

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Eldora-New Providence Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2013 Election)		
Jolene Teske	President	2015
Lori Kohart	Vice President	2015
Joan Samp	Board Member	2013
Greg Salvo	Board Member	2013
Nancy Callaway	Board Member	2015
Garth Spieker	Board Member	2013
Maggie Vanderwilt	Board Member	2013
(After September 2013 Election)		
Jolene Teske	President	2015
Lori Kohart	Vice President	2015
Steve Sunkle	Board Member	2017
Greg Salvo	Board Member	2017
Nancy Callaway	Board Member	2015
Jay Stanish	Board Member	2017
Maggie Vanderwilt	Board Member	2015
<u>School Officials</u>		
Jay Mathis	Superintendent	2014
Cindy Bierle	District Secretary/Treasurer	2014
Ahler's & Cooney, P.C.	Attorney	2014

Eldora-New Providence Community School District

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

Independent Auditor's Report

To the Board of Education of the Eldora-New Providence Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information.

U.S generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan and the combining statements for the discretely presented component unit on pages 7 through 16 and 42 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eldora-New Providence Community School District's basic financial statements. We previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2013 (which is not presented herein) and expressed unmodified opinions on those financial statements. Another auditor previously audited, in accordance with standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2012 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2015, on our consideration of the Eldora-New Providence Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eldora-New Providence Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Eldora-New Providence Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,280,172 in fiscal 2013 to \$8,472,532 in fiscal 2014, while General Fund expenditures decreased from \$7,922,575 in fiscal 2013 to \$7,878,338 in fiscal 2014. The District's General Fund balance increased from \$1,630,509 at June 30, 2013 to \$2,224,703 at June 30, 2014.
- The increase in General Fund revenues was attributable to an increase in state sources as compared to the previous year. The decrease in expenditures was due to the decrease in instructional costs during the year.

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

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

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

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
Eldora-New Providence Community School District Annual Financial Report

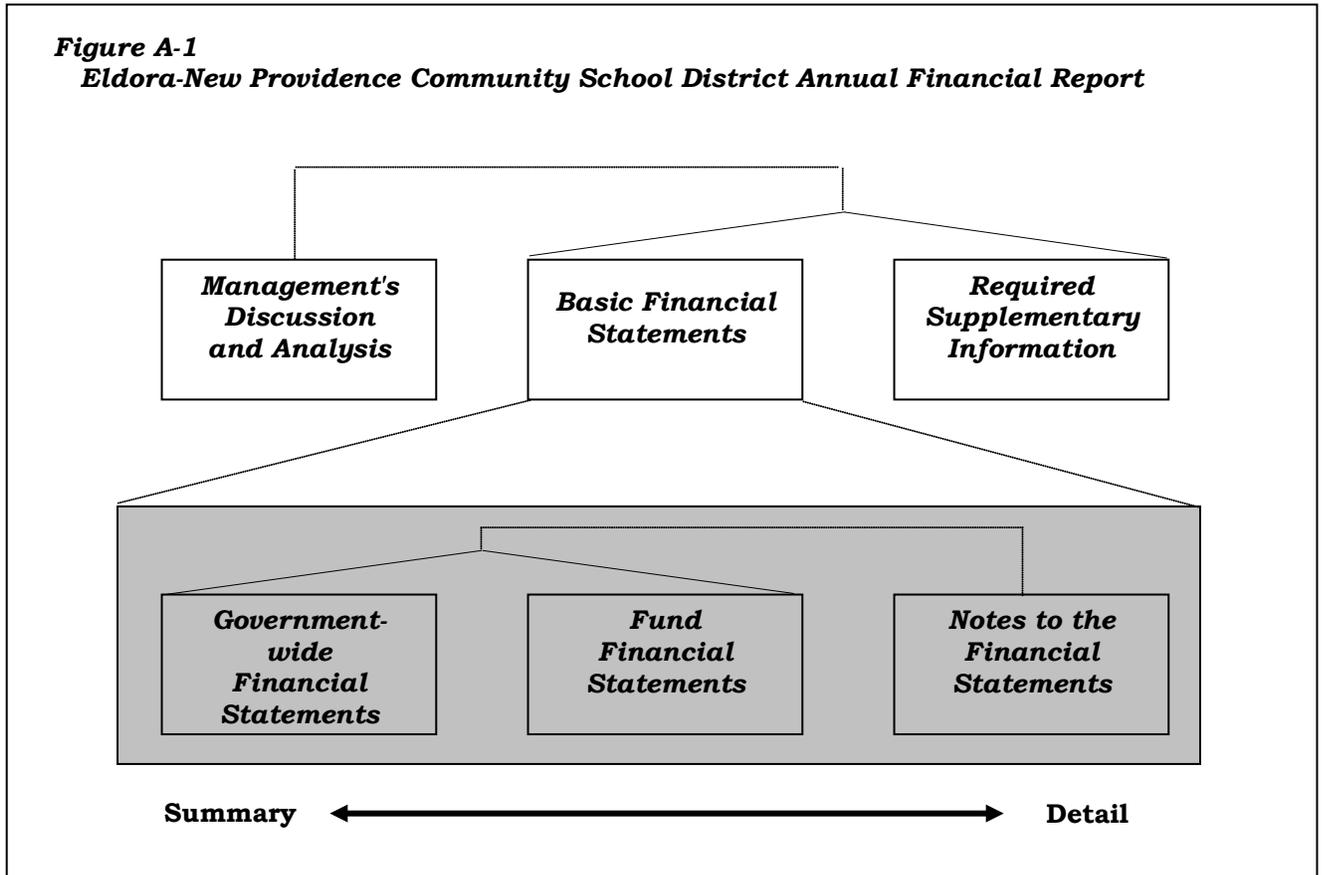


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
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
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

In the government-wide financial statements, the District's activities are divided into three 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 as well as the District's day care fund.
- *Component unit:* The Eldora-New Providence School Foundation was created to financially support the Eldora-New Providence Community School District and to provide scholarship support to graduates of the school.

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 9,437,321	7,783,878	32,295	30,379	9,469,616	7,814,257	21.18%
Capital assets	7,645,194	6,718,765	91,583	90,578	7,736,777	6,809,343	13.62%
Total assets	<u>17,082,515</u>	<u>14,502,643</u>	<u>123,878</u>	<u>120,957</u>	<u>17,206,393</u>	<u>14,623,600</u>	<u>17.66%</u>
Long-term liabilities	4,450,213	2,810,881	75,004	37,300	4,525,217	2,848,181	58.88%
Other liabilities	2,352,657	1,878,791	91,737	81,113	2,444,394	1,959,904	24.72%
Total liabilities	<u>6,802,870</u>	<u>4,689,672</u>	<u>166,741</u>	<u>118,413</u>	<u>6,969,611</u>	<u>4,808,085</u>	<u>44.96%</u>
Deferred inflows of resources	<u>2,826,214</u>	<u>3,029,458</u>	-	-	<u>2,826,214</u>	<u>3,029,458</u>	<u>-6.71%</u>
Net position:							
Net investment in capital assets	4,071,601	4,534,765	91,583	90,578	4,163,184	4,625,343	-9.99%
Restricted	2,151,385	1,096,036	-	-	2,151,385	1,096,036	96.29%
Unrestricted	1,230,445	1,152,712	(134,446)	(88,034)	1,095,999	1,064,678	2.94%
Total net position	<u>\$ 7,453,431</u>	<u>6,783,513</u>	<u>(42,863)</u>	<u>2,544</u>	<u>7,410,568</u>	<u>6,786,057</u>	<u>9.20%</u>

The District's combined net position increased by 9.20%, or \$624,511, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$1,055,349, or 96.29% from the prior year. This was primarily the result of an increase in the net position of the Capital Projects: Physical Plant and Equipment Levy 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 - increased \$31,321 or 2.94%. This increase in unrestricted net position was a result of the District's increase in the General Fund carryover balance.

