

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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Guthrie Center Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2013 election)		
Keith Buttler	President	2015
Wanda Knobbe	Vice President	2015
Curt Sloss	Board Member	2013
Melia VanMeter	Board Member	2013
Tim Benson	Board Member	2015
Board of Education (After September 2013 election)		
Wanda Knobbe	President	2015
Tim Benson	Vice President	2015
Keith Butler	Board Member	2015
Melia VanMeter	Board Member	2017
Wes Policky	Board Member	2017
School Officials		
Steve Smith	Superintendent	2014
Joni Rees	District Secretary/Treasurer and Business Manager	2014
Rick Engel	Attorney	2014

GUTHRIE CENTER 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 Guthrie Center Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Guthrie Center Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2015 on our consideration of Guthrie Center Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Guthrie Center Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 27, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,193,933 in fiscal 2013 to \$5,271,177 in fiscal 2014, while General Fund expenditures increased from \$5,127,415 in fiscal 2013 to \$5,638,038 in fiscal 2014. The District's General Fund balance decreased from \$1,807,009 at June 30, 2013 to \$1,440,148 at June 30, 2014, a 20.30% decrease.
- The fiscal year 2014 General Fund revenue increase was attributable to increases in state source and tuition source revenue. The increase in expenditures was due primarily to the increase in expenditures incurred in the instructional functional area.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Guthrie Center 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 Guthrie Center 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 Guthrie Center Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the non-major governmental funds.

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

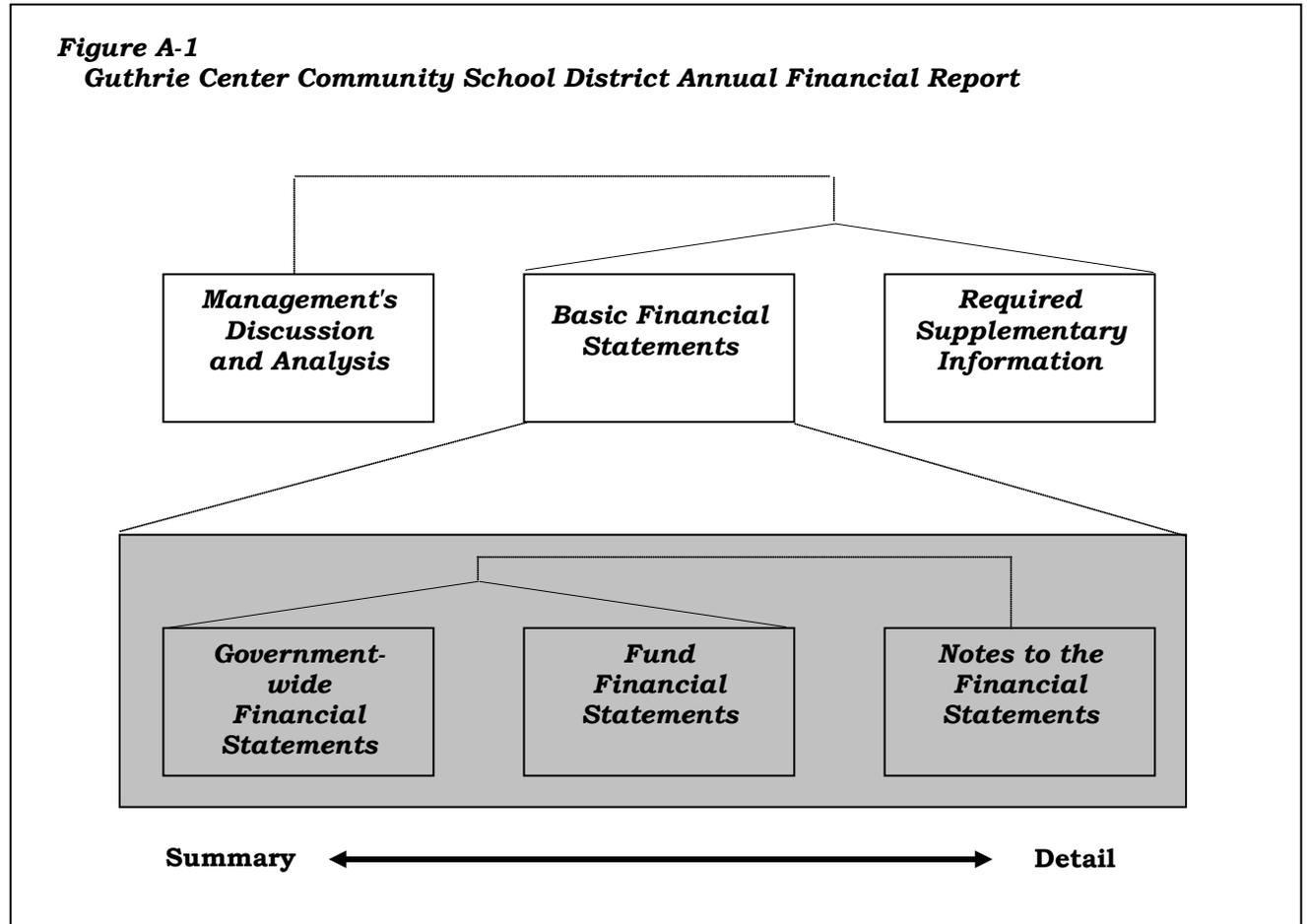


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the 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 Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

