of accumulated depreciation	31,317
<b>TOTAL ASSETS</b>	<b>66,828</b>
 <b>LIABILITIES</b>	
Current liabilities:	
Unearned revenue	2,610
Noncurrent liabilities:	
Net OPEB liability	746
<b>TOTAL LIABILITIES</b>	<b>3,356</b>
 <b>NET POSITION</b>	
Net investment in capital assets	31,317
Unrestricted	32,155
<b>TOTAL NET POSITION</b>	<b>\$ 63,472</b>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 88,986
Miscellaneous	459
Total operating revenues	89,445
Operating expenses:	
Support services:	
Administration:	
Salaries	796
Benefits	132
Services	1,780
	2,708
Operation and maintenance of plant:	
Salaries	4,455
Benefits	3,152
Services	1,523
Supplies	1,397
	10,527
Total support services	13,235
Non-instructional programs:	
Food service operations:	
Salaries	48,964
Benefits	8,209
Supplies	96,016
Depreciation	57,926
Total non-instructional programs	211,115
Total operating expenses	224,350
Operating loss	(134,905)
Non-operating revenues:	
State sources	1,607
Federal sources	83,141
Interest income	98
Total non-operating revenues	84,846
Change in net position before other financing sources	(50,059)
Other financing sources:	
Capital contributions	87,526
Change in net position	37,467
Net position beginning of year	26,005
Net position end of year	\$ 63,472

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 89,323
Cash received from miscellaneous	459
Cash paid to employees for services	(64,962)
Cash paid to suppliers for goods or services	(84,069)
Net cash used by operating activities	(59,249)
Cash flows from non-capital financing activities:	
State grants received	1,607
Federal grants received	66,141
Net cash provided by non-capital financing activities	67,748
Cash flows from investing activities:	
Interest on investments	98
Net increase in cash and cash equivalents	8,597
Cash and cash equivalents beginning of year	22,201
Cash and cash equivalents end of year	\$ 30,798
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (134,905)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities consumed	17,000
Depreciation	57,926
Increase in inventories	(144)
Decrease in accounts payable	(209)
Increase in unearned revenue	337
Increase in other postemployment benefits	746
Net cash used by operating activities	\$ (59,249)

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

During the year ended June 30, 2014, the District received \$17,000 of Federal commodities.

During the year ended June 30, 2014, the District received contributed capital from the Capital Projects: Statewide Sales, Services and Use Tax Fund valued at \$87,526.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust</u> <u>Scholarship</u>
<b>ASSETS</b>	
Cash and pooled investments	\$ 53,526
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Restricted for scholarships	<u>\$ 53,526</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 5,023
Interest	1,175
Total additions	6,198
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	6,550
Change in net position	(352)
Net position beginning of year	53,878
Net position end of year	\$ 53,526

SEE NOTES TO FINANCIAL STATEMENTS.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**Note 1. Summary of Significant Accounting Policies**

The Clarksville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Clarksville, Iowa, and the predominate agricultural territory in Butler 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, Clarksville 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 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 does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler 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 non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in 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 attributable to the acquisition, construction or improvement of those assets.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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 and proprietary 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 non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating 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 reports the following non-major proprietary fund:

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

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund is as follows:

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 and proprietary and fiduciary 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 is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

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

Asset Class	Amount
Land	\$ 1,000
Buildings	10,000
Land improvements	10,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years
Intangibles	5-10 years
Machinery and equipment	5-12 years

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

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

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

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Position in the Proprietary Funds.

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. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amount budgeted in the non-instructional functional area.

**Note 2. Cash and Pooled Investments**

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

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

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$351 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard & Poor's Financial Services.