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

	Figure A-4						
	Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 1,243,684	1,184,055	156,851	141,719	1,400,535	1,325,774	5.64%
Operating grants, contributions and restricted interest	687,477	858,290	191,956	186,658	879,433	1,044,948	-15.84%
Capital grants, contributions and restricted interest	9,335	16,500	-	-	9,335	16,500	-43.42%
General revenues:							
Property tax	3,031,980	2,917,469	-	-	3,031,980	2,917,469	3.93%
Income surtax	218,218	197,265	-	-	218,218	197,265	10.62%
Statewide sales, services and use tax	565,514	517,604	-	-	565,514	517,604	9.26%
Unrestricted state grants	3,958,052	3,554,794	-	-	3,958,052	3,554,794	11.34%
Unrestricted interest income	6,914	6,471	47	49	6,961	6,520	6.76%
Other	191,912	138,523	823	76	192,735	138,599	39.06%
Total revenues	<u>9,913,086</u>	<u>9,390,971</u>	<u>349,677</u>	<u>328,502</u>	<u>10,262,763</u>	<u>9,719,473</u>	<u>5.59%</u>
Program expenses:							
Instruction	6,143,383	6,042,118	-	-	6,143,383	6,042,118	1.68%
Support services	2,424,544	2,310,191	12,821	3,307	2,437,365	2,313,498	5.35%
Non-instructional programs	97,503	130,342	394,623	392,094	492,126	522,436	-5.80%
Other expenses	565,378	531,495	-	-	565,378	531,495	6.38%
Total expenses	<u>9,230,808</u>	<u>9,014,146</u>	<u>407,444</u>	<u>395,401</u>	<u>9,638,252</u>	<u>9,409,547</u>	<u>2.43%</u>
Excess(Deficiency) of revenues over(under) expenditures	682,278	376,825	(57,767)	(66,899)	624,511	309,926	101.50%
Transfers	(12,360)	(16,724)	12,360	16,724	-	-	0.00%
Change in net position	669,918	360,101	(45,407)	(50,175)	624,511	309,926	101.50%
Net position beginning of year	<u>6,783,513</u>	<u>6,423,412</u>	<u>2,544</u>	<u>52,719</u>	<u>6,786,057</u>	<u>6,476,131</u>	<u>4.79%</u>
Net position end of year	<u>\$ 7,453,431</u>	<u>6,783,513</u>	<u>(42,863)</u>	<u>2,544</u>	<u>7,410,568</u>	<u>6,786,057</u>	<u>9.20%</u>

In fiscal 2014, property tax, income surtax, statewide sales, services and use tax and unrestricted state grants account for 78.42% of the revenue from governmental activities while charges for service and operating grants and contributions and account for 99.75% of the revenue from business type activities.

The District's total revenues were approximately \$10.26 million, of which approximately \$9.91 million was for governmental activities and approximately \$0.35 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.59% increase in revenues and a 2.43% increase in expenses. The increase in expenses is primarily related to increases in negotiated salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$9,913,086 and expenses were \$9,230,808 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.

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 6,143,383	6,042,118	1.68%	4,543,437	4,306,850	5.49%
Support services	2,424,544	2,310,191	4.95%	2,376,176	2,254,011	5.42%
Non-instructional programs	97,503	130,342	-25.19%	97,503	130,342	-25.19%
Other expenses	565,378	531,495	6.38%	273,196	264,098	3.44%
Totals	<u>\$ 9,230,808</u>	<u>9,014,146</u>	<u>2.40%</u>	<u>7,290,312</u>	<u>6,955,301</u>	<u>4.82%</u>

- The cost financed by users of the District's programs was \$1,243,684.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$696,812.
- The net cost of governmental activities was financed with \$3,031,980 in property tax, \$218,218 in income surtax, \$565,514 in statewide sales, services and use tax, \$3,958,052 in unrestricted state grants, \$6,914 in interest income and \$191,912 in other general revenues.

Business Type Activities

Revenues of the District's business type activities were \$349,677 and expenses were \$407,444. The District's business type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were mostly comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$4,108,848, which is more than last year's ending fund balances of \$2,722,039. This increase is primarily a result the increase in general carryover balance of the General Fund during the year.

Governmental Fund Highlights

- The General Fund balance increased from \$1,630,509 at June 30, 2013 to \$2,224,703 at June 30, 2014. Revenues increased and expenses decreased when compared to the prior year leading to the 36.44% improvement in fund balance.
- The Capital Projects Fund balance increased from \$622,231 at June 30, 2013 to \$1,319,094 at June 30, 2014. The Statewide Sales, Services and Use Tax Fund balance increased \$69,309 or 13.63% while the Physical Plant and Equipment Levy Fund balance increased \$627,554 or 551.63% over the prior year.

Proprietary Fund Highlights

- The School Nutrition Fund net position decreased from \$3,405 at June 30, 2013 to a deficit \$42,002 at June 30, 2014. This decrease in net position is primarily due to an increase expenses when compared to the prior year.
- The Day Care Fund net position remained unchanged from a deficit balance of \$861 at June 30, 2013 and June 30, 2014. The District had no activity in this fund during the year.

BUDGETARY HIGHLIGHTS

The District's revenues were \$62,783 more than budgeted revenues, a variance of 0.62%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the support services and other expenditures functional areas, as well as in total.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested approximately \$7.74 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 11.99% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$503,659.

The original cost of the District's capital assets was \$14,365,858. Governmental funds account for \$14,034,792 with the remainder of \$331,066 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$698,833 at June 30, 2014, compared to \$92,711 reported at June 30, 2013. This increase resulted from the District starting construction on an HVAC improvement. After the project is completed the District will capitalize it as part of the District's capital asset listing.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 252,655	252,655	-	-	252,655	252,655	0.00%
Construction in progress	689,833	92,711	-	-	689,833	92,711	86.56%
Buildings	5,554,690	5,675,460	-	-	5,554,690	5,675,460	-2.17%
Land improvements	211,558	118,916	-	-	211,558	118,916	43.79%
Machinery and equipment	936,458	579,023	91,583	90,578	1,028,041	669,601	34.87%
Total	\$ 7,645,194	6,718,765	91,583	90,578	7,736,777	6,809,343	11.99%

Long-Term Debt

At June 30, 2014, the District had \$4,525,217 in general obligation and other long-term debt outstanding. This represents an increase of 58.88% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding revenue bond indebtedness of \$1,350,000 at June 30, 2014, payable from the Capital Projects: Statewide, Sales Services and Use Tax Fund.

The District had total outstanding QZAB revenue bond indebtedness of \$642,500 at June 30, 2014, payable from the Capital Projects: Statewide, Sales Services and Use Tax Fund.

The District had total outstanding Capital Loan Note indebtedness of \$1,185,500 at June 30, 2014, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had total outstanding Bus Lease indebtedness of \$132,669 at June 30, 2014, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had total outstanding Computer Lease indebtedness of \$263,424 at June 30, 2014, payable from the Capital Projects: Statewide, Sales Services and Use Tax Fund.

The District had total outstanding compensated absences payable of \$354,409 at June 30, 2014. Governmental Activities accounted for \$326,501 of this total payable from the General Fund while Business Type Activities accounted for \$27,908 payable from the Enterprise: School Nutrition Fund.

