

**HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

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**Introductory Section**



# Board of Education and School District Officials

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As of June 30, 2014

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
<b>Board of Education</b>		
(Before September, 2013 Election)		
Ronald Raney	President	September, 2015
Stacy Miller	Vice President	September, 2015
Thomas Brotsma	Board Member	September, 2013
Jennifer Hansen	Board Member	September, 2013
Chad Hanson	Board Member	September, 2013
Erran Miller	Board Member	September, 2015
Kristin Wragge	Board Member	September, 2015
(After September, 2013 Election)		
Ronald Raney	President	September, 2015
Stacy Miller	Vice President	September, 2015
Thomas Brotsma	Board Member	September, 2017
Chad Hanson	Board Member	September, 2017
Erran Miller	Board Member	September, 2015
Jeff Rosenberg	Board Member	September, 2017
Kristin Wragge	Board Member	September, 2015
<b>School Officials</b>		
Todd Lettow	Superintendent	Indefinite
Lisa Lewis	District Secretary/Treasurer	Indefinite

**Financial Section**

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# HOGAN • HANSEN

*A Professional Corporation*

Certified Public Accountants and Consultants

## Independent Auditor's Report

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Board of Education  
Hampton-Dumont Community School District  
Hampton, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Hampton-Dumont Community School District, Hampton, 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, as 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America 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 that 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, the discretely presented component units, each major fund and the aggregate remaining fund information of Hampton-Dumont Community School District as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the schedule of funding progress for the retiree health plan on pages 4 through 12 and 39 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 Hampton-Dumont 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 two years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the seven years ended June 30, 2011 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the third paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information included on pages 41 through 49, including the schedule of expenditures of federal awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in our 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 auditing standards generally accepted in the United States of America. 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 a report dated November 7, 2014 on our consideration of Hampton-Dumont Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hampton-Dumont Community School District's internal control over financial reporting and compliance.

*HOGAN - HANSEN*

HOGAN - HANSEN

Mason City, Iowa  
November 7, 2014

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

Hampton-Dumont 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.

### **FINANCIAL HIGHLIGHTS**

- General Fund revenue increased from \$12,373,842 in fiscal year 2013 to \$13,257,334 in fiscal year 2014, and General Fund expenditures increased from \$12,441,801, which were later restated to \$12,551,775, in fiscal year 2013 to \$13,513,121 in fiscal year 2014. The District's General Fund balance was \$1,681,100 as of the end of fiscal year 2013 which was restated to \$1,571,126 as of July 1, 2013, and decreased to \$1,315,339 as of the end of fiscal year 2014, a 21.8% decrease.
- The fiscal year 2014 increase in General Fund revenue was primarily attributable to an increase in federal and state sources.
- The increase in expenditures was due primarily to an increase in salaries and employee benefits.

### **USING THIS ANNUAL REPORT**

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

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

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of Hampton-Dumont 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 Hampton-Dumont 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 Hampton-Dumont Community School District acts solely as an agent or custodian for the benefit of those outside the District.

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

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Supplementary information provides detailed information about the nonmajor governmental funds. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the District.