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

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

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

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

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

Reconciliation 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 School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 5,330,108	5,775,267	93,130	48,985	5,423,238	5,824,252	-6.89%
Capital assets	5,931,950	6,261,644	39,832	44,956	5,971,782	6,306,600	-5.31%
Total assets	11,262,058	12,036,911	132,962	93,941	11,395,020	12,130,852	-6.07%
Long-term obligations	3,780,154	3,799,909	-	-	3,780,154	3,799,909	-0.52%
Other liabilities	649,349	738,066	16,398	16,694	665,747	754,760	-11.79%
Total liabilities	4,429,503	4,537,975	16,398	16,694	4,445,901	4,554,669	-2.39%
Deferred inflows of resources	1,590,874	1,683,425	-	-	1,590,874	1,683,425	-5.50%
Net position:							
Net investment in capital assets	2,321,950	2,551,644	39,832	44,956	2,361,782	2,596,600	-9.04%
Restricted	1,554,814	1,517,303	-	-	1,554,814	1,517,303	2.47%
Unrestricted	1,364,917	1,746,564	76,732	32,291	1,441,649	1,778,855	-18.96%
Total net position	\$ 5,241,681	5,815,511	116,564	77,247	5,358,245	5,892,758	-9.07%

The District's combined net position decreased by 9.07%, or approximately \$534,513, from the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, 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 approximately \$37,511 or 2.47% over the prior year. The increase in restricted net position is mainly attributable to the increase in the ending fund balance of the Capital Projects Fund.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$337,206, or 18.96%. The decrease in unrestricted net position was due primarily to the decrease in the ending fund balance of the General Fund

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

	Governmental Activities		Business type Activities		Total School District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 931,061	891,746	170,190	149,458	1,101,251	1,041,204	5.77%
Operating grants, contributions and restricted interest	471,748	506,821	161,830	149,171	633,578	655,992	-3.42%
Capital grants, contributions and restricted interest	3,605	54,809	-	-	3,605	54,809	-93.42%
General revenues:							
Property tax	1,678,573	2,139,193	-	-	1,678,573	2,139,193	-21.53%
Income surtax	202,236	147,411	-	-	202,236	147,411	37.19%
Statewide sales, services and use tax	410,270	399,287	-	-	410,270	399,287	2.75%
Unrestricted state grants	2,431,617	2,342,842	-	-	2,431,617	2,342,842	3.79%
Unrestricted investment earnings	4,241	4,362	6	1	4,247	4,363	-2.66%
Other	4,481	8,709	-	-	4,481	8,709	-48.55%
Total revenues	6,137,832	6,495,180	332,026	298,630	6,469,858	6,793,810	-4.77%
Program expenses:							
Instructional	4,058,290	3,603,992	-	-	4,058,290	3,603,992	12.61%
Support services	1,974,481	1,798,449	1,981	5,740	1,976,462	1,804,189	9.55%
Non-instructional programs	6,871	6,350	290,728	278,342	297,599	284,692	4.53%
Other expenditures	672,020	671,855	-	-	672,020	671,855	0.02%
Total expenses	6,711,662	6,080,646	292,709	284,082	7,004,371	6,364,728	10.05%
Change in net position	(573,830)	414,534	39,317	14,548	(534,513)	429,082	-224.57%
Net position beginning of year	5,815,511	5,400,977	77,247	62,699	5,892,758	5,463,676	7.85%
Net position end of year	\$ 5,241,681	5,815,511	116,564	77,247	5,358,245	5,892,758	-9.07%

In fiscal 2014, property tax and unrestricted state grants accounted for 66.96% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$6.47 million of which approximately \$6.14 million was for governmental activities and approximately \$0.33 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 4.77% in revenues and a 10.05% increase in expenses. The increase in expenses was related to increases in expenditures in the instructional and support service functional areas.

Governmental Activities

Revenues for governmental activities were \$6,137,832 and expenses were \$6,711,662 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	\$ 4,058,290	3,603,992	12.61%	2,949,178	2,449,830	20.38%
Support services	1,974,481	1,798,449	9.79%	1,866,744	1,683,928	10.86%
Non-instructional	6,871	6,350	8.20%	6,871	6,350	8.20%
Other expenses	672,020	671,855	0.02%	482,455	487,162	-0.97%
Totals	<u>\$ 6,711,662</u>	<u>6,080,646</u>	<u>10.38%</u>	<u>5,305,248</u>	<u>4,627,270</u>	<u>14.65%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$931,061.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$475,353.
- The net cost of governmental activities was financed with \$1,678,573 in property tax, \$202,236 in income surtax, \$410,270 in statewide sales, services and use tax, \$2,431,617 in unrestricted state grants, \$4,241 in interest income and \$4,481 in other general revenues.

Business type Activities

Revenues of the District's business type activities for the year ended June 30, 2014 totaled \$332,026 and expenses were \$292,709. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,020,680, below last year's ending fund balance of \$3,301,226. The Primary reason for this decrease in combined fund balance is due to the decrease in fund balance of the General Fund.

Governmental Fund Highlights

- The District's General Fund balance decreased from \$1,807,009 at June 30, 2013 to \$1,440,148 at June 30, 2014. The fluctuation in the District's General Fund financial position is the product of many factors. Increases in state source revenues led to an increase in revenues. The increase in expenditures was due to the increase in instruction expenditures total. Primarily due to negotiated salaries benefits. Total expenditures outpaced total revenues ensuring a decrease in ending fund balance.
- The Capital Projects Fund balance increased from \$680,210 at June 30, 2013 to \$849,887 at June 30, 2014. The increase was due primarily to excess general obligation money received from the Debt service fund during the year.

Proprietary Fund Highlights

- The School Nutrition Fund net position increased from \$77,247 at June 30, 2013 to \$116,564 at June 30, 2014, representing an increase of 50.90%. This increase in ending net position was primarily due to an increase in changes for service revenues received as compared to prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Guthrie Center Community School District amended its budget one time to reflect the additional expense related to grants received.

The District's revenues were \$160,091 more than budgeted revenues, a variance of 2.54%. The most significant variance resulted from the District receiving more in state source revenues than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$5,971,782, 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) More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$437,087.