The District had outstanding Net OPEB liability at June 30, 2014 of \$597,215. The Governmental Activities accounted for \$550,119 of this total while Business Type Activities accounted for \$47,096.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Revenue bonds	\$ 1,350,000	1,470,000	-	-	1,350,000	1,470,000	-8.16%
QZAB revenue bonds	642,500	714,000	-	-	642,500	714,000	-10.01%
Capital loan note	1,185,000	-	-	-	1,185,000	-	100.00%
Bus lease	132,669	-	-	-	132,669	-	100.00%
Computer leases	263,424	-	-	-	263,424	-	100.00%
Termination benefits	-	228,988	-	-	-	228,988	-100.00%
Compensated absences	326,501	265,468	27,908	28,804	354,409	294,272	20.44%
Net OPEB liability	550,119	132,425	47,096	8,496	597,215	140,921	323.79%
Totals	<u>\$ 4,450,213</u>	<u>2,810,881</u>	<u>75,004</u>	<u>37,300</u>	<u>4,525,217</u>	<u>2,848,181</u>	<u>58.88%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- School financing is highly dependent upon student enrollment. The District's October 2013 enrollment decreased by fifteen students. This decrease in enrollment will decrease the District's funding for fiscal year 2015.
- While 2013-2014 saw decreased enrollment, the District has experienced a declining enrollment trend for the past decade. The District expects this trend of declining enrollment to continue in the future.
- The district does not foresee any significant growth in jobs or housing in the near future and this will certainly impact future enrollment trends.
- While the state's economic picture is improving, the pace of the improvement is slow and gradual. Therefore, the District cannot expect significant growth in state aid for the immediate future.
- The District began a nine-year whole grade sharing agreement with the Hubbard-Radcliffe Community School District during Fiscal 2008. Fiscal 2014 was the seventh year of this agreement. Because more students from the Eldora-New Providence District are being tuitioned to the combined middle school hosted by the Hubbard-Radcliffe District than are being tuitioned by the Hubbard-Radcliffe District to the combined high school hosted by the Eldora-New Providence District, the District has needed to adjust its staffing levels to account for this difference. Since staff salaries and benefits are the largest expense in the General Fund, the District will need to continue to monitor its staffing levels to align resources in the whole grade sharing agreement with expenditures.

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 R. Jay Mathis, Superintendent, or Cindy Bierle, District Secretary/Treasurer, Eldora-New Providence Community School District, 1010 Edgington Ave., Eldora, Iowa, 50627.

Basic Financial Statements

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Eldora- New Providence School Foundation
ASSETS				
Cash and pooled investments	\$ 5,347,316	7,387	5,354,703	402,662
Receivables:				
Property tax:				
Delinquent	36,820	-	36,820	-
Succeeding year	2,826,214	-	2,826,214	-
Income surtax	183,402	-	183,402	-
Accounts	9,072	82	9,154	-
Due from other funds	64,812	-	64,812	-
Due from other governments	963,905	19,767	983,672	-
Inventories	5,780	5,059	10,839	-
Capital assets, net of accumulated depreciation	7,645,194	91,583	7,736,777	-
TOTAL ASSETS	17,082,515	123,878	17,206,393	402,662
LIABILITIES				
Due to other funds	-	64,812	64,812	-
Accounts payable	1,611,923	2,656	1,614,579	-
Salaries and benefits payable	699,586	19,571	719,157	-
Accrued interest payable	33,800	-	33,800	-
Advances to grantors	7,348	-	7,348	-
Unearned revenue	-	4,698	4,698	-
Long-term liabilities:				
Portion due within one year:				
Revenue bonds payable	125,000	-	125,000	-
QZAB revenue bonds payable	71,500	-	71,500	-
Capital loan note payable	225,000	-	225,000	-
Bus lease payable	42,995	-	42,995	-
Computer lease payable	130,242	-	130,242	-
Compensated absences	326,501	27,908	354,409	-
Portion due after one year:				
Revenue bonds payable	1,225,000	-	1,225,000	-
QZAB revenue bonds payable	571,000	-	571,000	-
Capital loan note payable	960,000	-	960,000	-
Bus lease payable	89,674	-	89,674	-
Computer lease payable	133,182	-	133,182	-
Net OPEB liability	550,119	47,096	597,215	-
TOTAL LIABILITIES	6,802,870	166,741	6,969,611	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	2,826,214	-	2,826,214	-
NET POSITION				
Net investment in capital assets	4,071,601	91,583	4,163,184	-
Restricted for:				
Categorical funding	301,040	-	301,040	-
Debt service	139,950	-	139,950	-
School infrastructure	404,027	-	404,027	-
Physical plant and equipment	741,317	-	741,317	-
Management levy purposes	470,493	-	470,493	-
Student activities	94,558	-	94,558	-
Unrestricted	1,230,445	(134,446)	1,095,999	402,662
TOTAL NET POSITION	\$ 7,453,431	(42,863)	7,410,568	402,662

SEE NOTES TO FINANCIAL STATEMENTS.

**ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Eldora- New Providence School Foundation
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government		Total	
					Governmental Activities	Business Type Activities		
Functions/Programs:								
Governmental activities:								
Instruction:								
Regular	\$ 3,194,991	842,215	53,920	-	(2,298,856)	-	(2,298,856)	-
Special	1,696,642	155,113	53,693	-	(1,487,836)	-	(1,487,836)	-
Other	1,251,750	213,430	281,575	-	(756,745)	-	(756,745)	-
	<u>6,143,383</u>	<u>1,210,758</u>	<u>389,188</u>	<u>-</u>	<u>(4,543,437)</u>	<u>-</u>	<u>(4,543,437)</u>	<u>-</u>
Support services:								
Student	225,462	5,136	-	-	(220,326)	-	(220,326)	-
Instructional staff	462,679	-	-	-	(462,679)	-	(462,679)	-
Administration	709,905	3,264	-	-	(706,641)	-	(706,641)	-
Operation and maintenance of plant	662,918	-	-	9,335	(653,583)	-	(653,583)	-
Transportation	363,580	24,526	6,107	-	(332,947)	-	(332,947)	-
	<u>2,424,544</u>	<u>32,926</u>	<u>6,107</u>	<u>9,335</u>	<u>(2,376,176)</u>	<u>-</u>	<u>(2,376,176)</u>	<u>-</u>
Non-instructional:								
Food service operations	2,303	-	-	-	(2,303)	-	(2,303)	-
Community service operations	95,200	-	-	-	(95,200)	-	(95,200)	-
	<u>97,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,503)</u>	<u>-</u>	<u>(97,503)</u>	<u>-</u>
Long-term debt interest	66,281	-	-	-	(66,281)	-	(66,281)	-
Other expenditures:								
AEA flowthrough	292,182	-	292,182	-	-	-	-	-
Depreciation(unallocated)*	206,915	-	-	-	(206,915)	-	(206,915)	-
	<u>499,097</u>	<u>-</u>	<u>292,182</u>	<u>-</u>	<u>(206,915)</u>	<u>-</u>	<u>(206,915)</u>	<u>-</u>
Total governmental activities	<u>9,230,808</u>	<u>1,243,684</u>	<u>687,477</u>	<u>9,335</u>	<u>(7,290,312)</u>	<u>-</u>	<u>(7,290,312)</u>	<u>-</u>
Business Type activities:								
Support services:								
Operation and maintenance of plant	12,821	-	-	-	-	(12,821)	(12,821)	-
Non-instructional programs:								
Food service operations	394,623	156,851	191,956	-	-	(45,816)	(45,816)	-
Total business type activities	<u>407,444</u>	<u>156,851</u>	<u>191,956</u>	<u>-</u>	<u>-</u>	<u>(58,637)</u>	<u>(58,637)</u>	<u>-</u>
Total primary government	<u>\$ 9,638,252</u>	<u>1,400,535</u>	<u>879,433</u>	<u>9,335</u>	<u>(7,290,312)</u>	<u>(58,637)</u>	<u>(7,348,949)</u>	<u>-</u>
Total component unit	<u>\$ 35,950</u>	<u>-</u>	<u>37,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,264</u>
General Revenues and Transfers:								
Property tax levied for:								
General purposes				\$ 2,732,580	-	2,732,580	-	
Capital outlay				299,400	-	299,400	-	
Income surtax				218,218	-	218,218	-	
Statewide sales, services and use tax				565,514	-	565,514	-	
Unrestricted state grants				3,958,052	-	3,958,052	-	
Unrestricted investment earnings				6,914	47	6,961	337	
Unrealized gain on investments				-	-	-	21,890	
Other general revenues				191,912	823	192,735	-	
Transfers				(12,360)	12,360	-	-	
Total general revenues and transfers				<u>7,960,230</u>	<u>13,230</u>	<u>7,973,460</u>	<u>22,227</u>	
Change in net position				669,918	(45,407)	624,511	23,491	
Net position beginning of year				6,783,513	2,544	6,786,057	379,171	
Net position end of year				<u>\$ 7,453,431</u>	<u>(42,863)</u>	<u>7,410,568</u>	<u>402,662</u>	