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

**FIGURE A-1**

**HAMPTON-DUMONT COMMUNITY SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT**

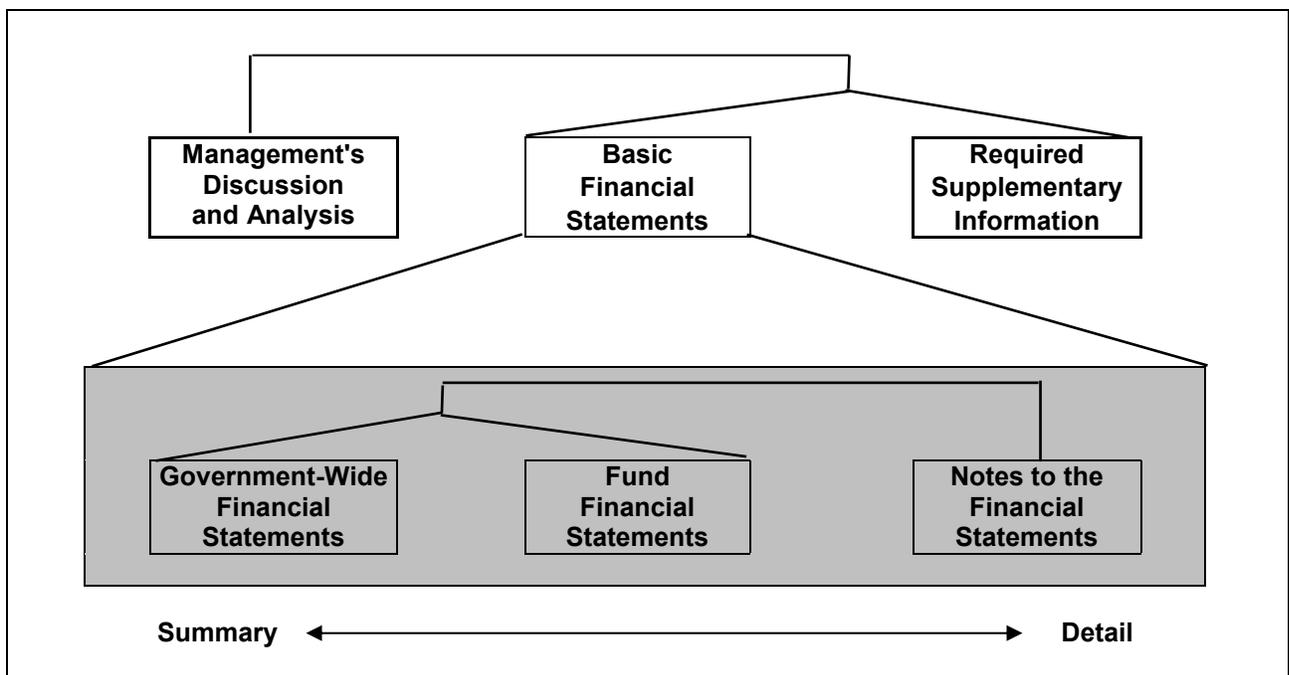


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2</b>				
<b>Major Features of the Government-Wide and Fund Financial Statements</b>				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and internal services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statements of revenue, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, 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 revenue and expenses during year, regardless of when cash is received or paid	Revenue 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 revenue 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 revenue 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 are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional nonfinancial 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 or by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for various student activity funds or to show it is properly using certain revenue, such as federal grants.

The District has three kinds of funds:

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

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

The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures and changes in fund balances.

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

is the School Nutrition Fund. Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District's Internal Service Fund is used to account for health insurance benefits.

The required financial statements for proprietary funds include a statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows.

- *Fiduciary Funds:* The District serves as the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.
  - Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
  - Agency Funds - These are funds through which the District administers and accounts for certain revenue as a fiscal agent.

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

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**FIGURE A-3  
CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities June 30,		Business- Type Activities June 30,		Total District June 30,		Total Percentage Change June 30, 2013-2014
	2014	2013, As Restated (Note 15)	2014	2013	2014	2013	
Current and other assets	\$ 12,007,361	\$ 11,431,260	\$ 121,189	\$ 128,875	\$ 12,128,550	\$ 11,560,135	4.9%
Capital assets	14,553,359	14,848,027	119,149	135,404	14,672,508	14,983,431	(2.1)
<b>Total Assets</b>	<b>26,560,720</b>	<b>26,279,287</b>	<b>240,338</b>	<b>264,279</b>	<b>26,801,058</b>	<b>26,543,566</b>	<b>1.0</b>
<b>Deferred Outflows of Resources</b>	<b>129,314</b>	<b>142,245</b>	<b>—</b>	<b>—</b>	<b>129,314</b>	<b>142,245</b>	<b>(9.1)</b>
Long-term liabilities	10,074,486	10,594,677	—	—	10,074,486	10,594,677	(4.9)
Other liabilities	1,796,264	1,678,296	15,660	15,332	1,811,924	1,693,628	7.0
<b>Total Liabilities</b>	<b>11,870,750</b>	<b>12,272,973</b>	<b>15,660</b>	<b>15,332</b>	<b>11,886,410</b>	<b>12,288,305</b>	<b>(3.3)</b>
<b>Deferred Inflows of Resources</b>	<b>4,929,885</b>	<b>4,892,070</b>	<b>—</b>	<b>—</b>	<b>4,929,885</b>	<b>4,892,070</b>	<b>0.8</b>
<b>Net Position</b>							
Net investment in capital assets	5,283,359	4,998,027	119,149	135,404	5,402,508	5,133,431	5.2
Restricted	2,695,488	2,096,281	—	—	2,695,488	2,096,281	28.6
Unrestricted	1,910,552	2,162,181	105,529	113,543	2,016,081	2,275,724	(11.4)
<b>Total Net Position</b>	<b>\$ 9,889,399</b>	<b>\$ 9,256,489</b>	<b>\$ 224,678</b>	<b>\$ 248,947</b>	<b>\$ 10,114,077</b>	<b>\$ 9,505,436</b>	<b>6.4%</b>