The original cost of the District's capital assets was \$11,275,463. Governmental funds account for \$11,166,594 with the remaining of \$108,869 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the Land improvement category. The District's Land improvement totaled \$970,014 at June 30, 2013, compared to \$896,331 reported at June 30, 2014.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 49,800	49,800	-	-	49,800	49,800	0.00%
Buildings	4,694,440	4,971,648	-	-	4,694,440	4,971,648	-5.58%
Land improvements	896,331	970,014	-	-	896,331	970,014	-7.60%
Machinery and equipment	291,379	270,182	39,832	44,956	331,211	315,138	5.10%
Total	\$ 5,931,950	6,261,644	39,832	44,956	5,971,782	6,306,600	-5.31%

Long-Term Debt

At June 30, 2014, the District had \$3,780,154 in long-term debt outstanding. This represents a decrease of 0.52% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had outstanding revenue bonds of \$3,610,000 at June 30, 2014, payable from the Capital Projects: Statewide, Sales, Services and Use Tax Fund.

The District had a net OPEB liability of \$112,199 as of June 30, 2014.

The District has a termination benefit liability of \$57,955 as of June 30, 2014, payable from the Special Revenue, Management Levy Fund

	Total School District		Total Change
	June 30,		June 30,
	2014	2013	2013-14
Revenue bonds	\$ 3,610,000	3,710,000	-2.70%
Termination Benefits	57,955	-	100.00%
Net OPEB liability	112,199	89,909	24.79%
Total	\$ 3,780,154	3,799,909	-0.52%

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:

- A decrease in student enrollment will have a negative impact on the District.
- The Affordable Health Care Act will have a negative impact causing a forced increase in benefit costs.

-
- The required contribution to IPERS for the District increased from 8.67% to 8.98% for Fiscal 2014.

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 Joni Rees, District Secretary/Treasurer and Business Manager, Guthrie Center Community School District, 906 School Street, Guthrie Center, Iowa, 50115.

BASIC FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 3,096,195	87,262	3,183,457
Receivables:			
Property tax:			
Delinquent	25,201	-	25,201
Succeeding year	1,590,874	-	1,590,874
Income surtax	142,618	-	142,618
Accounts	31,748	-	31,748
Due from other governments	421,069	-	421,069
Prepaid expenses	22,403	-	22,403
Inventories	-	5,868	5,868
Capital assets, net of accumulated depreciation	5,931,950	39,832	5,971,782
TOTAL ASSETS	11,262,058	132,962	11,395,020
LIABILITIES			
Accounts payable	46,973	-	46,973
Salaries and benefits payable	528,963	12,530	541,493
Accrued Interest payable	73,413	-	73,413
Unearned revenue	-	3,868	3,868
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	150,000	-	150,000
Termination benefits payable	57,955	-	57,955
Portion due after one year:			
Revenue bonds payable	3,460,000	-	3,460,000
Net OPEB liability	112,199	-	112,199
TOTAL LIABILITIES	4,429,503	16,398	4,445,901
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	1,590,874	-	1,590,874
NET POSITION			
Net investment in capital assets	2,321,950	39,832	2,361,782
Restricted for:			
Categorical funding	128,053	-	128,053
Management levy purposes	123,404	-	123,404
Student activities	17,173	-	17,173
School infrastructure	447,407	-	447,407
Physical plant and equipment levy	380,077	-	380,077
Debt service	458,700	-	458,700
Unrestricted	1,364,917	76,732	1,441,649
TOTAL NET POSITION	\$ 5,241,681	116,564	5,358,245

SEE NOTES TO FINANCIAL STATEMENTS.

**GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities		Business Type Activities
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,344,928	481,664	84,332	-	(1,778,932)	(1,778,932)	
Special	756,999	140,549	22,033	-	(594,417)	(594,417)	
Other	956,363	204,716	175,818	-	(575,829)	(575,829)	
	4,058,290	826,929	282,183	-	(2,949,178)	(2,949,178)	
Support services:							
Student	121,567	-	-	-	(121,567)	(121,567)	
Instructional staff	311,581	-	-	-	(311,581)	(311,581)	
Administration	666,166	102,959	-	-	(563,207)	(563,207)	
Operation and maintenance of plant	638,681	-	-	3,605	(635,076)	(635,076)	
Transportation	236,486	1,173	-	-	(235,313)	(235,313)	
	1,974,481	104,132	-	3,605	(1,866,744)	(1,866,744)	
Non-instructional programs:							
Food service operations	6,871	-	-	-	(6,871)	(6,871)	
Long-term debt interest							
	148,325	-	-	-	(148,325)	(148,325)	
Other expenditures:							
AEA flowthrough	189,565	-	189,565	-	-	-	
Depreciation(unallocated)*	334,130	-	-	-	(334,130)	(334,130)	
	523,695	-	189,565	-	(334,130)	(334,130)	
Total governmental activities	6,711,662	931,061	471,748	3,605	(5,305,248)	(5,305,248)	
Business type activities:							
Support services:							
Administration	1,246	-	-	-	(1,246)	(1,246)	
Operation and maintenance of plant	735	-	-	-	(735)	(735)	
Non-instructional programs:							
Food Service Operations	290,728	170,190	161,830	-	41,292	41,292	
Total business type activities	292,709	170,190	161,830	-	39,311	39,311	
Total	\$ 7,004,371	1,101,251	633,578	3,605	(5,305,248)	39,311	(5,265,937)
General Revenues:							
Property tax levied for:							
General purposes				\$ 1,435,413	-	1,435,413	
Capital outlay				243,160	-	243,160	
Income surtax				202,236	-	202,236	
Statewide sales, services and use tax				410,270	-	410,270	
Unrestricted state grants				2,431,617	-	2,431,617	
Unrestricted investment earnings				4,241	6	4,247	
Other				4,481	-	4,481	
Total general revenues				4,731,418	6	4,731,424	
Change in net position				(573,830)	39,317	(534,513)	
Net position beginning of year				5,815,511	77,247	5,892,758	
Net position end of year				\$ 5,241,681	116,564	5,358,245	