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

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 3,175,400	1,610,941	560,975	5,347,316
Receivables:				
Property tax				
Delinquent	29,539	3,634	3,647	36,820
Succeeding year	2,154,570	296,644	375,000	2,826,214
Income surtax	183,402	-	-	183,402
Accounts	6,924	-	2,148	9,072
Due from other funds	64,812	-	-	64,812
Due from other governments	771,872	192,033	-	963,905
Inventories	5,780	-	-	5,780
TOTAL ASSETS	\$ 6,392,299	2,103,252	941,770	9,437,321
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,122,690	487,514	1,719	1,611,923
Salaries and benefits payable	699,586	-	-	699,586
Advances from grantors	7,348	-	-	7,348
Total liabilities	1,829,624	487,514	1,719	2,318,857
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	2,154,570	296,644	375,000	2,826,214
Income surtax	183,402	-	-	183,402
Total deferred inflows of resources	2,337,972	296,644	375,000	3,009,616
Fund balances:				
Nonspendable	5,780	-	-	5,780
Restricted for:				
Categorical funding	301,040	-	-	301,040
Debt service	-	173,750	-	173,750
School infrastructure	-	404,027	-	404,027
Physical plant and equipment	-	741,317	-	741,317
Management levy purposes	-	-	470,493	470,493
Student activities	-	-	94,558	94,558
Unassigned	1,917,883	-	-	1,917,883
Total fund balances	2,224,703	1,319,094	565,051	4,108,848
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,392,299	2,103,252	941,770	9,437,321

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 20)	\$ 4,108,848
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,645,194
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(33,800)
Income surtax receivable are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	183,402
Long-term liabilities, including bonds payable, leases payable, compensated absences payable, and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(4,450,213)</u>
Net position of governmental activities(page 18)	<u><u>\$ 7,453,431</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 2,650,407	299,400	300,254	3,250,061
Tuition	943,320	-	-	943,320
Other	252,163	57,044	217,925	527,132
State sources	4,380,882	565,654	140	4,946,676
Federal sources	245,760	-	-	245,760
TOTAL REVENUES	8,472,532	922,098	518,319	9,912,949
EXPENDITURES:				
Current:				
Instruction:				
Regular	3,023,544	12,428	147,494	3,183,466
Special	1,559,267	-	-	1,559,267
Other	1,006,603	-	212,920	1,219,523
	5,589,414	12,428	360,414	5,962,256
Support services:				
Student	212,287	-	-	212,287
Instructional staff	207,967	471,699	-	679,666
Administration	644,567	19,973	-	664,540
Operation and maintenance of plant	523,991	81,594	47,710	653,295
Transportation	312,730	182,023	12,140	506,893
	1,901,542	755,289	59,850	2,716,681
Non-instructional programs:				
Food service operations	-	-	2,303	2,303
Community service operations	95,200	-	-	95,200
	95,200	-	2,303	97,503
Capital outlay	-	784,955	-	784,955
Long-term debt:				
Principal	-	-	372,936	372,936
Interest and fiscal charges	-	-	62,156	62,156
	-	-	435,092	435,092
Other expenditures:				
AEA flowthrough	292,182	-	-	292,182
TOTAL EXPENDITURES	7,878,338	1,552,672	857,659	10,288,669
Excess(Deficiency) of revenues over(under) expenditures	594,194	(630,574)	(339,340)	(375,720)
Other financing sources(uses):				
Capital loan note proceeds	-	1,185,000	-	1,185,000
Bus lease proceeds	-	179,418	-	179,418
Computer lease proceeds	-	398,111	-	398,111
Transfer in	-	-	435,092	435,092
Transfer out	-	(435,092)	-	(435,092)
Total other financing sources(uses)	-	1,327,437	435,092	1,762,529
Change in fund balances	594,194	696,863	95,752	1,386,809
Fund balances beginning of year	1,630,509	622,231	469,299	2,722,039
Fund balances end of year	\$ 2,224,703	1,319,094	565,051	4,108,848

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Change in fund balances - total governmental funds(page 22)		\$ 1,386,809
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Capital outlay	\$ 1,416,593	
Depreciation expense	<u>(490,164)</u>	926,429
Income surtax accounts receivable is not available to finance expenditures of the current year period and is recognized as deferred inflows of resources in the governmental funds.		
		137
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issues exceeded repayments, as follows:		
Issued	(1,762,529)	
Repaid	<u>372,936</u>	(1,389,593)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		
		(4,125)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Termination benefits	228,988	
Compensated absences	(61,033)	
Other postemployment benefits	<u>(417,694)</u>	<u>(249,739)</u>
Change in net position of governmental activities(page 19)		<u>\$ 669,918</u>

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business Type Activites:		
	Enterprise Funds		
	School Nutrition	Daycare	Total
ASSETS			
Current assets:			
Cash and pooled investments	\$ 7,387	-	7,387
Accounts receivable	82	-	82
Due from other governments	2,337	17,430	19,767
Inventories	5,059	-	5,059
Total current assets	<u>14,865</u>	<u>17,430</u>	<u>32,295</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	91,583	-	91,583
TOTAL ASSETS	<u>106,448</u>	<u>17,430</u>	<u>123,878</u>
LIABILITIES			
Current liabilities:			
Due to other funds	46,521	18,291	64,812
Accounts payable	2,656	-	2,656
Salaries and benefits payable	19,571	-	19,571
Unearned revenue	4,698	-	4,698
Total current liabilities	<u>73,446</u>	<u>18,291</u>	<u>91,737</u>
Noncurrent liabilities:			
Compensated absences	27,908	-	27,908
Net OPEB liability	47,096	-	47,096
Total long-term liabilities	<u>75,004</u>	<u>-</u>	<u>75,004</u>
TOTAL LIABILITIES	<u>148,450</u>	<u>18,291</u>	<u>166,741</u>
NET POSITION			
Net investment in capital assets	91,583	-	91,583
Unrestricted	(133,585)	(861)	(134,446)
TOTAL NET POSITION	<u>\$ (42,002)</u>	<u>(861)</u>	<u>(42,863)</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Daycare	Total
OPERATING REVENUE:			
Local sources:			
Charges for service	\$ 135,212	-	135,212
Shared contracts	21,639	-	21,639
Miscellaneous	823	-	823
TOTAL OPERATING REVENUES	157,674	-	157,674
OPERATING EXPENSES:			
Support services:			
Operation and maintenance of plant:			
Benefits	375	-	375
Services	12,446	-	12,446
Total support services	12,821	-	12,821
Non-instructional programs:			
Food service operations:			
Salaries	125,511	-	125,511
Benefits	92,587	-	92,587
Services	1,845	-	1,845
Supplies	161,185	-	161,185
Depreciation	13,495	-	13,495
Total non-instructional programs	394,623	-	394,623
TOTAL OPERATING EXPENSES	407,444	-	407,444
OPERATING LOSS	(249,770)	-	(249,770)
NON-OPERATING REVENUES:			
State sources	2,618	-	2,618
Federal sources	189,338	-	189,338
Interest on investments	47	-	47
TOTAL NON-OPERATING REVENUES	192,003	-	192,003
Change in net position before capital contributions	(57,767)	-	(57,767)
Capital contributions	12,360	-	12,360
Change in net position	(45,407)	-	(45,407)
Net position beginning of year	3,405	(861)	2,544
Net position end of year	\$ (42,002)	(861)	(42,863)