The District's total net position increased 6.4%, or approximately \$609,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased by approximately \$599,000, or 28.6%, over the prior year. The increase was primarily a result of an increase in restricted funds held for school infrastructure.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by approximately \$260,000, or 11.4%. This decrease in unrestricted net position was primarily a result of increased spending by the District.

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

**FIGURE A-4  
CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total District</u>		<u>Total Percentage Change 2013-2014</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<b>Revenue</b>							
Program Revenue							
Charges for service	\$ 836,650	\$ 786,907	\$ 326,333	\$ 229,431	\$ 1,162,983	\$ 1,016,338	14.4%
Operating grants and contributions	2,725,664	2,328,734	525,278	489,718	3,250,942	2,818,452	15.3
General Revenue							
Property tax	4,893,827	4,985,249	—	—	4,893,827	4,985,249	(1.8)
Income surtax	201,974	170,963	—	—	201,974	170,963	18.1
Statewide sales, services and use tax	1,052,551	979,245	—	—	1,052,551	979,245	7.5
Unrestricted state grants	6,086,772	5,789,542	—	—	6,086,772	5,789,542	5.1
Unrestricted investment earnings	55,202	54,792	202	379	55,404	55,171	0.4
Other	39,568	42,340	—	55,177	39,568	97,517	(59.4)
<b>Total Revenue</b>	<b><u>15,892,208</u></b>	<b><u>15,137,772</u></b>	<b><u>851,813</u></b>	<b><u>774,705</u></b>	<b><u>16,744,021</u></b>	<b><u>15,912,477</u></b>	<b><u>5.2</u></b>
<b>Program Expenses</b>							
Instruction	10,332,001	9,304,443	—	—	10,332,001	9,304,443	11.0
Support services	4,051,300	3,694,593	—	—	4,051,300	3,694,593	9.7
Noninstructional programs	—	—	876,082	836,340	876,082	836,340	4.8
Other expenses	875,997	862,633	—	—	875,997	862,633	1.5
<b>Total Program Expenses</b>	<b><u>15,259,298</u></b>	<b><u>13,861,669</u></b>	<b><u>876,082</u></b>	<b><u>836,340</u></b>	<b><u>16,135,380</u></b>	<b><u>14,698,009</u></b>	<b><u>9.8</u></b>
<b>Change in Net Position</b>	<b>632,910</b>	<b>1,276,103</b>	<b>(24,269)</b>	<b>(61,635)</b>	<b>608,641</b>	<b>1,214,468</b>	<b>(49.9)</b>
Net Position - Beginning of Year (as restated - Note 5)	<u>9,256,489</u>	<u>7,980,386</u>	<u>248,947</u>	<u>310,582</u>	<u>9,505,436</u>	<u>8,290,968</u>	<u>14.6</u>
<b>Net Position - End of Year</b>	<b><u>\$ 9,889,399</u></b>	<b><u>\$ 9,256,489</u></b>	<b><u>\$ 224,678</u></b>	<b><u>\$ 248,947</u></b>	<b><u>\$ 10,114,077</u></b>	<b><u>\$ 9,505,436</u></b>	<b><u>6.4%</u></b>

In fiscal year 2014, property tax and unrestricted state grants accounted for 69.1% of governmental activities revenue while charges for service and operating grants and contributions accounted for almost 100% of business-type activities revenue. The District's total revenue was approximately \$16.7 million of which approximately \$15.9 million was for governmental activities and \$0.8 million was for business-type activities. As shown on Figure A-4, the District as a whole experienced a 5.2% increase in revenue and a 9.8% increase in expenses.