**Note 3. Loans Payable**

On August 17, 2012, the District entered into an agreement with Iowa State Bank of Clarksville, Iowa to provide the District with a Line of Credit for \$220,000. The District drew twice against this line of credit during the year, once in January 2013, and again in February 2013 for a total of \$153,750. The District must make semi-annual payments of \$25,000 against this line of credit. The line of credit was issued with an interest rate at 2.95%. Details of the District's activity for the year ended June 30, 2014 is as follows:

Fund	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year	Interest Paid
Capital Projects: Physical Plant & Equipment Levy	\$ 130,118	-	46,575	83,543	3,498

#### **Note 4. 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
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,505	-	-	9,505
Construction in progress	242,902	65,235	308,137	-
Total capital assets not being depreciated	<u>252,407</u>	<u>65,235</u>	<u>308,137</u>	<u>9,505</u>
Capital assets being depreciated:				
Buildings	4,666,003	266,980	-	4,932,983
Improvements other than buildings	-	385,415	-	385,415
Machinery and equipment	934,960	93,035	54,399	973,596
Total capital assets being depreciated	<u>5,600,963</u>	<u>745,430</u>	<u>54,399</u>	<u>6,291,994</u>
Less accumulated depreciation for:				
Buildings	2,487,053	91,431	-	2,578,484
Improvements other than buildings	-	101,159	-	101,159
Machinery and equipment	666,499	109,025	54,399	721,125
Total accumulated depreciation	<u>3,153,552</u>	<u>301,615</u>	<u>54,399</u>	<u>3,400,768</u>
Total capital assets being depreciated, net	<u>2,447,411</u>	<u>443,815</u>	<u>-</u>	<u>2,891,226</u>
Governmental activities capital assets, net	<u>\$ 2,699,818</u>	<u>509,050</u>	<u>308,137</u>	<u>2,900,731</u>
<b>Business type activities:</b>				
Machinery and equipment	\$ 57,079	87,526	-	144,605
Less accumulated depreciation	55,362	57,926	-	113,288
Business type activities capital assets, net	<u>\$ 1,717</u>	<u>29,600</u>	<u>-</u>	<u>31,317</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 52,236
Other	12,939
Support services:	
Administration	4,035
Operation and maintenance of plant	7,373
Transportation	32,442
	<u>109,025</u>
Unallocated depreciation	<u>192,590</u>
Total governmental activities depreciation expense	<u>\$ 301,615</u>
Business type activities:	
Food services operations	<u>\$ 57,926</u>

## **Note 5. Long-Term Liabilities**

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
Termination benefits	\$ 18,676	-	18,676	-	-
Net OPEB liability	99,035	35,367	-	134,402	-
Total	<u>\$ 117,711</u>	<u>35,367</u>	<u>18,676</u>	<u>134,402</u>	<u>-</u>
<b>Business type activities:</b>					
Net OPEB liabilities	<u>\$ -</u>	<u>746</u>	<u>-</u>	<u>746</u>	<u>-</u>

## **Note 6. 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 \$185,061, \$144,020 and \$151,191 respectively, equal to the required contributions for each year.

## **Note 7. Other Postemployment Benefits (OPEB)**

**Plan Description** - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 34 active and 5 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 64,082
Interest on net OPEB obligation	2,476
Adjustment to annual required contribution	<u>(11,606)</u>
Annual OPEB cost	54,952
Contributions made	<u>(18,839)</u>
Increase in net OPEB obligation	36,113
Net OPEB obligation beginning of year	<u>99,035</u>
Net OPEB obligation end of year	<u><u>\$ 135,148</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 23,021	0.0%	\$ 63,002
2013	56,491	36.2%	99,035
2014	54,952	34.3%	135,148

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 \$230,521, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$230,521. The covered payroll (annual payroll of active employees covered by the plan) was \$1,948,640 and the ratio of the UAAL to covered payroll was 11.8%. As of June 30, 2014, there were no trust fund assets.

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

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members to include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with 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 2.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

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 developed from information developed by the District.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**Note 8. Risk Management**

The District is a member in the Iowa Star Schools Employees Benefit Health Plan, an Iowa Code Chapter 28E organization. Iowa Star Schools is a local government risk-sharing pool whose members include various schools throughout the state of Iowa. Iowa Star Schools was set up for the purpose of managing and funding employee benefits. Iowa Star Schools provides coverage and projection in the following categories: dental. District contributions to Iowa Star for the year ended June 30, 2014 were \$392,195.

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

**Note 9. 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 \$152,551 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**Note 10. Categorical Funding**

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

Program	Amount
Gifted and talented programs	\$ 18,586
Four year old preschool	4,793
Successful progression for early readers	14,414
Professional development for model core curriculum	13,209
Teacher leadership grants	6,261
Total	<u>\$ 57,263</u>

**Note 11. Deficit Fund Balance**

During the year ended June 30, 2014, the District had a deficit balance of \$69,665 in the Capital Projects: Physical Plant and Equipment Levy Fund. The District had two deficit Student Activity Fund accounts with a deficit balance of \$9,786.