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Business Type Activities:</u>
	<u>Enterprise Funds</u>
	School
	<u>Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 135,916
Cash received from shared contracts	21,639
Cash received from miscellaneous	823
Cash payments to employees for services	(183,331)
Cash payments to suppliers for goods or services	(160,656)
Net cash used in operating activities	<u>(185,609)</u>
Cash flows from non-capital financing activities:	
Net borrowings(repaysments) from(to) the General Fund	11,600
State grants received	2,618
Federal grants received	175,003
Net cash provided by non-capital financing activities	<u>189,221</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(2,140)</u>
Cash flows from investing activities:	
Interest on investments	<u>47</u>
Net increase in cash and cash equivalents	1,519
Cash and cash equivalents beginning of year	<u>5,868</u>
Cash and cash equivalents end of year	<u>\$ 7,387</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (249,770)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	14,613
Depreciation	13,495
Increase in inventories	(628)
Increase in accounts receivable	(47)
Increase in accounts payable	835
Decrease in salary and benefits payable	(2,562)
Decrease in compensated absences	(896)
Increase in other postemployment benefits	38,600
Increase in unearned revenue	751
Net cash used in operating activities	<u>\$ (185,609)</u>

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at \$14,613.

During the year ended June 30, 2014, the Nutrition Fund received capital contributions from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$12,360.

SEE NOTES TO FINANCIAL STATEMENTS.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

The Eldora-New Providence Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Eldora and New Providence, Iowa, and the predominately agricultural territory of Grundy, Hardin and Marshall 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Eldora-New Providence 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 financial statements present Eldora-New Providence Community School District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit - The Eldora-New Providence School Foundation was created to financially support the Eldora-New Providence School system and post high school scholarship support to graduates of the school. The Foundation is a separate legal entity with its own accounting records and board of trustees. In accordance with the criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The foundation is accounted for as a component unit in these financial statements with the year ending December 31, 2013.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the activities of the District, with omission of the fiduciary funds. 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 in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources 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 that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

The District also reports the following non-major proprietary funds.

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

The Enterprise, Day Care Fund and is used to account for all the day care activities offered by the District.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Under 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 - 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 Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balance of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

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

Property tax revenue receivable is recognized in these funds on the levy date that the tax asking is certified by the Board of Education to the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes from the current year. 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 Board of Education is required to certify its budget to the County Auditor by April 15 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 and will not be recorded as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes 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 the amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

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

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

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

Asset Class	Amount
Land	\$ -
Buildings	5,000
Land improvements	5,000
Intangibles	25,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	3-20 years
Machinery and equipment	7-30 years

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

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. 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 primarily paid by the General Fund and Enterprise, School Nutrition Fund.

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

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

Nonspendable - Amounts which cannot be spent because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

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 preceding 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, District expenditures exceed the budgeted amounts in the support services and other expenditures functional areas and in total.

Note 2. Cash and Pooled Investments

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

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

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$244 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor’s Financial Services.

Note 3. Due from and Due to Other Funds

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

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise: School Nutrition	\$ 46,521
General Fund	Enterprise: Day Care	18,291
Total		<u>\$ 64,812</u>

The Enterprise: School Nutrition Fund is repaying the General Fund for salaries and benefits paid during the year.

The Enterprise: Day Care Fund is repaying the General Fund for salaries and benefits paid by the General Fund in prior years.

Note 4. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 388,092
Debt Service	Capital Projects: Physical Plant and Equipment Levy	47,000
Total		<u>\$ 435,092</u>

The transfer of \$388,092 from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for principal and interest payments on the District indebtedness. \$71,500 of the transfer was needed for the District’s annual QZAB revenue bond payment. \$180,403 of the transfer was needed for the payment on the District’s revenue bond indebtedness. \$136,189 of the transfer was needed for the payment on the computer lease indebtedness.

The transfer of \$47,000 from the Capital Projects: Physical Plant and Equipment Levy Fund to the Debt Service Fund was needed for principal and interest payments on the District’s bus lease.

Note 5. 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
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 252,655	-	-	252,655
Construction in progress	92,711	695,122	98,000	689,833
Total capital assets not being depreciated	345,366	695,122	98,000	942,488
Capital assets being depreciated:				
Buildings	9,309,207	66,952	-	9,376,159
Land improvements	271,993	111,835	-	383,828
Machinery and equipment	2,691,633	640,684	-	3,332,317
Total capital assets being depreciated	12,272,833	819,471	-	13,092,304
Less accumulated depreciation for:				
Buildings	3,633,747	187,722	-	3,821,469
Land improvements	153,077	19,193	-	172,270
Machinery and equipment	2,112,610	283,249	-	2,395,859
Total accumulated depreciation	5,899,434	490,164	-	6,389,598
Total capital assets being depreciated, net	6,373,399	329,307	-	6,702,706
Governmental activities capital assets, net	\$ 6,718,765	1,024,429	98,000	7,645,194
<i>Business type activities:</i>				
Machinery and equipment	\$ 316,566	14,500	-	331,066
Less accumulated depreciation	225,988	13,495	-	239,483
Business type activities capital assets, net	\$ 90,578	1,005	-	91,583

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 20,217
Other	9,063
Support services:	
Instructional staff	218,385
Transportation	35,584
	283,249
Unallocated depreciation	206,915
Total governmental activities depreciation expense	\$ 490,164
Business type activities:	
Food service operations	\$ 13,495

Note 6. Long-Term Debt

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due within one year
<i>Governmental activities:</i>					
Revenue bonds	\$ 1,470,000	-	120,000	1,350,000	125,000
QZAB revenue bonds	714,000	-	71,500	642,500	71,500
Capital loan note	-	1,185,000	-	1,185,000	225,000
Bus lease	-	179,418	46,749	132,669	42,995
Compuer lease	-	398,111	134,687	263,424	130,242
Termination benefits	228,988	-	228,988	-	-
Compensated absences	265,468	326,501	265,468	326,501	326,501
Net OPEB liability	132,425	417,694	-	550,119	-
Total	<u>\$ 2,810,881</u>	<u>2,506,724</u>	<u>867,392</u>	<u>4,450,213</u>	<u>921,238</u>
<i>Business type activities:</i>					
Compensated absences	\$ 28,804	27,908	28,804	27,908	27,908
Net OPEB liability	8,496	38,600	-	47,096	-
Total	<u>\$ 37,300</u>	<u>66,508</u>	<u>28,804</u>	<u>75,004</u>	<u>27,908</u>

Revenue Bonds Payable

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

Year Ending June 30,	Bond Issue of July 15, 2008				
	Rate	Principal	Interest	Total	
2015	4.29 %	\$ 125,000	55,234	180,234	
2016	4.29	130,000	49,764	179,764	
2017	4.29	135,000	44,080	179,080	
2018	4.29	145,000	38,074	183,074	
2019	4.29	150,000	31,746	181,746	
2020-2023	4.29	665,000	58,452	723,452	
Total		<u>\$ 1,350,000</u>	<u>277,350</u>	<u>1,627,350</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$1,900,000 of revenue bonds issued on July 15, 2008. The bonds were issued for the purpose of financing a school addition and remodeling. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2023. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require nearly 32% of the statewide sales, services and use tax revenues. The total principal and interest paid remaining to be paid is \$1,627,350. For the current year \$120,000 in principal and \$60,490 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$565,514.