### Governmental Activities

Revenue for governmental activities was \$15,892,208 and expenses were \$15,259,298 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 and other expenses for the year ended June 30, 2014 compared to the year ended June 30, 2013.

**FIGURE A-5  
TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES**

	Total Cost of Services			Net Cost of Services		
	2014	2013	Percentage Change 2013-2014	2014	2013	Percentage Change 2013-2014
Instruction	\$ 10,332,001	\$ 9,304,443	11.0%	\$ 7,455,358	\$ 6,823,220	9.3%
Support services	4,051,300	3,694,593	9.7	3,882,601	3,542,155	9.6
Other expenses	875,997	862,633	1.5	359,025	380,653	(5.7)
<b>Total</b>	<b><u>\$ 15,259,298</u></b>	<b><u>\$ 13,861,669</u></b>	<b><u>10.1%</u></b>	<b><u>\$ 11,696,984</u></b>	<b><u>\$ 10,746,028</u></b>	<b><u>8.8%</u></b>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$836,650.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,725,664.
- The net cost of governmental activities was financed with \$6,148,352 in property and other taxes and \$6,086,772 in unrestricted state grants.

### Business-Type Activities

Revenue for business-type activities during the year ended June 30, 2014 was \$851,813, representing a 10% increase over the prior year, while expenses totaled \$876,082, a 4.8% increase over the prior year. The District's business-type activities include the School Nutrition Fund. Revenue from these activities was comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$4,268,521, an increase over last year's ending fund balances of \$4,066,464, as restated. The primary reason for the increase in combined fund balances in fiscal year 2014 is due to decreased spending in the SAVE account.

### **Governmental Fund Highlights**

- The General Fund balance decreased from \$1,571,126 as of the end of fiscal year 2013 to \$1,315,339 as of the end of fiscal year 2014. The decrease was due to an increase in instruction related expenditures.
- The Capital Projects Fund balance increased from \$1,919,303 as of the end of fiscal year 2013 to \$2,479,674 as of the end of fiscal year 2014. This increase was due to a decrease in expenditures and an increase in property and statewide sales, services and use tax revenue.

### **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from \$248,947 as of June 30, 2013 to \$224,678 as of June 30, 2014, representing a decrease of 10.8%. Most revenue and state and federal reimbursements increased in the current year; however, increase in food costs and salaries and benefits caused an overall reduction in net position.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Hampton-Dumont Community School District amended its budget one time to reflect additional benefits paid to support staff along with other expenditures.

The District's total revenue was \$607,075 more than total budgeted revenue, a variance of 3.6%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures higher than anticipated to allow for unforeseen circumstances in 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 will usually exceed actual expenditures for the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2014, the District had invested \$14,672,508, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2.1% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$514,561.

The original cost of the District's capital assets was \$19,953,570. Governmental funds account for \$19,724,354 with the remainder of \$229,216 accounted for in the Proprietary, School Nutrition Fund.

**FIGURE A-6  
CAPITAL ASSETS, NET OF DEPRECIATION**

	<b>Governmental Activities June 30,</b>		<b>Business- Type Activities June 30,</b>		<b>Total District June 30,</b>		<b>Total Percentage Change June 30, 2013-2014</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
Land	\$ 202,500	\$ 202,500	\$ —	\$ —	\$ 202,500	\$ 202,500	0.0%
Construction in progress	49,038	—	—	—	49,038	—	100.0
Buildings and improvements	13,869,820	14,166,208	—	—	13,869,820	14,166,208	(2.1)
Furniture and equipment	432,001	479,319	119,149	135,404	551,150	614,723	(10.3)
<b>Total</b>	<b><u>\$ 14,553,359</u></b>	<b><u>\$ 14,848,027</u></b>	<b><u>\$ 119,149</u></b>	<b><u>\$ 135,404</u></b>	<b><u>\$ 14,672,508</u></b>	<b><u>\$ 14,983,431</u></b>	<b><u>(2.1)%</u></b>

**Long-Term Debt**

As of June 30, 2014, the District had \$4,645,000 of general obligation bonds outstanding. This represents a decrease of 7.9% from last year. (See Figure A-7.) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District also had outstanding revenue bonds of \$4,625,000 for a geothermal heating and cooling system at the high school as of June 30, 2014. This represents a decrease of 3.7% from last year.

