

**CORWITH-WESLEY COMMUNITY SCHOOL DISTRICT
CORWITH, IOWA**

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

YEAR ENDED JUNE 30, 2014

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Corwith-Wesley Community School District
Corwith, Iowa

Officials

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

(Before September 2013 Election)

Keith Hauswirth	President	2013
Jonathon Chambers	Vice President	2015
Susan Burrs	Board Member	2015
Tracy Studer	Board Member	2013
Jodi Grein	Board Member	2015

(After September 2013 Election)

Keith Hauswirth	President	2017
Jonathon Chambers	Vice President	2015
Susan Burrs	Board Member	2015
Tracy Studer	Board Member	2017
Jodi Grein	Board Member	2015

School Officials

Jon Hueser	Superintendent	2014
Sue Parcel	District Secretary/Treasurer and Business Manager	2014
Ahlers & Cooney, P.C.	Attorney	Indefinite

Cornwell, Frideres, Maher & Associates, P.L.C.

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 • Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

Independent Auditor's Report

To the Board of Education of
Corwith-Wesley Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Corwith-Wesley Community School District, Corwith, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 45 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corwith-Wesley Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2015 on our consideration of Corwith-Wesley Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Corwith-Wesley Community School District's internal control over financial reporting and compliance.

Cornwell, Frideres, Maher & Associates, P.L.C.

Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 19, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Corwith-Wesley 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 \$1,538,875 in fiscal 2013 to \$1,486,978 in fiscal 2014, while General Fund expenditures decreased from \$1,887,307 in fiscal 2013 to \$1,542,396 in fiscal 2014. The District's General Fund balance decreased from \$581,717 in fiscal 2013 to \$527,605 in fiscal 2014, a 9.3% decrease.
- The fiscal year 2014 General Fund revenue decrease was attributable to decreases in property tax, tuition and federal revenue. The decrease in expenditures was due primarily to a decrease in negotiated salaries and benefits.

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 Corwith-Wesley 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 Corwith-Wesley Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Corwith-Wesley Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

Figure A-1
Corwith-Wesley Community School District
Annual Financial Report

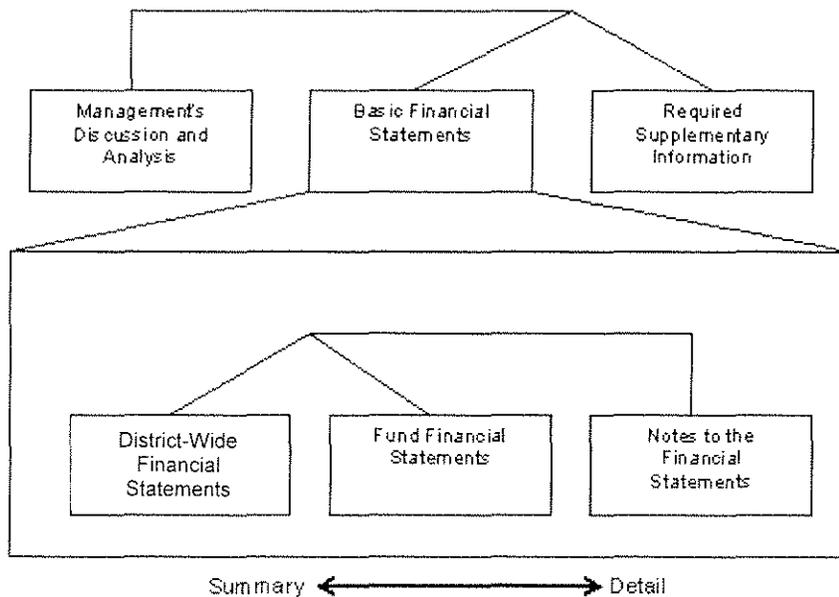


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show 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, the Special Revenue Funds, and the Capital Projects Fund.

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is 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. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

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 net position at June 30, 2014 compared to June 30, 2013.

Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$ 2,572	2,456	3	3	2,575	2,459	4.7%
Capital assets	282	355	2	3	284	358	-20.7%
Total assets	<u>2,854</u>	<u>2,811</u>	<u>5</u>	<u>6</u>	<u>2,859</u>	<u>2,817</u>	<u>1.5%</u>
Long-term liabilities	137	78	7	---	144	78	84.6%
Other liabilities	353	357	35	26	388	383	1.3%
Total liabilities	<u>490</u>	<u>435</u>	<u>42</u>	<u>26</u>	<u>532</u>	<u>461</u>	<u>15.4%</u>
Deferred inflows of resources	<u>885</u>	<u>844</u>	<u>---</u>	<u>---</u>	<u>885</u>	<u>844</u>	<u>4.9%</u>
Net position:							
Net investment in capital assets	282	355	2	3	284	358	-20.7%
Restricted	837	713	---	---	837	713	17.4%
Unrestricted	<u>360</u>	<u>464</u>	<u>(39)</u>	<u>(23)</u>	<u>321</u>	<u>441</u>	<u>-27.2%</u>
Total net position	<u>\$ 1,479</u>	<u>1,532</u>	<u>(37)</u>	<u>(20)</u>	<u>1,442</u>	<u>1,512</u>	<u>-4.6%</u>

The District's total net position decreased 5% or approximately \$70,000, from the prior year. A portion of the District's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$124,000 or 17% over the prior year. The increase was primarily a result of an increase in the amount restricted for Capital Projects, Statewide Sales, Services and Use Tax Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately 120,000 or 27%. This decrease in unrestricted net position was a result of the District's expenditures exceeding revenues during the 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.