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

- a) \$173,750 of the proceeds from the issuance of the revenue bonds shall be deposited to the reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District's Capital Projects: Statewide Sales, Services and Use Tax Fund.
- b) Monthly transfers from the District's Statewide Sales, Services and Use Tax Fund shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Qualified Zone Academy Revenue Bonds

The District issued \$1,000,000 of qualified zone academy revenue bonds on July 15, 2008. The bonds were issued to financing the remodeling of existing school facilities that have been designated qualified zone academy projects. The bonds are interest free. The District makes annual payments to a local bank of \$71,500 paid from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Year Ending June 30,	QZAB Bond Issue of July 15, 2008		
	Rate	Principal	Interest
2015	- %	\$ 71,500	-
2016	-	71,500	-
2017	-	71,500	-
2018	-	71,500	-
2019	-	71,500	-
2020-2023	-	285,000	-
Total		<u>\$ 642,500</u>	-

Capital Loan Note Payable

During the year ended June 30, 2014, the District issued Capital Loan Notes to provide funds for the District's HVAC project. The Capital Loan Notes are payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the Districts June 30, 2014 capital loan note indebtedness are as follows:

Year Ending June 30,	Capital Loan Note Issue of June 2, 2014			
	Rate	Principal	Interest	Total
2015	0.40 %	\$ 225,000	11,824	236,824
2016	0.50	225,000	12,037	237,037
2017	0.75	135,000	10,912	145,912
2018	1.05	100,000	9,900	109,900
2019	1.30	100,000	8,850	108,850
2020-2023	1.60-2.15	400,000	19,800	419,800
Total		<u>\$ 1,185,000</u>	<u>73,323</u>	<u>1,258,323</u>

Bus Lease Payable

During the year ended June 30, 2014, the District entered into a bus lease for the purchase of two school buses. The bus lease is payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the Districts June 30, 2014 bus lease indebtedness are as follows:

Year Ending June 30,	Bus Lease Issue of October 15, 2013				
	Rate	Principal	Interest	Total	
2015	2.83 %	\$ 42,995	3,755	46,750	
2016	2.83	44,211	2,538	46,749	
2017	2.83	45,463	1,287	46,750	
Total		<u>\$ 132,669</u>	<u>7,580</u>	<u>140,249</u>	

Computer Lease Payable

During the year ended June 30, 2014, the District entered into a computer lease. The computer lease is payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund. Details of the Districts June 30, 2014 computer lease indebtedness are as follows:

Year Ending June 30,	Computer Lease Issue of May 15, 2013				
	Rate	Principal	Interest	Total	
2015	2.25 %	\$ 130,242	5,948	136,190	
2016	2.25	133,182	3,007	136,189	
Total		<u>\$ 263,424</u>	<u>8,955</u>	<u>272,379</u>	

Note 7. Other Postemployment Benefits(OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Eldora-New Providence Community School District has 80 active and 11 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. In addition, the District offers an early retirement incentive to employees that includes payment of the retiree's health insurance premiums which results in an explicit liability.

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

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

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	\$ 329,330
Interest on net OPEB obligation	8,803
Adjustment to annual required contribution	179,377
Annual OPEB cost	<u>517,510</u>
Contributions made	<u>(61,216)</u>
Increase in net OPEB obligation	456,294
Net OPEB obligation beginning of year	<u>140,921</u>
Net OPEB obligation end of year	<u><u>\$ 597,215</u></u>

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

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 51,766	13.00 %	\$ 111,278
2013	54,458	45.57	140,921
2014	517,510	11.83	597,215

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 \$1,833,822 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,833,822. The covered payroll (annual payroll of active employees covered by the plan) was \$4,175,385 and the ratio of the UAAL to covered payroll was 43.92%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6.0%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type.

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

Note 8. 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 salary and the District is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$358,758, \$349,626 and \$321,446 respectively, equal to the required contributions for each year.

Note 9. Risk Management

The District is a member in the Iowa Star Schools Employees Benefits Health Plan, an Iowa Code Chapter 28E organization. Iowa Star Schools is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. Iowa Star Schools was set up for the purpose of managing and funding employee benefits. Iowa Star Schools provides coverage and protection in the following categories: medical. District contributions to Iowa Star for the year ended June 30, 2014 were \$796,444.

Eldora-New Providence Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$292,182 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Deficit Net Position

The District had a deficit unrestricted net position of \$861 in the Enterprise, Day Care Fund and \$133,585 in the Enterprise, School Nutrition Fund, resulting in a deficit unrestricted net position in the business type activities of \$134,446 at June 30, 2014. The Enterprise, School Nutrition Fund also had a deficit total net position of \$42,002, resulting in a deficit total net position in the business type activities of \$42,863 at June 30, 2014.

Note 12. Categorical Funding

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

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 202,691
Gifted and talented	35,918
Four-year old preschool state aid	30,147
Successful progression for early readers	8,549
Professional development for model core curriculum	1,480
Professional development	14,860
Teacher leadership grants	7,395
Total	<u>\$ 301,040</u>

Note 13. Detailed Reconciliation of Governmental Fund Balances to Net Position

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

	<u>Net investment in Capital Assets</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	173,750	1,917,883
Invested in capital assets, net of accumulated depreciation	7,645,194	-	-
Revenue bond capitalized indebtedness	(1,350,000)	-	-
QZAB revenue bond capitalized indebtedness	(642,500)	-	-
Capital loan note capitalized indebtedness	(1,185,000)	-	-
Bus lease capitalized indebtedness	(132,669)	-	-
Computer lease capitalized indebtedness	(263,424)	-	-
Accrued interest payable	-	(33,800)	-
Income surtax receivable	-	-	183,402
Compensated absences	-	-	(326,501)
Net OPEB liability	-	-	(550,119)
Nonspendable fund balance	-	-	5,780
Net position (Exhibit A)	<u>\$ 4,071,601</u>	<u>139,950</u>	<u>1,230,445</u>

Note 14. Construction Commitment

The District has entered into a construction contract totaling \$1,223,010 for a HVAC project. As of June 30, 2014, costs of \$689,833 had been incurred against the contract. The balance of \$533,177 will be paid out as work on the project progresses. The total cost of the project will be added to the District's capital asset listing upon completion.

Note 15. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budget appropriations at the functional area level. During the year ended June 30, 2014, expenditures exceeded the certified budgeted amounts in the support services and other expenditures functional areas, as well as in total.

Note 16. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note 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

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds Actual	Funds Actual		Original	Final	
Revenues:						
Local sources	\$ 4,720,513	157,721	4,878,234	5,301,119	5,301,119	(422,885)
State sources	4,946,676	2,618	4,949,294	4,275,724	4,275,724	673,570
Federal sources	245,760	189,338	435,098	623,000	623,000	(187,902)
Total revenues	<u>9,912,949</u>	<u>349,677</u>	<u>10,262,626</u>	<u>10,199,843</u>	<u>10,199,843</u>	<u>62,783</u>
Expenditures/Expenses:						
Instruction	5,962,256	-	5,962,256	6,295,000	6,295,000	332,744
Support services	2,716,681	12,821	2,729,502	2,560,000	2,560,000	(169,502)
Non-instructional programs	97,503	394,623	492,126	515,000	515,000	22,874
Other expenditures	1,512,229	-	1,512,229	961,228	961,228	(551,001)
Total expenditures/expenses	<u>10,288,669</u>	<u>407,444</u>	<u>10,696,113</u>	<u>10,331,228</u>	<u>10,331,228</u>	<u>(364,885)</u>
Deficiency of revenues under expenditures/expenses	(375,720)	(57,767)	(433,487)	(131,385)	(131,385)	(302,102)
Other financing sources, net	1,762,529	12,360	1,774,889	-	-	1,774,889
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	1,386,809	(45,407)	1,341,402	(131,385)	(131,385)	1,472,787
Balances beginning of year	<u>2,722,039</u>	<u>2,544</u>	<u>2,724,583</u>	<u>2,649,166</u>	<u>2,649,166</u>	<u>75,417</u>
Balances end of year	<u>\$ 4,108,848</u>	<u>(42,863)</u>	<u>4,065,985</u>	<u>2,517,781</u>	<u>2,517,781</u>	<u>1,548,204</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