**Figure A-7  
Outstanding Long-Term Obligations**

	<b>Total District June 30,</b>		<b>Total Percentage Change June 30, 2013-14</b>
	<b>2014</b>	<b>2013</b>	
General obligation bonds	\$ 4,645,000	\$ 5,045,000	(7.9)%
Unamortized bond premium	21,026	26,612	(21.0)
Revenue bonds	4,625,000	4,805,000	(3.7)
<b>Total</b>	<b><u>\$ 9,291,026</u></b>	<b><u>\$ 9,876,612</u></b>	<b><u>(5.9)%</u></b>

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances which could significantly affect its financial health in the future: The District's student enrollment should be stable or growing slightly over the next few years. State funding is based on the number of students enrolled.

**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 Lisa Lewis, District Secretary/Treasurer, Hampton-Dumont Community School District, 601 - 12th Avenue, NE, Hampton, IA 50441.

## **Basic Financial Statements**

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## Statement of Net Position

As of June 30, 2014

	Governmental Activities	Business- Type Activities	Total	Component Units	
				Hampton- Dumont Achievement Foundation	Girls' Athletic Booster Club
<b>Assets</b>					
Cash, cash equivalents and pooled investments .....	\$ 5,871,797	\$ 97,476	\$ 5,969,273	\$ 173,164	\$ 17,424
Receivables					
Property Tax, Net of Allowance					
Current year delinquent .....	57,441	—	57,441	—	—
Succeeding year .....	4,929,885	—	4,929,885	—	—
Accounts .....	12,762	—	12,762	—	—
Due from other governments .....	1,130,010	14,047	1,144,057	—	—
Inventories and prepaid expenses .....	5,466	9,666	15,132	—	—
Capital assets, net of accumulated depreciation .....	14,553,359	119,149	14,672,508	—	—
<b>Total Assets</b> .....	<b>26,560,720</b>	<b>240,338</b>	<b>26,801,058</b>	<b>173,164</b>	<b>17,424</b>
<b>Deferred Outflows of Resources</b>					
Refunding loss .....	<b>129,314</b>	<b>—</b>	<b>129,314</b>	<b>—</b>	<b>—</b>
<b>Liabilities</b>					
Accounts payable .....	370,507	219	370,726	—	—
Salaries and benefits payable .....	1,338,647	15,441	1,354,088	—	—
Accrued interest payable .....	87,110	—	87,110	—	—
Long-Term Liabilities					
Portion Due Within One Year					
General obligation bonds, net of unamortized premium .....	425,586	—	425,586	—	—
Revenue bonds .....	285,000	—	285,000	—	—
Early retirement .....	74,317	—	74,317	—	—
Portion Due After One Year					
General obligation bonds, net of unamortized premium .....	4,240,440	—	4,240,440	—	—
Revenue bonds .....	4,340,000	—	4,340,000	—	—
Early retirement .....	239,143	—	239,143	—	—
Net OPEB liability .....	470,000	—	470,000	—	—
<b>Total Liabilities</b> .....	<b>11,870,750</b>	<b>15,660</b>	<b>11,886,410</b>	<b>—</b>	<b>—</b>
<b>Deferred Inflows of Resources</b>					
Unavailable property tax revenue .....	<b>4,929,885</b>	<b>—</b>	<b>4,929,885</b>	<b>—</b>	<b>—</b>
<b>Net Position</b>					
Net investment in capital assets .....	5,283,359	119,149	5,402,508	—	—
Restricted for					
Categorical funding .....	17,325	—	17,325	—	—
Management levy purposes .....	121,216	—	121,216	—	—
Physical plant and equipment .....	177,811	—	177,811	—	—
School infrastructure .....	1,454,969	—	1,454,969	—	—
Student activities .....	77,273	—	77,273	—	—
Debt service .....	846,894	—	846,894	—	—
Unrestricted .....	1,910,552	105,529	2,016,081	173,164	17,424
<b>Total Net Position</b> .....	<b>\$ 9,889,399</b>	<b>\$ 224,678</b>	<b>\$ 10,114,077</b>	<b>\$ 173,164</b>	<b>\$ 17,424</b>

See accompanying notes to the financial statements.