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

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 1,731,786	633,389	731,020	3,096,195
Receivables:				
Property tax:				
Delinquent	21,563	3,638	-	25,201
Succeeding year	1,349,207	241,667	-	1,590,874
Income surtax	142,618	-	-	142,618
Accounts	31,661	-	87	31,748
Due from other governments	229,847	190,457	765	421,069
Prepaid expenses	-	22,403	-	22,403
TOTAL ASSETS	\$ 3,506,682	1,091,554	731,872	5,330,108
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 45,746	-	1,227	46,973
Salaries and benefits payable	528,963	-	-	528,963
Total liabilities	574,709	-	1,227	575,936
				-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,349,207	241,667	-	1,590,874
Income surtax	142,618	-	-	142,618
Total deferred inflows of resources	1,491,825	241,667	-	1,733,492
Fund balances:				
Nonspendable	-	22,403	-	22,403
Restricted for:				
Categorical funding	128,053	-	-	128,053
Management levy purposes	-	-	181,359	181,359
Student activities	-	-	17,173	17,173
School infrastructure	-	447,407	-	447,407
Physical plant and equipment	-	380,077	-	380,077
Debt service	-	-	532,113	532,113
Unassigned	1,312,095	-	-	1,312,095
Total fund balances	1,440,148	849,887	730,645	3,020,680
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,506,682	1,091,554	731,872	5,330,108

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER 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)	\$	3,020,680
 <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.		5,931,950
Accounts receivable income surtax, are not yet available to finance expenditures of the current period and, therefore, we recognize as deferred inflows of resources in the governmental funds.		142,618
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.		(73,413)
Long-term liabilities, such as bonds payable, termination benefits payable and other postemployment benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(3,780,154)</u>
Net position of governmental activities(page 18)	\$	<u><u>5,241,681</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Capital Projects	Nonmajor	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,622,494	243,160	-	1,865,654
Tuition	573,837	-	-	573,837
Other	182,752	4,567	199,883	387,202
State sources	2,725,031	414,391	-	3,139,422
Federal sources	156,562	-	-	156,562
Total revenues	<u>5,260,676</u>	<u>662,118</u>	<u>199,883</u>	<u>6,122,677</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	2,219,712	-	13,743	2,233,455
Special	740,363	-	-	740,363
Other	732,637	-	204,613	937,250
	<u>3,692,712</u>	<u>-</u>	<u>218,356</u>	<u>3,911,068</u>
Support services:				
Student	118,017	-	200	118,217
Instructional staff	272,522	22,403	-	294,925
Administration	642,642	4,996	2,835	650,473
Operation and maintenance of plant	540,638	13,244	46,889	600,771
Transportation	181,942	81,017	13,101	276,060
	<u>1,755,761</u>	<u>121,660</u>	<u>63,025</u>	<u>1,940,446</u>
Non-instructional programs:				
Food service operations	-	-	6,871	6,871
Capital outlay	-	115,949	-	115,949
Long-term debt:				
Principal	-	-	100,000	100,000
Interest and fiscal charges	-	-	149,825	149,825
	<u>-</u>	<u>-</u>	<u>249,825</u>	<u>249,825</u>
Other expenditures:				
AEA flowthrough	189,565	-	-	189,565
Total expenditures	<u>5,638,038</u>	<u>237,609</u>	<u>538,077</u>	<u>6,413,724</u>
Excess(Deficiency) of revenues over(under) expenditures	(377,362)	424,509	(338,194)	(291,047)
Other financing sources(uses):				
Transfer in	-	42,684	297,516	340,200
Transfer out	-	(297,516)	(42,684)	(340,200)
Sale of equipment	10,501	-	-	10,501
Total other financing sources(uses)	<u>10,501</u>	<u>(254,832)</u>	<u>254,832</u>	<u>10,501</u>
Change in fund balances	(366,861)	169,677	(83,362)	(280,546)
Fund balances beginning of year	<u>1,807,009</u>	<u>680,210</u>	<u>814,007</u>	<u>3,301,226</u>
Fund balances end of year	<u>\$ 1,440,148</u>	<u>849,887</u>	<u>730,645</u>	<u>3,020,680</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER 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) \$ (280,546)

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

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

Capital outlay	\$	190,227	
Depreciation expense		(431,963)	
Loss on disposal		(87,958)	
		(329,694)	(329,694)

Repayment of long-term liabilities is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows: 100,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 1,500

Income surtax accounts receivable is not available to finance expenditures of the current year and is recognized as deferred inflows of resources in the governmental funds. 15,155

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

Other postemployment benefits		(22,290)	
Termination benefits		(57,955)	
		(80,245)	

Change in net position of governmental activities(page 19) \$ (573,830)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
ASSETS	
Cash and pooled investments	\$ 87,262
Inventories	5,868
Total current assets	93,130
Noncurrent assets:	
Capital assets, net of accumulated depreciation	39,832
TOTAL ASSETS	132,962
LIABILITIES	
Salaries and benefits payable	12,530
Unearned revenue	3,868
TOTAL LIABILITIES	16,398
NET POSITION	
Net Investment in capital assets	39,832
Unrestricted	76,732
TOTAL NET POSITION	\$ 116,564

SEE NOTES TO FINANCIAL STATEMENTS .