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program revenues:							
Charges for service	\$ 195	247	16	23	211	270	-21.9%
Operating grants, contributions and restricted interest	268	260	23	25	291	285	2.1%
Capital grants, contributions and restricted interest	---	---	---	---	---	---	0.0%
General revenues:							
Property tax	845	893	---	---	845	893	-5.4%
Income surtax	166	148	---	---	166	148	12.2%
Statewide sales, services and use tax	100	97	---	---	100	97	3.1%
Unrestricted state grants	164	128	---	---	164	128	28.1%
Unrestricted investment earnings	---	---	---	---	---	---	0.0%
Other	16	10	---	---	16	10	60.0%
Total revenues	<u>1,754</u>	<u>1,783</u>	<u>39</u>	<u>48</u>	<u>1,793</u>	<u>1,831</u>	<u>-2.1%</u>
Program expenses:							
Instruction	1,139	1,488	---	---	1,139	1,488	-23.5%
Support services	550	599	---	---	550	599	-8.2%
Non-instructional programs	---	---	56	62	56	62	-9.7%
Other expenses	118	145	---	---	118	145	-18.6%
Total expenses	<u>1,807</u>	<u>2,232</u>	<u>56</u>	<u>62</u>	<u>1,863</u>	<u>2,294</u>	<u>-18.8%</u>
Change in net position	(53)	(449)	(17)	(14)	(70)	(463)	84.9%
Net position beginning of year	<u>1,532</u>	<u>1,981</u>	<u>(20)</u>	<u>(6)</u>	<u>1,512</u>	<u>1,975</u>	<u>-23.4%</u>
Net position end of year	<u>\$ 1,479</u>	<u>1,532</u>	<u>(37)</u>	<u>(20)</u>	<u>1,442</u>	<u>1,512</u>	<u>-4.6%</u>

In fiscal year 2014, property tax and unrestricted state grants accounted for 57.5% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue.

The District's total revenues were approximately \$1.8 million, of which approximately \$1.8 million was for governmental activities and less than \$0.1 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 2.1% decrease in revenues and an 18.8% decrease in expenses. The decrease in expenses is related to a decrease in salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$1,753,747 and expenses were \$1,807,352 for the year ended June 30, 2014.

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

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$ 1,139	1,488	-23.5 %	760	1,057	-28.1 %
Support services	550	599	-8.2 %	535	589	-9.2 %
Non-instructional programs	---	---	0.0 %	---	---	0.0 %
Other expenses	118	145	-18.6 %	50	79	-36.7 %
Total	\$ 1,807	2,232	-19.0 %	1,345	1,725	-22.0 %

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$194,916.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$267,385.
- The net cost of governmental activities was financed with \$1,111,317 in property and other taxes and \$164,325 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$39,201 representing a 17.8% decrease from the prior year, while expenses totaled \$56,102, a 9.3% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Corwith-Wesley 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 balances of \$1,200,255, above last year's ending fund balances of \$1,121,014.

Governmental Fund Highlights

- The District's deteriorating General Fund financial position is the result of many factors. Revenues and expenditures decreased from the prior year, with expenditures exceeding revenues. This resulted in the District using carryover fund balance to meet financial obligations during the year.
- The General Fund balance decreased from \$581,717 to \$527,605.
- The Capital Projects Fund balance increased from \$391,048 in fiscal 2013 to \$480,275 in fiscal 2014.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from a deficit of \$19,914 at June 30, 2013 to a deficit of \$36,815 at June 30, 2014, representing a decrease of approximately 84.9%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Corwith-Wesley Community School District did not amend its budget.

The District's total revenues were \$87,644 more than total budgeted revenues, a variance of 5.1%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. The District manages or controls spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. However, the District exceeded its General Fund unspent authorized budget for the year ended June 30, 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested approximately \$284,000 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 20.7% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$81,260.

The original cost of the District's capital assets was approximately \$2.1 million. Governmental funds account for the majority of this \$2.1 million.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$ 1	1	---	---	1	1	0.0%
Buildings	110	112	---	---	110	112	-1.8%
Improvements other than buildings	13	14	---	---	13	14	-7.1%
Furniture and equipment	<u>158</u>	<u>228</u>	<u>2</u>	<u>3</u>	<u>160</u>	<u>231</u>	<u>-30.7%</u>
Total	<u>\$ 282</u>	<u>355</u>	<u>2</u>	<u>3</u>	<u>284</u>	<u>358</u>	<u>-20.7%</u>

Long-Term Debt

At June 30, 2014, the District had \$4,049 in total long-term debt outstanding. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

	Total District		Total Change
	June 30,		June 30,
	2014	2013	2013-2014
Compensated absences	\$ <u>4</u>	<u>3</u>	<u>33.3%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Due to declining enrollment, district spending authority has greatly decreased. District has whole grade shared with LuVerne CSD approximately 35 years and gradually increasing shared services to include Superintendent, Principal and more staff. Superintendent position has been decreased from full time. Most recently all activities are now shared with Algona CSD.

On September 9, 2014, 56.4% of voters approved dissolution of Corwith-Wesley District with 101 for and 78 against. Property of Corwith-Wesley CSD is divided accordingly to LuVerne CSD (87.31%); Algona CSD (7.1%); West Hancock CSD (4.44%) and Clarion-Goldfield-Dows (1.15%). Dissolution will take effect June 30, 2015.

Corwith-Wesley CSD anticipates early retirement of four staff members. Further, it is estimated 10 staff will collect unemployment benefits up to 39 weeks.