**Note 12. Budget Overexpenditure**

During the year ended June 30, 2014, the District exceeded its budget in the non-instructional functional area.

**Note 13. 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.

**Note 14. Detailed Reconciliation of Governmental Fund Balance to Net Position**

The following is a detailed reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

	<u>Unassigned/ Unrestricted</u>
<b>Fund balance (Exhibit C)</b>	\$ 672,012
Income surtax receivable	224,501
Net OPEB liability	(134,402)
Unassigned for Physical Plant and Equipment Levy	(69,665)
Unassigned for Student Activity Fund	(9,786)
<b>Net position (Exhibit A)</b>	<u>\$ 682,660</u>

## **Required Supplementary Information**

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 1,797,455	89,543	1,886,998	2,032,960	2,032,960	(145,962)
State sources	2,450,827	1,607	2,452,434	2,080,580	2,080,580	371,854
Federal sources	95,996	83,141	179,137	183,610	183,610	(4,473)
Total revenues	4,344,278	174,291	4,518,569	4,297,150	4,297,150	221,419
Expenditures/expenses:						
Instruction	2,835,492	-	2,835,492	3,103,540	3,103,540	268,048
Support services	1,066,681	13,235	1,079,916	1,008,032	1,083,032	3,116
Non-instructional programs	5,307	211,115	216,422	169,600	169,600	(46,822)
Other expenditures	369,698	-	369,698	643,846	643,846	274,148
Total expenditures/expenses	4,277,178	224,350	4,501,528	4,925,018	5,000,018	498,490
Excess(Deficiency) of revenues over(under) expenditures/expenses	67,100	(50,059)	17,041	(627,868)	(702,868)	719,909
Other financing sources, net	-	87,526	87,526	1,500	1,500	86,026
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	67,100	37,467	104,567	(626,368)	(701,368)	805,935
Balances beginning of year	1,002,558	26,005	1,028,563	1,164,445	1,164,445	(135,882)
Balances end of year	\$ 1,069,658	63,472	1,133,130	538,077	463,077	670,053

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on 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 function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$75,000.

During the year ended June 30, 2014, expenditures in the non-instructional programs functional area exceeded the amount budgeted.

CLARKSVILLE 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	-	\$ 163,536	163,536	0.0%	\$ 1,887,000	8.7%
2011	July 1, 2009	-	\$ 158,975	158,975	0.0%	\$ 1,908,000	8.3%
2012	July 1, 2009	-	\$ 150,331	150,331	0.0%	\$ 1,627,375	9.2%
2013	July 1, 2012	-	\$ 252,130	252,130	0.0%	\$ 1,499,492	16.8%
2014	July 1, 2012	-	\$ 230,521	230,521	0.0%	\$ 1,948,640	11.8%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