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

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for service	\$ 170,190
OPERATING EXPENSES:	
Support services:	
Administration:	
Services	266
Supplies	980
Operation and maintenance of plant:	
Services	735
	1,981
Non-instructional programs:	
Food service operations:	
Salaries	92,954
Benefits	14,960
Services	80
Supplies	177,262
Depreciation	5,124
Other	348
	290,728
TOTAL OPERATING EXPENSES	292,709
OPERATING LOSS	(122,519)
NON-OPERATING REVENUES:	
State sources	2,878
Federal sources	158,952
Interest income	6
TOTAL NON-OPERATING REVENUES	161,836
Change in net position	39,317
Net position beginning of year	77,247
Net position end of year	\$ 116,564

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 171,002
Cash payments to employees for services	(109,022)
Cash payments to suppliers for goods or services	(163,565)
Net cash used in operating activities	(101,585)
Cash flows from non-capital financing activities:	
State grants received	2,878
Federal grants received	141,954
Net cash provided by non-capital financing activities	144,832
Cash flows from investing activities:	
Interest on investments	6
Net increase in cash and cash equivalents	43,253
Cash and cash equivalents beginning of year	44,009
Cash and cash equivalents end of year	\$ 87,262
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (122,519)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	16,998
Depreciation	5,124
Increase in inventories	(892)
Decrease in salaries and benefits payable	(1,108)
Increase in unearned revenue	812
Net cash used in operating activities	\$ (101,585)

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at \$16,998.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Contributions	\$ 2,250
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	2,250
Change in net position	-
Net position beginning of year	-
Net position end of year	\$ -

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

The Guthrie Center Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Guthrie Center, Iowa, and the predominate agricultural territory in Guthrie and Audubon Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Guthrie Center 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 Guthrie Center Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other 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.

The District's nonmajor proprietary fund is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonspendable - Amounts which cannot be spent because they are not expected to be converted into cash. These items include prepaid items.

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

The District’s deposits at June 30, 2014 were entirely covered by federal depository insurance or 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. As of June 30, 2014 the district had no investments.

Note 3. Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects: Physical Plant & Equipment Levy	Debt Service	42,684
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	297,516
		<u>\$ 340,200</u>

The transfer from the Debt Service Fund to the Capital Projects: Physical Plant and Equipment Levy was to transfer the remainder of the District’s revenues for it’s general obligation bond per vote of the board of Education.

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

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,800	-	-	49,800
Total capital assets not being depreciated	<u>49,800</u>	<u>-</u>	<u>-</u>	<u>49,800</u>
Capital assets being depreciated:				
Buildings	8,587,150	71,197	97,731	8,560,616
Land improvements	1,557,981	-	-	1,557,981
Machinery and equipment	989,720	119,030	110,553	998,197
Total capital assets being depreciated	<u>11,134,851</u>	<u>190,227</u>	<u>208,284</u>	<u>11,116,794</u>
Less accumulated depreciation for:				
Buildings	3,615,502	260,447	9,773	3,866,176
Land improvements	587,967	73,683	-	661,650
Machinery and equipment	719,538	97,833	110,553	706,818
Total accumulated depreciation	<u>4,923,007</u>	<u>431,963</u>	<u>120,326</u>	<u>5,234,644</u>
Total capital assets being depreciated, net	<u>6,211,844</u>	<u>(241,736)</u>	<u>87,958</u>	<u>5,882,150</u>
Governmental activities capital assets, net	<u>\$ 6,261,644</u>	<u>(241,736)</u>	<u>87,958</u>	<u>5,931,950</u>
Business type activities:				
Machinery and equipment	\$ 108,869	-	-	108,869
Less accumulated depreciation	63,913	5,124	-	69,037
Total	<u>\$ 44,956</u>	<u>(5,124)</u>	<u>-</u>	<u>39,832</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 6,161
Other	5,884
Support services:	
Instructional staff	14,446
Administration	3,073
Operation and maintenance of plant	21,906
Transportation	46,363
	<u>97,833</u>
Unallocated depreciation	<u>334,130</u>
Total governmental activities depreciation expense	<u>\$ 431,963</u>
Business type activities:	
Food service operations	<u>\$ 5,124</u>

Note 5. Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Revenue Bonds	3,710,000	-	100,000	3,610,000	150,000
Termination Benefits	-	57,955	-	57,955	57,955
Net OPEB Liability	89,909	22,290	-	112,199	-
Total	<u>\$ 3,799,909</u>	<u>80,245</u>	<u>100,000</u>	<u>3,780,154</u>	<u>207,955</u>

Revenue Bonds Payable

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

Year Ending June 30,	Bond issue of July 1, 2010				
	Interest Rates	Principal	Interest	Total	
2015	3.00	% \$ 150,000	144,575	294,575	
2016	3.50	165,000	139,438	304,438	
2017	4.00	170,000	133,150	303,150	
2018	4.00	175,000	126,250	301,250	
2019	4.00	180,000	119,150	299,150	
2020-2024	4.00	1,020,000	478,750	1,498,750	
2025-2029	4.12-4.38%	1,255,000	247,253	1,502,253	
2030	4.38	495,000	15,422	510,422	
Total		<u>\$ 3,610,000</u>	<u>1,403,988</u>	<u>5,013,988</u>	

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,920,000 of bond issued in July 2010. The bonds were issued for the purpose of financing a portion of the costs of a new school. The bonds are payable solely from the proceeds of the statewide sales, service and use tax revenues received by the District and are payable through 2030. The bonds are not general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require 72% of the statewide sales, services and use tax revenues. The Total principal and interest remaining to be paid on the notes is \$5,013,988. For the current year, \$100,000 principal and \$148,325 interest was paid on the bonds and total statewide sales, service and use tax revenues were \$ 410,270.

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

- a) \$308,688 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the projects account.
- b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- c) Monies in the revenues account shall be disbursed to make deposits into sinking account to pay the principal and interest requirements of the revenues bonds for the fiscal year.