Corwith-Wesley CSD has agreed to take care of building and property expenses whether it be demolition or disposal.

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 Sue Parcel, District Secretary/Treasurer and Business Manager, Corwith-Wesley Community School District, 408 S.E. Elm St., P.O. Box 220, Corwith, Iowa 50430.

Basic Financial Statements

Corwith-Wesley Community School District
 Corwith, Iowa
 Statement of Net Position
 June 30, 2014

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,392,788	-	1,392,788
Receivables:			
Property tax:			
Delinquent	9,419	-	9,419
Succeeding year	885,027	-	885,027
Accounts	78,620	64	78,684
Due from other governments	205,568	-	205,568
Inventories	-	2,453	2,453
Capital assets, net of accumulated depreciation	<u>282,381</u>	<u>2,219</u>	<u>284,600</u>
Total assets	<u>2,853,803</u>	<u>4,736</u>	<u>2,858,539</u>
Liabilities			
Excess of warrants issued over bank balance	-	30,530	30,530
Accounts payable	232,765	-	232,765
Salaries and benefits payable	118,251	3,779	122,030
Advances from grantors	-	223	223
Security deposits	1,664	-	1,664
Long-term liabilities:			
Portion due within one year:			
Compensated absences	4,049	-	4,049
Portion due after one year:			
Net OPEB liability	<u>133,356</u>	<u>7,019</u>	<u>140,375</u>
Total liabilities	<u>490,085</u>	<u>41,551</u>	<u>531,636</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	<u>885,027</u>	-	<u>885,027</u>
Net Position			
Net investment in capital assets	282,381	2,219	284,600
Restricted for:			
Categorical funding	164,121	-	164,121
Management levy purposes	161,033	-	161,033
School infrastructure	458,761	-	458,761
Physical plant and equipment	21,514	-	21,514
Student activities	31,342	-	31,342
Unrestricted	<u>359,539</u>	<u>(39,034)</u>	<u>320,505</u>
Total net position	<u>\$ 1,478,691</u>	<u>(36,815)</u>	<u>1,441,876</u>

See notes to financial statements.

Corwith-Wesley Community School District
 Corwith, Iowa
 Statement of Activities
 Year ended June 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<u>Functions/Programs:</u>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 531,879	36,186	115,740	-
Special instruction	321,121	106,595	13,988	-
Other instruction	285,805	51,790	53,983	-
	<u>1,138,805</u>	<u>194,571</u>	<u>183,711</u>	<u>-</u>
Support services:				
Student	33,987	-	5,860	-
Instructional staff	28,270	-	9,192	-
Administration	223,884	-	-	-
Operation and maintenance of plant	169,683	-	-	-
Transportation	94,207	345	-	-
	<u>550,031</u>	<u>345</u>	<u>15,052</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	29,610	-	-	-
AEA flowthrough	68,622	-	68,622	-
Depreciation (unallocated)*	20,284	-	-	-
	<u>118,516</u>	<u>-</u>	<u>68,622</u>	<u>-</u>
Total governmental activities	1,807,352	194,916	267,385	-
Business type activities:				
Non-instructional programs:				
Food service operations	56,102	16,363	22,808	-
Total	<u>\$ 1,863,454</u>	<u>211,279</u>	<u>290,193</u>	<u>-</u>

General Revenues:

Property tax levied for:
 General purposes
 Capital outlay
 Income surtax
 Statewide sales, services and use tax
 Unrestricted state grants
 Unrestricted investment earnings
 Other
 Loss on sale of assets
 Total general revenues
 Change in net position
 Net position beginning of year
 Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
	(379,953)	-	(379,953)
	(200,538)	-	(200,538)
	(180,032)	-	(180,032)
	<u>(760,523)</u>	<u>-</u>	<u>(760,523)</u>
	(28,127)	-	(28,127)
	(19,078)	-	(19,078)
	(223,884)	-	(223,884)
	(169,683)	-	(169,683)
	(93,862)	-	(93,862)
	<u>(534,634)</u>	<u>-</u>	<u>(534,634)</u>
	(29,610)	-	(29,610)
	-	-	-
	<u>(20,284)</u>	<u>-</u>	<u>(20,284)</u>
	<u>(49,894)</u>	<u>-</u>	<u>(49,894)</u>
	(1,345,051)	-	(1,345,051)
	<u>-</u>	<u>(16,931)</u>	<u>(16,931)</u>
	<u>(1,345,051)</u>	<u>(16,931)</u>	<u>(1,361,982)</u>
\$	808,420	-	808,420
	36,716	-	36,716
	166,051	-	166,051
	100,130	-	100,130
	164,325	-	164,325
	314	-	314
	15,532	30	15,562
	(42)	-	(42)
	<u>1,291,446</u>	<u>30</u>	<u>1,291,476</u>
	(53,605)	(16,901)	(70,506)
	<u>1,532,296</u>	<u>(19,914)</u>	<u>1,512,382</u>
\$	<u>1,478,691</u>	<u>(36,815)</u>	<u>1,441,876</u>