## **Supplementary Information**

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

	Special Revenue		
	Student Activity	Management Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 27,941	156,187	184,128
Receivables:			
Property tax:			
Delinquent	-	2,093	2,093
Succeeding year	-	85,000	85,000
<b>TOTAL ASSETS</b>	<b>\$ 27,941</b>	<b>243,280</b>	<b>271,221</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Due to other funds	\$ 9,786	-	9,786
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	85,000	85,000
Fund balances:			
Restricted for:			
Management levy purposes	-	158,280	158,280
Student activities	27,941	-	27,941
Unassigned:			
Student activities	(9,786)	-	(9,786)
Total fund balances	18,155	158,280	176,435
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 27,941</b>	<b>243,280</b>	<b>271,221</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue		
	Student Activity	Management Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	150,276	150,276
Other	130,012	6,305	136,317
State sources	-	101	101
Total revenues	<u>130,012</u>	<u>156,682</u>	<u>286,694</u>
Expenditures:			
Current:			
Instruction:			
Regular	-	27,935	27,935
Other	143,965	-	143,965
Support services:			
Administration	-	3,836	3,836
Operation and maintenance of plant	-	49,853	49,853
Transportation	-	9,470	9,470
Non-instructional programs:			
Food service operations	-	5,307	5,307
Total expenditures	<u>143,965</u>	<u>96,401</u>	<u>240,366</u>
Change in fund balances	(13,953)	60,281	46,328
Fund balances beginning of year	<u>32,108</u>	<u>97,999</u>	<u>130,107</u>
Fund balances end of year	<u>\$ 18,155</u>	<u>158,280</u>	<u>176,435</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>ASSETS</b>			
Cash and pooled investments	\$ 58,604	23,361	81,965
Receivables:			
Property tax:			
Delinquent	-	849	849
Succeeding year	-	96,221	96,221
Income surtax	-	80,179	80,179
Due from other governments	175,009	-	175,009
<b>TOTAL ASSETS</b>	<b>\$ 233,613</b>	<b>200,610</b>	<b>434,223</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	10,332	10,332
Loans payable	-	83,543	83,543
Total liabilities	-	93,875	93,875
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	96,221	96,221
Income surtax	-	80,179	80,179
Total deferred inflows of resources	-	176,400	176,400
Fund balances:			
Restricted for:			
School infrastructure	233,613	-	233,613
Unassigned:			
Physical plant and equipment	-	(69,665)	(69,665)
Total fund balances	233,613	(69,665)	163,948
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 233,613</b>	<b>200,610</b>	<b>434,223</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 YEAR ENDED JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	147,264	147,264
Other	16,096	3,545	19,641
State sources	298,361	41	298,402
Total revenues	<u>314,457</u>	<u>150,850</u>	<u>465,307</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,048	9,289	14,337
Other	-	14,180	14,180
Support services:			
Instructional staff	54,002	13,261	67,263
Administration	-	3,426	3,426
Operation and maintenance of plant	576	13,355	13,931
Transportation	59,330	-	59,330
Capital outlay	180,235	36,912	217,147
Total expenditures	<u>299,191</u>	<u>90,423</u>	<u>389,614</u>
Change in fund balances	15,266	60,427	75,693
Fund balances beginning year	<u>218,347</u>	<u>(130,092)</u>	<u>88,255</u>
Fund balances end of year	<u>\$ 233,613</u>	<u>(69,665)</u>	<u>163,948</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CLARKSVILLE 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	Balance End of Year
Interest	\$ -	1,028	1,259	(231)
Atheltics	-	48,929	58,484	(9,555)
Instrumental Music	182	917	1,013	86
Vocal Music	253	456	443	266
Drill Team	936	298	-	1,234
Drama/Speech	-	715	628	87
Athletics Clearing	974	14,734	13,626	2,082
Music Fundraiser/Trip	1,294	13,178	13,208	1,264
School Store	811	3,659	3,664	806
Industrial Technology	1,092	1,299	1,220	1,171
Elementary Projects	5,088	94	491	4,691
National Honor Society	3,535	535	1,221	2,849
Spanish Club	402	4,088	3,332	1,158
Washington DC Trip	662	10,614	11,276	-
Special Clearing	-	496	476	20
PBIS	845	1,150	1,932	63
Senior Class	768	2,829	1,068	2,529
Junior Class	910	13,385	13,927	368
Sophomore Class	108	388	368	128
Freshman Class	58	70	128	-
Recycling Project	5,820	383	5,565	638
Special Donations	2,649	-	-	2,649
JH Athletics	1,843	2,588	3,369	1,062
JH Student Council	807	-	-	807
SH Student Council	65	2,489	2,153	401
Cheerleaders	442	392	297	537
Yearbook	2,564	5,298	4,817	3,045
<b>Total</b>	<b>\$ 32,108</b>	<b>130,012</b>	<b>143,965</b>	<b>18,155</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Private Purpose Trust - Scholarship							
	Clarksville Alumni Scholarship	Asher Scholarship	Weinberg Scholarship	Winkey Scholarship	Eslinger Scholarship	Flint Scholarship	Total	
<b>ASSETS</b>								
Cash and pooled investments	\$ 1,750	12,197	30,545	6,851	683	1,500	53,526	
<b>LIABILITIES</b>	-	-	-	-	-	-	-	
<b>NET POSITION</b>								
Restricted for scholarships	\$ 1,750	12,197	30,545	6,851	683	1,500	53,526	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Private Purpose Trust - Scholarship						
	Clarkville						
	Alumni Scholarship	Asher Scholarship	Weinberg Scholarship	Winkey Scholarship	Eslinger Scholarship	Flint Scholarship	Total
Additions:							
Local sources:							
Gifts and contributions	\$ 1,523	-	-	-	500	3,000	5,023
Interest	-	284	719	159	13	-	1,175
Total additions	1,523	284	719	159	513	3,000	6,198
Deductions:							
Instruction:							
Regular:							
Scholarships awarded	1,750	500	2,000	300	500	1,500	6,550
Change in net position	(227)	(216)	(1,281)	(141)	13	1,500	(352)
Net position beginning of year	1,977	12,413	31,826	6,992	670	-	53,878
Net position end of year	\$ 1,750	12,197	30,545	6,851	683	1,500	53,526