# Statement of Activities

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenue		Net (Expense), Revenue and Changes in Net Position			Component Units	
		Charges for Service	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total	Hampton- Dumont Achievement Foundation	Girls' Athletic Booster Club
<b>Governmental Activities</b>								
Instruction								
Regular .....	\$ 6,088,640	\$ 335,016	\$ 1,711,293	\$ (4,042,331)	\$ —	\$ (4,042,331)	\$ —	\$ —
Special .....	2,304,931	66,076	410,106	(1,828,749)	—	(1,828,749)	—	—
Other .....	1,938,430	316,268	37,884	(1,584,278)	—	(1,584,278)	—	—
Total Instruction .....	<u>10,332,001</u>	<u>717,360</u>	<u>2,159,283</u>	<u>(7,455,358)</u>	<u>—</u>	<u>(7,455,358)</u>	<u>—</u>	<u>—</u>
Support Services								
Student .....	365,491	—	—	(365,491)	—	(365,491)	—	—
Instructional staff .....	811,505	—	—	(811,505)	—	(811,505)	—	—
Administration .....	1,277,202	63,045	—	(1,214,157)	—	(1,214,157)	—	—
Operation and maintenance of plant .....	1,096,708	29,322	49,409	(1,017,977)	—	(1,017,977)	—	—
Transportation .....	500,394	26,923	—	(473,471)	—	(473,471)	—	—
Total Support Services .....	<u>4,051,300</u>	<u>119,290</u>	<u>49,409</u>	<u>(3,882,601)</u>	<u>—</u>	<u>(3,882,601)</u>	<u>—</u>	<u>—</u>
Other Expenditures								
Long-term debt interest and fiscal charges .....	359,025	—	—	(359,025)	—	(359,025)	—	—
AEA flows through .....	516,972	—	516,972	—	—	—	—	—
Total Other Expenditures .....	<u>875,997</u>	<u>—</u>	<u>516,972</u>	<u>(359,025)</u>	<u>—</u>	<u>(359,025)</u>	<u>—</u>	<u>—</u>
<b>Total Governmental Activities .....</b>	<b><u>15,259,298</u></b>	<b><u>836,650</u></b>	<b><u>2,725,664</u></b>	<b><u>(11,696,984)</u></b>	<b><u>—</u></b>	<b><u>(11,696,984)</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Business-Type Activities</b>								
Noninstructional Programs								
Food service operations .....	<u>876,082</u>	<u>326,333</u>	<u>525,278</u>	<u>—</u>	<u>(24,471)</u>	<u>(24,471)</u>	<u>—</u>	<u>—</u>
<b>Total Primary Government .....</b>	<b><u>\$ 16,135,380</u></b>	<b><u>\$ 1,162,983</u></b>	<b><u>\$ 3,250,942</u></b>	<b><u>(11,696,984)</u></b>	<b><u>(24,471)</u></b>	<b><u>(11,721,455)</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Component Units</b>								
Hampton-Dumont Achievement Foundation .....	<u>\$ 1,235</u>	<u>\$ —</u>	<u>\$ 113,679</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>112,444</u>	<u>—</u>
Girls' Athletic Booster Club .....	<u>\$ 37,172</u>	<u>\$ —</u>	<u>\$ 31,428</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,744)</u>
<b>General Revenue</b>								
Property Tax Levied for								
General purposes .....				3,668,572	—	3,668,572	—	—
Management levy .....				250,082	—	250,082	—	—
Debt service .....				626,298	—	626,298	—	—
Capital outlay .....				348,875	—	348,875	—	—
Income surtax .....				201,974	—	201,974	—	—
Statewide sales, services and use tax .....				1,052,551	—	1,052,551	—	—
Unrestricted state grants .....				6,086,772	—	6,086,772	—	—
Net unrestricted investment earnings .....				55,202	202	55,404	1,016	—
Other .....				39,568	—	39,568	—	—
<b>Total General Revenue .....</b>				<b><u>12,329,894</u></b>	<b><u>202</u></b>	<b><u>12,330,096</u></b>	<b><u>1,016</u></b>	<b><u>—</u></b>
<b>Change in Net Position .....</b>				<b><u>632,910</u></b>	<b><u>(24,269)</u></b>	<b><u>608,641</u></b>	<b><u>113,460</u></b>	<b><u>(5,744)</u></b>
Net Position - Beginning of Year, as previously reported .....				9,366,463	248,947	9,615,410	59,704	23,168
Prior period restatement (Note 15) .....				(109,974)	—	(109,974)	—	—
Net Position - Beginning of Year, as Restated .....				<u>9,256,489</u>	<u>248,947</u>	<u>9,505,436</u>	<u>59,704</u>	<u>23,168</u>
<b>Net Position - End of Year .....</b>				<b><u>\$ 9,889,399</u></b>	<b><u>\$ 224,678</u></b>	<b><u>\$ 10,114,077</u></b>	<b><u>\$ 173,164</u></b>	<b><u>\$ 17,424</u></b>