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit C

Balance Sheet
Governmental Funds

June 30, 2014

	<u>General</u>	<u>Special Revenue Management</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue Student Activities</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 742,469	160,182	458,795	31,342	1,392,788
Receivables:					
Property tax:					
Delinquent	8,172	851	396	-	9,419
Succeeding year	725,674	125,000	34,353	-	885,027
Accounts	78,620	-	-	-	78,620
Due from other governments	184,484	-	21,084	-	205,568
Total assets	\$ 1,739,419	286,033	514,628	31,342	2,571,422
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 232,765	-	-	-	232,765
Salaries and benefits payable	118,251	-	-	-	118,251
Security deposit	1,664	-	-	-	1,664
Total liabilities	352,680	-	-	-	352,680
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	725,674	125,000	34,353	-	885,027
Income surtax	133,460	-	-	-	133,460
Total deferred inflows of resources	859,134	125,000	34,353	-	1,018,487
Fund balances:					
Restricted for:					
Categorical funding	164,121	-	-	-	164,121
Management levy purposes	-	161,033	-	-	161,033
Student activities	-	-	-	31,342	31,342
School infrastructure	-	-	458,761	-	458,761
Physical plant and equipment	-	-	21,514	-	21,514
Unassigned	363,484	-	-	-	363,484
Total fund balances	527,605	161,033	480,275	31,342	1,200,255
Total liabilities, deferred inflows of resources and fund balances	\$ 1,739,419	286,033	514,628	31,342	2,571,422

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit D

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2014

Total fund balances of governmental funds (page 19) \$ 1,200,255

*Amounts reported for governmental activities in the Statement of Net Position
are different because:*

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported as assets in the governmental funds. 282,381

Other long-term assets are not available to pay current year expenditures and,
therefore, are recognized as deferred inflows of resources in the governmental
funds. 133,460

Long-term liabilities, including compensated absences and other postemployment
benefits payable, are not due and payable in the current year and, therefore, are not
reported in the governmental funds. (137,405)

Net position of governmental activities (page 16) \$ 1,478,691

See notes to financial statements.

Corwith-Wesley Community School District
 Corwith, Iowa
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year ended June 30, 2014

Exhibit E

	<u>General</u>	<u>Special Revenue Management</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue Student Activities</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 900,231	75,117	36,715	-	1,012,063
Tuition	140,327	-	-	-	140,327
Other	14,755	3,967	194	51,523	70,439
State sources	376,376	29	100,145	-	476,550
Federal sources	55,289	-	-	-	55,289
Total revenues	<u>1,486,978</u>	<u>79,113</u>	<u>137,054</u>	<u>51,523</u>	<u>1,754,668</u>
Expenditures:					
Current:					
Instruction:					
Regular	491,509	-	-	-	491,509
Special	305,727	-	-	-	305,727
Other	234,994	-	-	42,216	277,210
	<u>1,032,230</u>	<u>-</u>	<u>-</u>	<u>42,216</u>	<u>1,074,446</u>
Support services:					
Student	31,933	-	-	-	31,933
Instructional staff	22,083	-	606	-	22,689
Administration	194,990	13,067	9,568	-	217,625
Operation and maintenance of plant	135,429	25,362	-	-	160,791
Transportation	57,109	5,865	-	-	62,974
	<u>441,544</u>	<u>44,294</u>	<u>10,174</u>	<u>-</u>	<u>496,012</u>
Other expenditures:					
Facilities acquisition	-	-	37,653	-	37,653
AEA flowthrough	68,622	-	-	-	68,622
	<u>68,622</u>	<u>-</u>	<u>37,653</u>	<u>-</u>	<u>106,275</u>
Total expenditures	<u>1,542,396</u>	<u>44,294</u>	<u>47,827</u>	<u>42,216</u>	<u>1,676,733</u>
Excess (deficiency) of revenues over (under) expenditures	(55,418)	34,819	89,227	9,307	77,935
Other financing sources (uses):					
Sale of fixed assets	1,306	-	-	-	1,306
Total other financing sources (uses)	<u>1,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,306</u>
Change in fund balances	(54,112)	34,819	89,227	9,307	79,241
Fund balances beginning of year	<u>581,717</u>	<u>126,214</u>	<u>391,048</u>	<u>22,035</u>	<u>1,121,014</u>
Fund balances end of year	<u>\$ 527,605</u>	<u>161,033</u>	<u>480,275</u>	<u>31,342</u>	<u>1,200,255</u>

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit F

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 21) **\$ 79,241**

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

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

Expenditures for capital assets	\$ 9,368	
Depreciation expense	(80,917)	
Loss on capital assets disposed	(1,348)	(72,897)

Certain delinquent property tax, unspent grant proceeds, and income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (879)

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

Compensated absences	(714)	
Other postemployment benefits	(58,356)	(59,070)

Change in net position of governmental activities (page 18) **\$ (53,605)**

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit G

Statement of Net Position
Proprietary Fund

June 30, 2014

	<u>Enterprise School Nutrition</u>
Assets	
Current assets:	
Accounts receivable	\$ 64
Inventories	2,453
Total current assets	<u>2,517</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>2,219</u>
Total noncurrent assets	<u>2,219</u>
Total assets	<u>4,736</u>
Liabilities	
Current liabilities:	
Excess of warrants issued over bank balance	30,530
Salaries and benefits payable	3,779
Unearned revenue	223
Total current liabilities	<u>34,532</u>
Noncurrent liabilities:	
Net OPEB liability	<u>7,019</u>
Total noncurrent liabilities	<u>7,019</u>
Total liabilities	<u>41,551</u>
Net Position	
Investment in capital assets	2,219
Unrestricted	<u>(39,034)</u>
Total net position	<u>\$ (36,815)</u>

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit H

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

Year ended June 30, 2014

	<u>Enterprise School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 16,284
Miscellaneous	108
Total operating revenues	<u>16,392</u>
Operating expenses:	
Support services:	
Operation and maintenance of plant	<u>1,102</u>
Non-instructional programs:	
Food service operations:	
Salaries	14,294
Benefits	15,480
Supplies	24,883
Depreciation	343
	<u>55,000</u>
Total operating expenses	<u>56,102</u>
Operating loss	<u>(39,710)</u>
Non-operating revenues:	
State sources	330
Federal sources	22,479
Total non-operating revenues	<u>22,809</u>
Decrease in net position	(16,901)
Net position beginning of year	<u>(19,914)</u>
Net position end of year	<u>\$ (36,815)</u>
See notes to financial statements.	