- d) Any monies remaining in the revenues account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Termination Benefits

The District offered a voluntary early retirement plan to its certified employees. Eligible employees must be at least fifty-five and must have completed 10 years of continuous service to the District. Employees must complete an application which is subject to approval by the Board of Education.

At June 30, 2014 the District has obligations to three participants with a total liability of \$57,955. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$0.

Note 6. Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of the 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 \$303,935, \$267,848, and \$250,334, respectively, equal to the required contributions for each year.

Note 7. Other Postemployment Benefits

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 35 active members and 1 retired member in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the Districts 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	\$ 28,472
Interest on net OPEB obligation	2,248
Adjustment to annual required contribution	(5,717)
Annual OPEB cost	<u>25,003</u>
Contributions made	<u>(2,713)</u>
Increase in net OPEB obligation	22,290
Net OPEB obligation beginning of year	<u>89,909</u>
Net OPEB obligation end of year	<u><u>\$ 112,199</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.

For the year ended June 30, 2014, the District contributed \$2,713 to the medical plan. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 24,018	0.00%	\$ 67,915
2013	24,070	8.62%	89,909
2014	25,003	10.85%	112,199

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 \$206,143, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$206,143. The covered payroll (annual payroll of active employees covered by the plan) was \$1,700,510, and the ratio of the UAAL to covered payroll was 12.12%. 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 event 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, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2012 actuarial valuation date, the Frozen Entry Age Actuarial Cost Method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

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

Note 8. Risk Management

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

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2014 were \$405,594.

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

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$189,565 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

The District's ending restricted balances for categorical funding at June 30, 2014 are compromised of the following programs:

Program	Amount
Home School Assistance program	\$ 2,980
Returning dropout and dropout prevention	57,907
Beginning teacher mentoring and induction	1,788
Teacher salary supplement	334
Iowa early intervention	3,156
Four-year-old preschool state aid	47,823
Successful progression for early readers	11,270
Professional developments for the model core curriculum	292
Professional development	2,503
	<hr/>
Total	\$ 128,053
	<hr/> <hr/>

Note 11. Prospective Accounting Change

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

Note 12. Reconciliation of Governmental Fund Balances to Net Position

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

	<u>Net investment in capital assets</u>	<u>Management Levy</u>	<u>Debt Service</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	181,359	532,113	1,312,095
invested in capital assets, net of accumulated depreciation	5,931,950	-	-	-
General obligation bond capitalized indebtedness	(3,610,000)	-	-	-
Termination Benefit payable	-	(57,955)	-	-
Accrued interest payable	-	-	(73,413)	-
Income surtax receivable	-	-	-	142,618
Net OPEB liability	-	-	-	(112,199)
Nonspendable Capital Project	-	-	-	22,403
Net Position (Exhibit A)	<u>\$ 2,321,950</u>	<u>123,404</u>	<u>458,700</u>	<u>1,364,917</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 2,826,693	170,196	2,996,889	3,250,358	3,250,358	(253,469)
State sources	3,139,422	2,878	3,142,300	2,682,254	2,682,254	460,046
Federal sources	156,562	158,952	315,514	362,000	362,000	(46,486)
Total revenues	6,122,677	332,026	6,454,703	6,294,612	6,294,612	160,091
Expenditures/expenses:						
Instruction	3,911,068	-	3,911,068	4,355,000	4,355,000	443,932
Support services	1,940,446	1,981	1,942,427	2,008,700	2,008,700	66,273
Non-instructional programs	6,871	290,728	297,599	307,000	307,000	9,401
Other expenditures	555,339	-	555,339	752,407	800,000	244,661
Total expenditures/expenses	6,413,724	292,709	6,706,433	7,423,107	7,470,700	764,267
Excess(Deficiency) of revenues over(under) expenditures/expenses	(291,047)	39,317	(251,730)	(1,128,495)	(1,176,088)	924,358
Other financing sources, net	10,501	-	10,501	-	-	(10,501)
Excess(Deficiency) of revenues and other financing sources over(under) expenditures	(280,546)	39,317	(241,229)	(1,128,495)	(1,176,088)	913,857
Balances beginning of year	3,301,226	77,247	3,378,473	2,915,138	2,915,138	463,335
Balances end of year	\$ 3,020,680	116,564	3,137,244	1,786,643	1,739,050	1,377,192

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$ 47,593.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

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	\$ -	\$ 191,420	\$ 191,420	0.00%	\$ 1,575,144	12.15%
2011	July 1, 2009	-	187,151	187,151	0.00%	1,321,381	14.16%
2012	July 1, 2009	-	177,449	177,449	0.00%	1,504,066	11.80%
2013	July 1, 2012	-	207,977	207,977	0.00%	1,519,009	13.69%
2014	July 1, 2012	-	206,143	206,143	0.00%	1,700,510	12.12%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

Supplementary Information

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

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Management Levy	Student Activity	Total		
ASSETS					
Cash and pooled investments	\$ 181,359	17,548	198,907	532,113	731,020
Accounts receivable	-	87	87	-	87
Due from other governments	-	765	765	-	765
TOTAL ASSETS	\$ 181,359	18,400	199,759	532,113	731,872
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	1,227	1,227	-	1,227
Fund balances:					
Restricted for:					
Student activities	-	17,173	17,173	-	17,173
Management levy purposes	181,359	-	181,359	-	181,359
Debt service	-	-	-	532,113	532,113
Total fund balances	181,359	17,173	198,532	532,113	730,645
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 181,359	18,400	199,759	532,113	731,872