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

During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the support services and other expenditures functional areas and in total.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 343,251	\$ 343,251	0.0 %	3,090,000	11.11%
2011	July 1, 2009	-	343,251	343,251	0.0	3,390,000	10.13%
2012	July 1, 2009	-	314,793	314,793	0.0	3,490,000	9.02%
2013	July 1, 2012	-	346,785	346,785	0.0	3,762,300	9.22%
2014	July 1, 2012	-	1,833,822	1,833,822	0.0	4,175,385	43.92%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS
 COMPONENT UNIT
 DECEMBER 31, 2013

	Eldora- New Providence School Foundation
ASSETS	
Cash and pooled investments	\$ 402,662
LIABILITIES	
	-
NET POSITION	
Unrestricted	\$ 402,662

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN NET POSITION - CASH BASIS
COMPONENT UNIT
YEAR ENDED DECEMBER 31, 2013

	Eldora- New Providence School Foundation
Revenue:	
Contributions, gifts, grants	\$ 37,214
Interest	337
Unrealized gain on investments	21,890
Total revenue	59,441
Expenses:	
Scholarships	35,950
Excess of revenue over expenses	23,491
Net position beginning of year	379,171
Net position end of year	\$ 402,662

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue			Debt Service	Total
	Management Levy	Student Activity	Total		
ASSETS					
Cash and pooled investments	\$ 467,061	93,914	560,975	-	560,975
Receivables:					
Property tax:					
Delinquent	3,647	-	3,647	-	3,647
Succeeding year	375,000	-	375,000	-	375,000
Accounts	-	1,898	1,898	250	2,148
TOTAL ASSETS	\$ 845,708	95,812	941,520	250	941,770
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 215	1,254	1,469	250	1,719
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	375,000	-	375,000	-	375,000
Fund balances:					
Restricted for:					
Management levy purposes	470,493	-	470,493	-	470,493
Student activities	-	94,558	94,558	-	94,558
Total fund balances	470,493	94,558	565,051	-	565,051
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 845,708	95,812	941,520	250	941,770

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			Debt Service	Total
	Management Levy	Student Activity	Total		
REVENUES:					
Local sources:					
Local tax	\$ 300,254	-	300,254	-	300,254
Other	5,778	212,147	217,925	-	217,925
State sources	140	-	140	-	140
TOTAL REVENUES	306,172	212,147	518,319	-	518,319
EXPENDITURES:					
Current:					
Instruction:					
Regular	147,494	-	147,494	-	147,494
Other	-	212,920	212,920	-	212,920
Support services:					
Operation and maintenance of plant	47,710	-	47,710	-	47,710
Transportation	12,140	-	12,140	-	12,140
Non-instructional programs:					
Food service operations	2,303	-	2,303	-	2,303
Long-term debt:					
Principal	-	-	-	372,936	372,936
Interest and fiscal charges	-	-	-	62,156	62,156
TOTAL EXPENDITURES	209,647	212,920	422,567	435,092	857,659
Excess(Deficiency) of revenues over(under) expenditures	96,525	(773)	95,752	(435,092)	(339,340)
OTHER FINANCING SOURCES:					
Transfer in	-	-	-	435,092	435,092
Change in fund balances	96,525	(773)	95,752	-	95,752
Fund balances beginning of year	373,968	95,331	469,299	-	469,299
Fund balances end of year	\$ 470,493	94,558	565,051	-	565,051

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 393,257	1,217,684	1,610,941
Receivables:			
Property tax:			
Delinquent	-	3,634	3,634
Succeeding year	-	296,644	296,644
Due from other governments	192,033	-	192,033
TOTAL ASSETS	\$ 585,290	1,517,962	2,103,252
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,513	480,001	487,514
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	296,644	296,644
Fund balances:			
Restricted for:			
Debt service	173,750	-	173,750
School infrastructure	404,027	-	404,027
Physical plant and equipment	-	741,317	741,317
Total fund balances	577,777	741,317	1,319,094
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 585,290	1,517,962	2,103,252

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ -	299,400	299,400
Other	56,180	864	57,044
State sources	565,514	140	565,654
TOTAL REVENUES	<u>621,694</u>	<u>300,404</u>	<u>922,098</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	8,053	4,375	12,428
Support services:			
Instructional staff	471,699	-	471,699
Administration	-	19,973	19,973
Operation and maintenance of plant	53,151	28,443	81,594
Transportation	2,605	179,418	182,023
Capital outlay	26,896	758,059	784,955
TOTAL EXPENDITURES	<u>562,404</u>	<u>990,268</u>	<u>1,552,672</u>
Excesss(Deficiency) of revenues over(under) expenditures	59,290	(689,864)	(630,574)
Other financing sources(uses):			
Capital loan note proceeds	-	1,185,000	1,185,000
Bus lease proceeds	-	179,418	179,418
Computer lease proceeds	398,111	-	398,111
Transfer out	(388,092)	(47,000)	(435,092)
Total other financing sources(uses)	<u>10,019</u>	<u>1,317,418</u>	<u>1,327,437</u>
Change in fund balances	69,309	627,554	696,863
Fund balances beginning of year	<u>508,468</u>	<u>113,763</u>	<u>622,231</u>
Fund balances end of year	<u>\$ 577,777</u>	<u>741,317</u>	<u>1,319,094</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
ELEMENTARY CHALLENGE	\$ 5,827	18,565	17,299	-	7,093
DRAMA CLUB	225	2,053	2,893	615	-
HS VOCAL MUSIC	5,508	3,908	5,257	-	4,159
HS INSTRUMENTAL MUSIC	3,936	1,122	2,040	(27)	2,991
MUSIC RESALE	33	598	658	27	-
PERFORMANCE TEAM	3	-	-	-	3
HS ATHLETICS GENERAL	13,536	7,460	8,974	(6,335)	9,736
SOUTH HARDIN UNIFORM FUND	4,704	4,203	-	-	8,907
HS ATHLETICS RESALE	-	30	-	-	30
HS BASKETBALL	423	17,271	17,285	-	409
HS ATHLETICS MEDICAL	42	-	361	400	81
HS BASEBALL/SOFTBALL	1,344	10,268	16,816	5,204	-
HS TRACK	1,537	17,040	17,262	-	1,315
HS TRACK RESURFACING	4,469	-	4,469	-	-
HS CROSS COUNTRY	114	1,247	2,712	1,525	174
HS TENNIS	37	902	1,174	235	-
HS GOLF	9	2,859	4,289	1,421	-
CHEERLEADERS	7	2,274	2,160	-	121
HS FOOTBALL	12	16,757	15,592	-	1,177
FOOTBALL FUND RAISERS	51	2,862	2,100	-	813
SOUTH HARDIN PRESS BOX FUND RAISER	2,500	2,500	5,000	-	-
HS WRESTLING	7,349	2,689	3,599	400	6,839
HS VOLLEYBALL	524	17,445	16,506	-	1,463
HS STUDENT COUNCIL	4,033	4,800	3,779	(1,288)	3,766
NATIONAL HONOR SOCIETY	2,391	-	411	68	2,048
ACADEMIC DECATHLON	280	3,253	2,576	-	957
FFA	2,683	25,297	24,679	-	3,301
CLASS OF 2012	1,204	-	-	(1,204)	-
CLASS OF 2013	4,664	15	-	(4,679)	-
CLASS OF 2014	2,935	1,065	3,171	-	829
CLASS OF 2015	11,938	3,270	8,524	(68)	6,616
CLASS OF 2016	838	24,172	11,311	(874)	12,825
CLASS OF 2017	-	1,305	32	-	1,273
HS CONCESSIONS, DONATIONS	3,071	2,716	4,111	1,881	3,557
CONCESSIONS, EQUIPMENT	2,258	111	50	-	2,319
HS ANNUAL - 2009	2,069	-	-	(2,069)	-
HS ANNUAL - 2010	881	-	-	(881)	-
HS ANNUAL - 2011	1,342	-	-	(1,342)	-
HS ANNUAL - 2012	2,107	-	-	(2,107)	-
HS ANNUAL - 2013	447	1,775	7,830	5,608	-
HS ANNUAL - 2014	-	12,315	4,049	3,490	11,756
TOTALS	\$ 95,331	212,147	212,920	-	94,558