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

	<u>Enterprise</u> <u>School</u> <u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 17,750
Cash received from miscellaneous operating activities	108
Cash paid to employees for services	(24,221)
Cash paid to suppliers for goods or services	<u>(21,100)</u>
Net cash used by operating activities	<u>(27,463)</u>
Cash flows from non-capital financing activities:	
State grants received	330
Federal grants received	17,009
Excess of warrants issued over bank balance	<u>10,124</u>
Net cash provided by non-capital financing activities	<u>27,463</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents beginning of year	<u>-</u>
Cash and cash equivalents end of year	<u>\$ -</u>

(continued)

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit I

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2014

Enterprise
School
Nutrition

**Reconciliation of operating loss to net cash used by
operating activities:**

Operating loss	\$ (39,710)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	5,470
Depreciation	343
Decrease in accounts receivable	1,909
(Increase) in inventories	(585)
(Decrease) in salaries and benefits payable	(1,466)
Increase in OPEB liability	7,019
(Decrease) in unearned revenue	<u>(443)</u>
Net cash used by operating activities	<u>\$ (27,463)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received \$5,470 of federal commodities.

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Exhibit J

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2014

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 3,200
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>3,200</u>
Change in net position	-
Net position beginning of year	<u>-</u>
Net position end of year	<u><u>\$ -</u></u>

See notes to financial statements.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

Corwith-Wesley Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades prekindergarten through twelve. An academic sharing agreement exists with LuVerne Community School District whereby grades prekindergarten through six attend the LuVerne Community School District. 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 Corwith, Wesley, and LuVerne, Iowa and the predominate agricultural territory in Hancock, Kossuth, and Wright counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Corwith-Wesley 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 Hancock and Kossuth County assessor's conference boards.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

B. Basis of Presentation

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

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

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

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

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

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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

The District reports the following major governmental funds:

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

The Special Revenue Fund, Management Levy is to account for the cost of unemployment benefits, liability insurance and agreements, costs of judgments and certain early retirement benefits.

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 major proprietary fund:

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

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

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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

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

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

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

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

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

Cash and Cash Equivalents – The cash balances of most District funds are pooled and invested. Non-negotiable certificates of deposit are stated at cost.

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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

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

Property tax revenue recognized in these funds 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.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	1,000
Improvements other than buildings	1,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	1,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 years
Improvements other than buildings	10-30 years
Furniture and equipment	5-20 years

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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

Compensated Absences – District employees do not accumulate earned but unused vacation. District employees accumulate a limited amount of earned but unused sick leave benefits. A liability for earned but unused sick leave is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

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

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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 did not exceed the certified budget but the District exceeded its General Fund unspent authorized budget.

(2) Cash and Cash Equivalents

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

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

The District had no investments at or during the year ended June 30, 2014 and deposited its excess cash in certificates of deposit and savings.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,315	---	---	1,315
Capital assets being depreciated:				
Buildings	617,205	5,818	---	623,023
Improvements other than buildings	121,051	---	---	121,051
Furniture and equipment	1,424,039	3,550	(61,727)	1,365,862
Total capital assets being depreciated	2,162,295	9,368	(61,727)	2,109,936
Less accumulated depreciation for:				
Buildings	505,231	7,839	---	513,070
Improvements other than buildings	106,591	1,314	---	107,905
Furniture and equipment	1,196,510	71,764	(60,379)	1,207,895
Total accumulated depreciation	1,808,332	80,917	(60,379)	1,828,870
Total capital assets being depreciated, net	353,963	(71,549)	(1,348)	281,066
Governmental activities capital assets, net	\$ 355,278	(71,549)	(1,348)	282,381
Business type activities:				
Furniture and equipment	\$ 17,148	---	---	17,148
Less accumulated depreciation	14,586	343	---	14,929
Business type activities capital assets, net	\$ 2,562	(343)	---	2,219

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

Depreciation expense was charged to the following functions:

Governmental activities:		
Instruction:		
Regular	\$	19,623
Special		4,134
Other		1,431
Support services:		
Instructional staff		2,462
Administration		409
Operation and maintenance of plant		3,534
Transportation		<u>29,040</u>
		60,633
Unallocated		<u>20,284</u>
		<u>\$ 80,917</u>
Business type activities:		
Food service operations	\$	<u>343</u>

(4) Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Compensated absences	\$ 3,335	714	---	4,049	4,049
Net OPEB liability	<u>75,000</u>	<u>58,356</u>	---	<u>133,356</u>	---
Total	<u>\$ 78,335</u>	<u>59,070</u>	---	<u>137,405</u>	<u>4,049</u>

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ ---	7,019	---	7,019	---

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

(5) Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$58,996, \$84,899, \$78,614, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides health insurance coverage for retirees and their spouses. There are 20 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The health insurance benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the health insurance 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.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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	\$ 86,000
Interest on net OPEB obligation	3,375
Adjustment to annual required contribution	<u>(3,000)</u>
Annual OPEB cost	86,375
Contributions made	<u>(21,000)</u>
Increase in net OPEB obligation	65,375
Net OPEB obligation beginning of year	<u>75,000</u>
Net OPEB obligation end of year	\$ <u>140,375</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.