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Management Levy	Student Activity	Total		
REVENUES:					
Local sources:					
Other	\$ 3,255	196,603	199,858	25	199,883
EXPENDITURES:					
Current:					
Instruction:					
Regular	13,743	-	13,743	-	13,743
Other	-	204,613	204,613	-	204,613
Support services:					
Student	200	-	200	-	200
Administration	2,835	-	2,835	-	2,835
Operation and maintenance of plant	46,889	-	46,889	-	46,889
Transportation	13,101	-	13,101	-	13,101
Non-instructional programs:					
Food service operations	6,871	-	6,871	-	6,871
Long-term debt:					
Principal	-	-	-	100,000	100,000
Interest and fiscal charges	-	-	-	149,825	149,825
TOTAL EXPENDITURES	83,639	204,613	288,252	249,825	538,077
Deficiency of revenues under expenditures	(80,384)	(8,010)	(88,394)	(249,800)	(338,194)
Other financing sources (uses):					
Transfer in	-	-	-	297,516	297,516
Transfers out	-	-	-	(42,684)	(42,684)
Total other financing sources (uses)	-	-	-	254,832	254,832
Change in fund balances	(80,384)	(8,010)	(88,394)	5,032	(83,362)
Fund balances beginning of year	261,743	25,183	286,926	527,081	814,007
Fund balances end of year	\$ 181,359	17,173	198,532	532,113	730,645

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GUTHRIE CENTER 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	\$ 256,950	376,439	633,389
Receivables:			
Property tax:			
Delinquent	-	3,638	3,638
Succeeding year property tax	-	241,667	241,667
Due from other governments	190,457	-	190,457
Prepaid expenses	-	22,403	22,403
TOTAL ASSETS	\$ 447,407	644,147	1,091,554
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities	\$ -	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	241,667	241,667
Fund Balances:			
Nonspendable	-	22,403	22,403
Restricted for:			
School infrastructure	447,407	-	447,407
Physical plant and equipment	-	380,077	380,077
Total fund balances	447,407	402,480	849,887
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 447,407	644,147	1,091,554

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
REVENUES:			
Local sources:			
Local tax	\$ -	243,160	243,160
Other	481	4,086	4,567
State sources	410,270	4,121	414,391
TOTAL REVENUES	410,751	251,367	662,118
EXPENDITURES:			
Current:			
Support services:			
Instructional staff	-	22,403	22,403
Administration	-	4,996	4,996
Operation and maintenance of plant	-	13,244	13,244
Transportation	-	81,017	81,017
Capital outlay	50,340	65,609	115,949
TOTAL EXPENDITURES	50,340	187,269	237,609
Excess of revenues over expenditures	360,411	64,098	424,509
Other financing sources (uses):			
Transfer in	-	42,684	42,684
Transfer out	(297,516)	-	(297,516)
Total other financing sources (uses)	(297,516)	42,684	(254,832)
Change in fund balances	62,895	106,782	169,677
Fund balances beginning of year	384,512	295,698	680,210
Fund balances end of year	\$ 447,407	402,480	849,887

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Drama	\$ 2,876	317	240	(2,953)	-
Odyssey of Mind	295	12,558	9,383	(3,470)	-
Vocal Club	2,557	4,427	4,525	(2,459)	-
Band Club	96	8,417	6,284	(2,229)	-
Basketball	69	7,395	12,268	7,000	2,196
Track	-	10,148	7,649	(2,499)	-
Cheerleaders	5,101	11,545	12,489	(4,157)	-
Football	1,342	14,227	11,521	207	4,255
Baseball/Softball	-	8,600	12,976	4,404	28
Wrestling	-	10,901	11,427	526	-
Volleyball	-	12,365	13,656	1,291	-
Summer Little League	-	6,560	7,111	551	-
FFA	346	30,942	30,118	(1,120)	50
FCCLA	86	1,893	1,805	-	174
Honor Society	114	1,206	465	(366)	489
Student Council	1,663	1,933	3,472	-	124
Foreign Language	536	-	-	-	536
Art Club	249	2,707	2,827	351	480
Yearbook	-	9,567	11,352	1,785	-
General Fund	3,168	11,693	13,932	(829)	100
Student Activities	1,833	-	-	(800)	1,033
Marketing	479	3,676	3,751	2,291	2,695
JH Student Council	1,094	440	1,301	1,595	1,828
Extra Curricular	1,511	9,614	9,809	149	1,465
Elementary Fund	464	3,157	2,747	(874)	-
Class of 2013	29	-	-	(29)	-
Class of 2014	243	2,165	6,808	5,183	783
Class of 2015	715	9,346	6,491	(3,548)	22
Class of 2016	317	494	206	-	605
Class of 2017	-	310	-	-	310
Total	\$ 25,183	196,603	204,613	-	17,173