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 3,250,061	3,696,752	3,750,539	3,723,937	3,562,847	3,307,914	3,065,083	2,807,471	2,435,057	2,218,849
Tuition	943,320	882,663	922,315	947,757	922,038	1,053,973	1,089,985	476,037	432,390	450,521
Other	527,132	478,409	493,429	561,246	391,658	467,313	506,318	595,340	353,876	287,871
Intermediate sources	-	-	-	-	1,500	-	-	-	-	-
State sources	4,946,676	3,963,894	4,022,863	3,715,803	3,261,923	3,663,084	3,681,270	3,144,613	3,037,791	2,916,933
Federal sources	245,760	433,667	466,103	631,972	733,755	426,830	243,776	256,781	241,466	239,826
Total	\$ 9,912,949	9,455,385	9,655,249	9,580,715	8,873,721	8,919,114	8,586,432	7,280,242	6,500,580	6,114,000
Expenditures:										
Instruction:										
Regular	\$ 3,183,466	3,128,409	3,102,649	3,121,727	3,387,765	3,424,959	3,446,073	2,546,190	2,379,427	2,443,073
Special	1,559,267	1,684,758	1,531,126	1,625,705	1,407,354	1,362,417	1,441,756	1,012,515	911,520	1,033,569
Other	1,219,523	1,247,326	1,191,285	1,045,910	880,199	847,229	825,586	742,927	687,808	523,538
Support services:										
Student	212,287	176,869	155,470	136,790	140,742	152,229	167,077	152,211	292,966	266,640
Instructional staff	679,666	269,812	297,547	636,367	415,881	359,938	296,240	333,836	313,084	125,522
Administration	664,540	646,345	611,256	593,664	604,816	678,591	652,480	665,812	562,549	574,249
Operation and maintenance										
of plant	653,295	660,895	498,345	759,802	931,895	490,575	584,854	503,120	507,324	396,198
Transportation	506,893	337,558	389,984	359,628	334,137	296,163	298,044	269,662	158,180	143,738
Non-instructional programs	97,503	130,342	125,472	124,965	132,632	146,914	140,569	176,273	-	2,782
Capital outlay	784,955	137,106	28,709	102,862	129,818	2,427,660	478,000	34,003	32,923	135,720
Long-term debt:										
Principal	372,936	297,605	317,328	420,900	576,500	390,000	440,000	420,000	395,000	435,246
Interest and fiscal charges	62,156	65,787	70,866	84,605	105,876	83,350	61,662	79,400	96,062	114,037
AEA flow-through	292,182	267,397	275,656	292,146	288,369	245,434	240,201	213,293	197,357	191,554
Total	\$ 10,288,669	9,050,209	8,595,693	9,305,071	9,335,984	10,905,459	9,072,542	7,149,242	6,534,200	6,385,866

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

To the Board of Education of the Eldora-New Providence 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 Eldora-New Providence Community School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 10, 2015.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified no deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eldora-New Providence 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.

Eldora-New Providence Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 10, 2015
Newton, Iowa

ELDORA-NEW PROVIDENCE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Capital assets - purchasing, recording and reconciling.
- 5) Wire transfers - processing and approving.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 7) Financial reporting - preparing, reconciling and approving.
- 8) School lunch program - recording, journalizing, posting, reconciling, purchase order processing, check preparation, mailing and recording.

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

Response - The District will continue to segregate duties to the best of its ability, but with our budgetary status will not be able to increase personnel.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - Expenditures for the year ended June 30, 2014 exceeded the amounts budgeted in the support services and other expenditures functional areas and in total.

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

Response - The District will continue to monitor the certified budget closely and amend the budget before expenditures exceed the amounts certified.

Conclusion - Response accepted.

- II-B-14 Questionable Disbursements - We noted a disbursement for gift cards for prizes. Giving gift cards to students does not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

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

Response - The District has notified building personnel gift cards are not an allowable expense.

Conclusion - Response accepted.

- II-C-13 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-13 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Greg Salvo, Board Member Coach	Purchased Services	\$1,961

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

- II-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-14 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 Deposits and Investments - 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 filed with the Iowa Department of Education timely and we noted not significant deficiencies in the amounts reported.

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

II-L-13 Financial Condition - The District had a deficit unrestricted net position of \$861 in the Enterprise, Day Care Fund and \$133,585 in the Enterprise, School Nutrition Fund, resulting in a deficit unrestricted net position in the business type activities of \$134,446 at June 30, 2014. The Enterprise, School Nutrition Fund also had a deficit total net position of \$42,002, resulting in a deficit total net position in the business type activities of \$42,863 at June 30, 2014.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits accounts.

Response - The District continues to increase prices and use attrition as staff retires in the School Nutrition Fund. District is currently working on closing the Daycare Fund with the Department of Education.

Conclusion - Response accepted.

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

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

Beginning Balance		\$	508,468
Revenues:			
Sales tax revenues	\$	565,514	
Other local revenues		56,180	
Sale of long-term debt		398,111	1,019,805
Total revenues			<u>1,528,273</u>
Expenditures:			
Equipment		479,729	
Other		82,675	
Transfers to other funds:			
Debt service fund		388,092	950,496
Ending balance		\$	<u><u>577,777</u></u>

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

II-N-14 Student Activity Fund - During our audit issues arose about the properness of certain expenditures paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. More specific examples of these instances of questioned items and recommendations are as follows:

Questionable Accounts - We noted an Elementary Challenge account in the Student Activity Fund. These accounts appear to be for instructional in nature which would be more appropriately handled in the General Fund.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The revenues and expenditures in the Elementary Challenge account appears to more instructional in nature and would be more appropriate in the General Fund.

Response - The District has moved all revenue and expenditure accounts for the Elementary Challenge Fund to the General Fund.

Conclusion - Response accepted.

Fundraisers: We noted during our audit that several clubs within the student activity fund donated money to outside organizations without specifically designating them as one of the beneficiaries of the fundraising event. According to Iowa Administrative Code Section 281-98.70(3), inappropriate expenditures in the Student Activity Fund include: "Payments to any private organization unless a fundraiser was held expressly for that purpose and the purpose of the fundraiser was specifically identified."

Recommendation - The District should review the procedures in place in order to insure that all fundraising being completed is in compliance with the Code, as well as the proceeds expended for allowable purposes.

Response - The District has notified the outside organizations regarding the proper procedures for fundraising.

Conclusion - Response accepted.

II-O-14 District and Regional Rents - We noted during our audit that the District receives money for the use of facilities when hosting district and regional events. The District currently receipts district and regional rents into the Student Activity Fund.

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

Response - The District is now recording receipt of rent for district and regional events in the General Fund.

Conclusion - Response accepted.

II-P-14 Check Signatures - We noted during our audit, instances of unauthorized signatures on the District's checks. Chapter 291.1 of the Code of Iowa requires the District's Board President to sign all checks. Also pursuant to this section, the Board President may designate an individual to sign warrants on his/her behalf.

Recommendation - The District should review procedures in place to ensure that the proper signatures are on all checks in order to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - The District has approved all personnel signing checks through the Board.

Conclusion - Response accepted.

II-Q-14 Interfund Loans - We noted during our audit that the District has interfund loans between the General Fund and the Enterprise: School Nutrition Fund of \$46,521 and between the General Fund and the Enterprise: Day Care Fund of \$18,291 which were on the balance sheets in the prior year and still on the current year balance sheets.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2010, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must issue anticipatory warrants to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District should seek and obtain external borrowings to comply with the declaratory ruling in order to repay the interfund loan.

Response - The District will seek external borrowing to comply with the declaratory order to repay the interfund loans.

Conclusion - Response accepted.