For the year ended June 30, 2014, the District contributed \$21,000 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

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

Year Ended <u>June 30,</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$86,000	12.8%	\$75,000
2014	86,375	24.3%	140,375

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 \$250,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$250,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$597,000 and the ratio of the UAAL to covered payroll was 41.9%. As of June 30, 2014, there were no trust fund assets.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

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

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

As of the July 1, 2012 actuarial valuation date, the alternative measurement method was used. The actuarial assumptions include a 4.50% discount rate based on the District's funding policy. The projected annual medical rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from applying termination factors from the U.S. Office of Personnel Management.

Projected claim costs of the insurance plan are \$0, as there are no retirees in the plan. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

(7) Risk Management

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

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$68,622 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Operating Lease

The District entered into an operating lease with Advanced Systems, Inc. for the rental of three Cannon copiers on November 23, 2009 for a period of five years. The amount paid for the fiscal year ended June 30, 2014 was \$9,569. Future rentals are scheduled as follows:

<u>Year Ending June 30,</u>	
2015	\$ 3,271
	<u>=====</u>

(10) Categorical Funding

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

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

<u>Program</u>		<u>Amount</u>
Early Literacy	\$	12,526
Teacher Leadership		5,305
Market factor		2,572
Professional development – core curriculum		19,246
Professional development		45,639
Early intervention		10,124
Dropout prevention		64,775
Gifted and Talented		<u>3,934</u>
Total	\$	<u>164,121</u>

(11) Deficit Fund Balance

The Enterprise, School Nutrition Fund had a deficit fund balance of \$36,815 at June 30, 2014. The deficit will be eliminated by increasing meal prices and not allowing second meals for accounts that are negative. The deficit in the Enterprise, School Nutrition Fund was due to expenditures being incurred before the receipts were available to pay for them.

(12) Subsequent Events

Subsequent events have been evaluated through March 19, 2015, which is the date the financial statements were available to be issued.

On September 9, 2014, voters of the Corwith-Wesley Community School District voted to dissolve the District at the end of the 2015 fiscal year. Property of the District will be divided between Algona, Clarion-Goldfield-Dows, LuVerne and West Hancock community school districts.

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Financial Statements

June 30, 2014

(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.

Required Supplementary Information

Corwith-Wesley Community School District
Corwith, Iowa

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 Funds <u>Actual</u>	Proprietary Fund <u>Actual</u>
Revenues:		
Local sources	\$ 1,222,829	16,392
Intermediate sources	-	-
State sources	476,550	330
Federal sources	<u>55,289</u>	<u>22,479</u>
Total revenues	<u>1,754,668</u>	<u>39,201</u>
Expenditures/Expenses:		
Instruction	1,074,446	-
Support services	496,012	1,102
Non-instructional programs	-	55,000
Other expenditures	<u>106,275</u>	<u>-</u>
Total expenditures/expenses	<u>1,676,733</u>	<u>56,102</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	77,935	(16,901)
Other financing sources, net	<u>1,306</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	79,241	(16,901)
Balances beginning of year	<u>1,121,014</u>	<u>(19,914)</u>
Balances end of year	<u>\$ 1,200,255</u>	<u>(36,815)</u>

See accompanying independent auditor's report.

Total <u>Actual</u>	Budgeted Amounts		Final to Actual <u>Variance</u>
	<u>Original</u>	<u>Final</u>	
1,239,221	1,263,598	1,263,598	(24,377)
-	500	500	(500)
476,880	336,014	336,014	140,866
77,768	106,113	106,113	(28,345)
<u>1,793,869</u>	<u>1,706,225</u>	<u>1,706,225</u>	<u>87,644</u>
1,074,446	1,311,500	1,311,500	237,054
497,114	664,060	664,060	166,946
55,000	80,000	80,000	25,000
106,275	206,222	206,222	99,947
<u>1,732,835</u>	<u>2,261,782</u>	<u>2,261,782</u>	<u>528,947</u>
61,034	(555,557)	(555,557)	616,591
<u>1,306</u>	<u>-</u>	<u>-</u>	<u>1,306</u>
62,340	(555,557)	(555,557)	617,897
<u>1,101,100</u>	<u>1,051,375</u>	<u>1,051,375</u>	<u>49,725</u>
<u>1,163,440</u>	<u>495,818</u>	<u>495,818</u>	<u>667,622</u>

Corwith-Wesley Community School District
Corwith, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2014

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

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

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

During the year ended June 30, 2014, the District exceeded its General Fund unspent authorized budget.

Corwith-Wesley Community School District
Corwith, Iowa

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 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	Jul 1, 2009	-	\$ -	-	0.0%	\$ 1,048,000	0.0%
2011	Jul 1, 2009	-	-	-	0.0	929,000	0.0
2012	Jul 1, 2009	-	-	-	0.0	902,000	0.0
2013	Jul 1, 2012	-	250,000	250,000	0.0	934,000	26.8
2014	Jul 1, 2012	-	250,000	250,000	0.0	597,000	41.9