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GUTHRIE CENTER 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	\$ 1,865,654	2,681,102	2,895,049	2,719,373	2,619,623	2,165,778	2,044,827	2,058,026	1,896,372	1,787,200
Tuition	573,837	531,091	455,303	496,928	490,821	381,379	355,036	365,542	346,632	312,103
Other	387,202	431,384	349,966	474,158	327,972	465,896	431,007	290,594	307,241	371,945
Intermediate sources	-	-	-	-	1,995	-	-	-	-	-
State sources	3,139,422	2,678,459	2,790,855	2,660,183	2,570,926	2,848,072	2,612,972	2,270,100	2,411,023	2,151,274
Federal sources	156,562	168,355	198,572	355,094	540,674	138,623	155,879	227,259	186,001	209,267
Total	\$ 6,122,677	6,490,391	6,689,745	6,705,736	6,552,011	5,999,748	5,599,721	5,211,521	5,147,269	4,831,789
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,233,455	1,984,902	2,418,613	2,257,264	2,081,803	2,106,776	1,961,550	1,818,112	1,753,552	1,785,551
Special	740,363	698,231	803,532	714,045	735,246	714,039	843,242	695,899	717,294	595,563
Other	937,250	885,182	833,500	744,545	738,978	680,516	661,836	681,401	588,608	697,022
Support services:										
Student	118,217	110,497	102,759	56,999	98,876	99,716	111,899	115,251	103,558	92,388
Instructional staff	294,925	278,916	392,006	162,135	189,091	173,996	188,349	228,469	240,937	116,313
Administration	650,473	578,474	582,434	545,566	547,194	559,993	504,446	465,832	452,914	444,608
Operation and maintenance of plant	600,771	556,481	510,295	522,359	531,571	511,023	528,187	475,794	474,363	416,550
Transportation	276,060	282,465	180,327	253,955	146,481	139,378	153,925	260,908	190,673	212,761
Non-instructional programs	6,871	6,350	6,219	4,957	5,506	2,566	2,296	2,067	2,646	-
Capital outlay	115,949	112,309	292,075	2,063,239	1,553,247	60,182	960,597	384,108	190,708	257,539
Long-term debt:										
Principal	100,000	200,000	210,000	95,000	90,000	85,000	80,000	75,000	80,000	75,000
Interest and fiscal charges	149,825	158,125	242,037	14,320	18,320	22,060	25,500	28,651	31,930	34,968
Other expenditures:										
AEA flow-through	189,565	184,693	186,212	205,527	206,244	186,955	169,446	157,855	151,690	139,824
Total	\$ 6,413,724	6,036,625	6,760,009	7,639,911	6,942,557	5,342,200	6,191,273	5,389,347	4,978,873	4,868,087

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 Guthrie Center Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Guthrie Center Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Guthrie Center Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing

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

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

Guthrie Center Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Guthrie Center 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 27, 2015
Newton, Iowa

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

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, and custody of investments.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.
- 4) Disbursements - check preparation, approving, and reconciling.
- 5) Wire transfers - processing and approving.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, posting and distribution.
- 7) Transfers - preparing and approving.
- 8) Financial reporting - preparing, reconciling and approving.
- 9) Computer systems - performing all general accounting functions and controlling all data input and output.
- 10) School lunch program - recording, journalizing, posting, reconciling, and check preparation.

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

Response - We will continue to explore procedures to help obtain maximum internal controls when possible.

Conclusion - Response accepted.

I-B-14 Supporting Documentation - We noted during our audit instances of reimbursements to the superintendent for meals lacking detailed receipts.

Recommendation - According to the District Policy 401.10 “Employees and officers using a school district credit card must submit a detailed receipt in addition to a credit card receipt indicating the date, purpose and nature of the expense for each claim item. Failure to provide a proper receipt will make the employees responsible for expenses incurred.” The district should review procedures with employees in regards to the use of the district credit cards, and ensure detailed receipts are collected in accordance with District board policy.

Response - We will continue to enforce the importance of detailed receipts and P.O’s when using the District credit card

Conclusion - Response accepted

Part II: Other Findings Related to Required Statutory Reporting

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

II-B-14 Questionable Disbursements - We noted during our audit that the District purchased gift cards from the JH Student Council Activity account in the Student Activity fund. Giving cash or gift certificates/cards does not appear to meet public purpose as defined in the Attorney General’s opinion dated April 25, 1979.

Recommendation - Gift cards are not appropriate District purchase since Iowa code Section 279.29 requires districts to “audit and allow” all bills and the gift card does not provide that board with the ability to perform the required function of approval of the final purchase. The District should refrain from purchasing gift cards to be given as prizes, gifts or incentives

Response - Gift cards are not allowed. They had not been allowed in the past, but due to turnover of new personnel in the Administrative office, she was not aware it was not acceptable.

Conclusion - Response accepted

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

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

Name, Title and Business Connection	Transaction Description	Amount
Joni Rees, Board Secretary/Business Manager Spouse owns Rees Repair	Purchased services	\$ 730
Tara Embleton, Activity/Nutrition Secretary Father and husband own Doug's Plumbing and Heating	Purchased services	5,557
Kelly Nielsen, Teacher owns Graphics+	Supplies	1,086
Ron Baier, Custodian Sells supplies	Supplies	151
	Total	<u>\$ 7,524</u>

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the family members of District employees do not appear to represent a conflict of interest.

In accordance with the Attorney General's Opinion dated July 2, 1990, the above transaction with District employees Kelly Nielson and Ron Baier, do 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 - We noted a variance in the basic enrollment data certified to the Department of Education. The number of resident students was overstated by 2.00 for the fall 2013 count date.

Recommendation - The Iowa Department of Education and the Department of Management should be contacted to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and the Department of Management on our behalf to resolve this manner.

Conclusion - Response accepted.

II-H-14 Supplementary Weighting - We noted a variance in the supplementary weighting certified to the Department of education. The mount certified was overstated by 5.0. This adjustment is for an operational sharing adjustment for a shared Transportation Director.

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

Response - The District's auditors will contact the Iowa Department of Education and the Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted

- II-I-14 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-14 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-14 Statewide Sales, 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 for the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 384,512
Revenues:		
Sales tax revenues	\$ 410,270	
Other local revenues	481	410,751
	<u> </u>	<u>795,263</u>
Expenditures/transfers out:		
Equipment	\$ 50,340	
Transfers to other funds:		
Debt service	297,516	347,856
	<u> </u>	<u> </u>
Ending Balance		<u><u>\$ 447,407</u></u>

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

- II-M-14 Non-certified Time Sheets - We noted during our audit that the district does not maintain documentation of hours worked by coaches who are non-certified staff. This created a situation where calculating wage per hour amounts is not possible.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District need to keep track of the hours worked for non-certified staff coaches. The district should then determine if wages paid comply with minimum wage and overtime requirements.

Response - We will make an attempt to comply with Departments of Labor requirements on wage per hour contracts.

Conclusion - Response accepted