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
<b>Local sources:</b>										
Local tax	\$ 1,437,784	1,866,163	1,819,633	1,680,863	1,528,495	1,560,377	1,509,161	1,502,830	1,380,329	1,347,315
Tuition	116,301	58,280	56,573	83,729	72,988	79,973	75,297	72,100	95,152	86,628
Other	243,370	173,940	304,333	207,355	166,061	186,687	174,416	207,739	215,024	155,200
State sources	2,450,827	2,094,961	2,123,148	2,248,746	1,936,316	2,263,663	1,933,038	1,714,184	1,544,051	1,570,049
Federal sources	95,996	106,412	184,120	250,376	343,685	158,525	111,912	137,009	289,141	124,031
<b>Total</b>	<b>\$ 4,344,278</b>	<b>4,299,756</b>	<b>4,487,807</b>	<b>4,471,069</b>	<b>4,047,545</b>	<b>4,249,225</b>	<b>3,803,824</b>	<b>3,633,862</b>	<b>3,523,697</b>	<b>3,283,223</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	\$ 1,760,229	1,660,572	1,607,157	1,749,978	1,631,789	1,655,040	1,612,707	1,462,826	1,445,174	1,424,673
Special	445,138	663,285	371,268	679,864	648,035	594,112	535,234	440,967	402,860	456,430
Other	630,125	531,854	540,695	581,215	532,322	534,536	419,508	465,865	445,527	322,565
<b>Support services:</b>										
Student	76,910	61,459	56,422	52,888	54,720	49,688	35,537	17,759	1,237	34,192
Instructional staff	131,302	181,566	80,348	74,742	121,612	145,129	135,110	64,119	91,556	62,007
Administration	422,279	391,117	419,748	375,507	346,857	335,648	345,752	338,570	335,300	413,221
Operation and maintenance of plant	277,364	268,500	250,286	255,310	296,361	270,017	320,803	243,655	262,646	208,781
Transportation	158,826	163,475	99,923	123,467	98,463	163,408	102,373	95,011	75,843	71,999
Non-instructional programs	5,307	4,169	4,425	3,468	3,049	3,029	2,629	1,492	1,495	1,441
Capital outlays	217,147	411,545	336,164	259,904	170,609	82,109	74,792	35,117	255,319	100,500
<b>Long-term debt:</b>										
Principal	-	-	28,491	13,498	12,988	165,000	155,000	154,000	144,000	139,000
Interest	-	-	987	1,533	2,043	8,155	15,285	22,110	28,010	34,085
<b>Other expenditures:</b>										
AEA flow-through	152,551	149,100	154,404	170,379	163,720	139,317	124,258	11,475	109,443	110,505
<b>Total</b>	<b>\$ 4,277,178</b>	<b>4,486,642</b>	<b>3,950,318</b>	<b>4,341,753</b>	<b>4,082,568</b>	<b>4,145,188</b>	<b>3,878,988</b>	<b>3,352,966</b>	<b>3,598,410</b>	<b>3,379,399</b>

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 Clarksville Community School District:**

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarksville Community School District 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, and have issued our report thereon dated March 24, 2015.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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 on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-14 to be a material weakness.