See Note 6 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

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 1

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance End of Year</u>
Annual	\$ 1,163	4,753	1,740	-	4,176
Athletics - HS	1,021	1,723	3,233	489	-
Activity Tickets	1,270	1,235	742	242	2,005
Baseball	-	-	220	220	-
Book Club	100	-	-	(100)	-
Boys Basketball	-	5,118	4,376	-	742
Business Class	203	-	-	-	203
Cheerleaders	1,165	1,737	1,773	-	1,129
Class of 2012	737	-	-	(737)	-
Class of 2013	70	-	-	(70)	-
Class of 2014	1,328	4,566	5,213	(681)	-
Class of 2015	1,345	2,384	1,067	-	2,662
Class of 2016	776	607	-	-	1,383
Class of 2017	893	35	-	-	928
Class of 2018	122	-	-	-	122
Clubs and Organizations	902	-	-	-	902
Cross Country	-	2,612	2,773	161	-
Danz Squad	1,307	4,827	4,896	-	1,238
Drama	2,240	1,063	721	-	2,582
FFA	2,814	4,133	4,496	-	2,451
Football	-	10,392	5,604	(654)	4,134
Football fund raising	(782)	128	-	654	-
Fundraiser	2,579	-	-	(601)	1,978

(continued)

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 1

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues and Interfund Transfers</u>	<u>Expenditures</u>	<u>Intrafund Transfers</u>	<u>Balance End of Year</u>
Golf	-	8	430	422	-
Instrumental - High School	1,250	-	191	(1,059)	-
National Honor Society	53	314	453	86	-
Student Council - HS	743	399	845	-	297
Student Trip Account	736	1,414	-	1,488	3,638
Vocal -HS	-	-	80	80	-
Volleyball	-	3,034	2,667	-	367
Miscellaneous Projects	-	1,041	636	-	405
Speech	-	-	60	60	-
Total	<u>\$ 22,035</u>	<u>51,523</u>	<u>42,216</u>	<u>-</u>	<u>31,342</u>

See accompanying independent auditor's report.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 2

Combining Balance Sheet
Capital Project Accounts

June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and cash equivalents	\$ 437,677	21,118	458,795
Receivables:			
Property tax:			
Delinquent	-	396	396
Succeeding year	-	34,353	34,353
Due from other governments	21,084	-	21,084
Total assets	\$ 458,761	55,867	514,628
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	34,353	34,353
Fund balances:			
Restricted for:			
School infrastructure	458,761	-	458,761
Physical plant and equipment	-	21,514	21,514
Total fund balances	458,761	21,514	480,275
Total liabilities, deferred inflows of resources and fund balances	\$ 458,761	55,867	514,628

See accompanying independent auditor's report.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule 3

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

Year ended June 30, 2014

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
Revenues:			
Local sources:			
Local tax	\$ -	36,715	36,715
Other	157	37	194
State sources	100,131	14	100,145
Total revenues	<u>100,288</u>	<u>36,766</u>	<u>137,054</u>
Expenditures:			
Support services:			
Instructional Staff	606	-	606
Administration	2,344	7,224	9,568
Other expenditures:			
Facilities acquisition	21,539	16,114	37,653
Total expenditures	<u>24,489</u>	<u>23,338</u>	<u>47,827</u>
Excess of revenues over expenditures	75,799	13,428	89,227
Fund balances beginning of year	<u>382,962</u>	<u>8,086</u>	<u>391,048</u>
Fund balances end of year	<u>\$ 458,761</u>	<u>21,514</u>	<u>480,275</u>

See accompanying independent auditor's report.

Schedule of Changes in Fiduciary Assets and Liabilities -
 Agency Fund

Year ended June 30, 2014

	Balance Beginning of Year	<u>Additions</u>	<u>Deductions</u>	Balance End of Year
Assets				
Cash	\$ 888	-	888	-
Total assets	<u>\$ 888</u>	<u>-</u>	<u>888</u>	<u>-</u>
Liabilities				
Other payables	\$ 888	-	888	-
Total liabilities	<u>\$ 888</u>	<u>-</u>	<u>888</u>	<u>-</u>

See accompanying independent auditor's report.

Corwith-Wesley Community School District
Corwith, Iowa

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

For the Last Ten Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:				
Local sources:				
Local tax	\$ 1,012,063	1,138,318	1,558,936	1,604,123
Tuition	140,327	151,707	46,131	254,009
Other	70,439	105,263	244,081	99,697
State sources	476,550	324,622	438,901	490,954
Federal sources	55,289	63,934	89,026	167,744
Total	<u>\$ 1,754,668</u>	<u>1,783,844</u>	<u>2,377,075</u>	<u>2,616,527</u>
Expenditures:				
Instruction:				
Regular	\$ 491,509	781,509	816,274	811,041
Special	305,727	311,900	202,838	244,583
Other	277,210	316,403	300,130	298,928
Support services:				
Student	31,933	23,657	26,325	25,348
Instructional staff	22,689	30,837	62,222	42,442
Administration	217,625	240,550	230,860	228,477
Operation and maintenance of plant	160,791	189,343	170,247	168,126
Transportation	62,974	55,905	54,308	71,791
Non-instructional programs	-	-	-	-
Other expenditures:				
Facilities acquisition	37,653	77,904	115,939	41,744
Long-term debt:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
AEA flowthrough	68,622	66,073	68,717	78,546
Total	<u>\$ 1,676,733</u>	<u>2,094,081</u>	<u>2,047,860</u>	<u>2,011,026</u>

See accompanying independent auditor's report.

Schedule 5

Modified Accrual Basis					
<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
1,505,292	1,488,935	1,303,520	1,281,748	1,161,181	1,164,783
275,176	103,548	152,893	159,428	123,214	111,521
103,510	150,377	135,865	130,605	122,487	150,130
480,065	750,791	772,242	847,067	946,873	957,461
149,408	78,202	81,695	93,737	73,371	93,310
<u>2,513,451</u>	<u>2,571,853</u>	<u>2,446,215</u>	<u>2,512,585</u>	<u>2,427,126</u>	<u>2,477,205</u>
846,507	842,921	838,525	894,887	856,555	869,497
232,757	257,846	297,728	386,422	347,821	456,817
358,013	370,151	373,910	341,596	362,730	309,196
36,156	36,293	36,904	34,374	32,194	31,260
41,012	40,935	41,062	29,699	36,666	21,350
267,139	348,868	297,898	284,300	268,795	295,396
199,275	247,055	242,840	236,317	322,388	233,177
141,281	91,346	207,498	166,385	116,616	94,254
-	857	-	-	-	-
70,396	25,836	54,390	64,348	-	93,629
14,951	14,351	15,576	-	-	-
625	1,225	-	-	-	-
79,065	73,841	73,339	74,531	73,379	74,979
<u>2,287,177</u>	<u>2,351,525</u>	<u>2,479,670</u>	<u>2,512,859</u>	<u>2,417,144</u>	<u>2,479,555</u>

Cornwell, Frideres, Maher & Associates, P.L.C.

Certified Public Accountants

714 14th Avenue North
Fort Dodge, IA 50501-7098
Phone 515.955.4805 • Fax 515.955.4673

Lowell W. Cornwell, C.P.A.
lwcornwell@frontiernet.net

Christine R. Frideres, C.P.A.
crfrideres@frontiernet.net

Jerilyn J. Maher, C.P.A.
jjmaher@frontiernet.net

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
Corwith-Wesley 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 Corwith-Wesley Community School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Corwith-Wesley 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 Corwith-Wesley Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Corwith-Wesley 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 certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material

misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-A-14 and I-B-14 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corwith-Wesley 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.

Corwith-Wesley Community School District's Responses to the Findings

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

Purpose of this Report

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

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

Cornwell, Frideres, Maher & Associates, P.L.C.
Cornwell, Frideres, Maher & Associates, P.L.C.
Certified Public Accountants

March 19, 2015

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2014

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

Recommendation – 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.

Response – We are doing everything we can within our situation and make improvements as the situation changes. We have started having two people count most of the receipts.

Conclusion – Response acknowledged. The District should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

I-B-14 Preparation of Financial Statements – The District does not have an internal control system designed to provide for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an entity similar in size to Corwith-Wesley Community School District. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2014

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, can be considered costly and ineffective. However, it is the responsibility of the District’s management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources to remain current on reporting requirements and corresponding footnote disclosures would lack benefit in relation to the cost, but will continue to evaluate the risks to be accepted in preparation of the financial statements.

Conclusion – Response accepted.

I-C-14 Disbursement Approval – For three transactions, there was insufficient documentation to determine the date the Superintendent approved the expenditure for advance payment in accordance with the District’s policy.

Recommendation – For payments made in advance of Board meetings, the District should maintain documentation of the Superintendent’s approval of claims for payment, such as the Superintendent’s initials and date of approval.

Response – The Board approved having the Board Secretary pay bills before meetings due to the Superintendent only being at the school one or two days a week. The District attempts to have the Superintendent, when available, initial and date the claims for payment made in advance of board meetings.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget – Expenditures for the year ended June 30, 2014 did not exceed the certified budget amounts. However, the District exceeded its General Fund unspent authorized budget for the year ended June 30, 2014.

Recommendation – The District should contact the Iowa Department of Education and the School Budget Review Committee to resolve the General Fund unspent authorized budget over expenditure.

Response – We have contacted the Iowa Department of Education and the School Budget Review Committee and have a corrective action plan.

Conclusion – Response accepted.

II-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

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

II-D-14 Business Transactions – No business transactions between the District and District officials 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 is reviewed annually to ensure the coverage is adequate for current operations.

II-F-14 Board Minutes – As previously noted, three disbursements had insufficient documentation they had been approved for payment by the Superintendent in advance of Board approval as allowed by Chapter 279.30 of the Code of Iowa.

Recommendation – Sufficient documentation should be maintained to evidence proper Superintendent approval of expenditures paid in advance of Board approval.

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2014

Response – The Board approved having the Board Secretary pay bills before meetings due to the Superintendent only being at the school one or two days a week. The District attempts to have the Superintendent, when available, initial and date the claims for payment made in advance of board meetings.

Conclusion – Response accepted.

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 – The number of students reported to the Iowa Department of Education for supplementary weighting was overstated.

Recommendation – The District should contact the Iowa Department of Education and Department of Management to resolve this matter.

Responses – We will contact the Iowa Department of Education and the Department of Management.

Conclusion – Response accepted.

II-I-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

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

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

Corwith-Wesley Community School District
Corwith, Iowa

Schedule of Findings

Year ended June 30, 2014

- II-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District's reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 382,962
Revenues/transfer in:		
Sales tax revenues	\$ 100,131	
Other local revenues	<u>157</u>	<u>100,288</u>
		483,250
Expenditures/transfers out:		
School infrastructure construction	15,802	
Equipment	5,737	
Other	<u>2,950</u>	<u>24,489</u>
Ending balance		\$ <u>458,761</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 Deficit Balances – The Nutrition Fund had a deficit balance at June 30, 2014.

Recommendation – The District should continue to investigate alternatives to eliminate the deficit in order to return the fund to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate the deficit in the Nutrition Fund at the end of the fiscal year. Nutrition Fund meal prices have been increased and the District no longer allows second meals for accounts that are negative.

Conclusion – Response accepted.