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

**Compliance and Other Matters**

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

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

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

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

Clarksville Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Clarksville 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 controls 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 Clarksville Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2015  
Newton, Iowa

CLARKSVILLE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2014

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

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

- 1) Cash - recording and reconciling cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - recording, journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparation, mailing and recording.
- 5) Capital assets - recording and reconciling.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 7) Financial reporting - preparing, reconciling and approving.
- 8) Computer systems - performing all general accounting functions and controlling all data input and output.
- 9) School lunch program - recording, journalizing, posting, reconciling, purchase order processing, check preparation.

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

Response - We will review our procedures and investigate available alternatives to improve segregation of duties.

Conclusion - Response accepted.

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

II-A-14 Certified Budget - Expenditures for the year ended June 30, 2014 exceeded the amended certified budget amounts in the non-instructional programs functional area.

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

Response - The District will continue to monitor the budget and amend before exceeding the budget.

Conclusion - Response accepted.

II-B-14 Questionable Disbursements - We noted during our audit that the District purchased a retirement gift for retirees. These gifts to retirees do not appear to meet public purpose as defined in Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - The District will adopt a board policy regarding retirement gifts.

Conclusion - Response accepted.

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

Detailed Receipts - We noted that there were instances of reimbursements made to employees which lacked a detailed receipt. The District has Board Policy 401.10 that addresses the use of District issued credit cards by employees for necessary expenses incurred while on District business. If an employee fails to submit a detailed receipt in addition to the credit card receipt indicating the date, purpose and nature of the expense for each item, that expense would become the employee's expense that would have to be reimbursed to the District within ten days following the use of the District credit card.

Recommendation - The District should review procedures in place with personnel using the district credit cards to ensure the proper detailed documentation will be available with paid credit card statements.

Response - The District will implement a procedure to invoice employees if a detailed receipt is not submitted.

Conclusion - Response accepted.

Mileage Reimbursement - We noted during our audit that the District reimbursed an employee at 28 cents per mile, while board policy 401.7 states the employees will be reimbursed at 40 cents per mile.

Recommendation - The District should review Board Policy 401.7 to ensure that mileage reimbursements are made in accordance with District policies.

Response - The District will follow the board policy 401.7 and update the mileage claim form.

Conclusion - Response accepted.

II-D-14 Business Transactions - No business transactions between the District and District Officials or employees were noted.

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

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

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

- II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 Deposits and Investments - 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.
- II-J-14 Certified Annual Report - The Certified Annual Report was certified timely with the Department of Education and we noted no significant deficiencies in the amounts reported.
- II-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-14 Statewide Sales and 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. 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		\$ 218,347
Revenues:		
Sales tax revenues	\$ 298,361	
Other local revenues	16,096	314,457
		<u>532,804</u>
Expenditures/transfers out:		
School infrastructure construction	180,235	
Equipment	103,526	
Other	15,430	299,191
		<u>299,191</u>
Ending Balance		<u><u>\$ 233,613</u></u>

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

- II-M-14 Financial Condition - During the year ended June 30, 2014, the District had a deficit balance of \$69,665 in the Capital Projects: Physical Plant and Equipment Levy Fund. The District had two deficit Student Activity Fund accounts with a deficit balance of \$9,786.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit fund balance.

Response - The District will continue to monitor this fund and investigate alternatives to eliminate the deficit fund balances.

Conclusion - Response accepted.

II-N-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 a part of the education program for students.

**Questionable Account:** We noted a School Store, Instrumental Music, Vocal Music, PBIS, Industrial Technology, and Recycling Project accounts in the Student Activity Fund. The revenues and expenditures related to these accounts appear to be for instructional items and therefore, would be more appropriately handled in the General Fund.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The revenues and expenditures in the School Store, Instrumental Music, Vocal Music, PBIS, Industrial Technology, and Recycling Project accounts appear to be more instructional in nature and would be more appropriate in the General Fund.

Response - The District has moved the school store, vocal music, instrumental music and PBIS balances to the General Fund.

Conclusion - Response accepted.

**BoxTop Donations:** We noted during our audit that the District receipts BoxTop donations into the PTO account.

Recommendation - Donations given to a school should be expended according to donor request. According to information contained on the website for BoxTops, the donation can be used for items such as books, computers or playground equipment. Since the items listed for purchase with BoxTop donations appear more instructional in nature, the most logical place to record these donations would be the general fund.

Response - All box top donations will be deposited into the school's general fund.

Conclusion - Response accepted.