See accompanying notes to the financial statements.

## Balance Sheet - Governmental Funds

As of June 30, 2014

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments .....	\$ 2,358,974	\$ 2,066,357	\$ 527,398	\$ 4,952,729
Receivables				
Property Tax, Net of Allowance				
Current year delinquent.....	43,422	3,952	10,067	57,441
Succeeding year .....	3,904,339	361,122	664,424	4,929,885
Accounts .....	—	311	12,451	12,762
Due from other funds.....	49,998	—	—	49,998
Due from other governments .....	<u>704,591</u>	<u>425,419</u>	<u>—</u>	<u>1,130,010</u>
<b>Total Assets .....</b>	<b><u>\$ 7,061,324</u></b>	<b><u>\$ 2,857,161</u></b>	<b><u>\$ 1,214,340</u></b>	<b><u>\$ 11,132,825</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable .....	\$ 334,994	\$ 16,365	\$ 3,405	\$ 354,764
Salaries and benefits payable.....	1,338,647	—	—	1,338,647
Due to other funds .....	—	—	73,003	73,003
<b>Total Liabilities .....</b>	<b><u>1,673,641</u></b>	<b><u>16,365</u></b>	<b><u>76,408</u></b>	<b><u>1,766,414</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue				
Succeeding year property tax.....	3,904,339	361,122	664,424	4,929,885
Other.....	<u>168,005</u>	<u>—</u>	<u>—</u>	<u>168,005</u>
<b>Total Deferred Inflows of     Resources .....</b>	<b><u>4,072,344</u></b>	<b><u>361,122</u></b>	<b><u>664,424</u></b>	<b><u>5,097,890</u></b>
<b>Fund Balances</b>				
Restricted for				
Categorical funding .....	17,325	—	—	17,325
Management levy purposes .....	—	—	434,676	434,676
Physical plant and equipment .....	—	177,811	—	177,811
School infrastructure .....	—	1,454,969	—	1,454,969
Debt service .....	—	846,894	—	846,894
Student activities .....	—	—	77,274	77,274
Unassigned .....	<u>1,298,014</u>	<u>—</u>	<u>(38,442)</u>	<u>1,259,572</u>
<b>Total Fund Balances .....</b>	<b><u>1,315,339</u></b>	<b><u>2,479,674</u></b>	<b><u>473,508</u></b>	<b><u>4,268,521</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b><u>\$ 7,061,324</u></b>	<b><u>\$ 2,857,161</u></b>	<b><u>\$ 1,214,340</u></b>	<b><u>\$ 11,132,825</u></b>

See accompanying notes to the financial statements.

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

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As of June 30, 2014

**Total Fund Balances for Governmental Funds (Page 15)....** **\$ 4,268,521**

***Amounts reported for governmental activities in the  
statement of net position are different because:***

Income surtax receivable is not available to pay current year expenditures and, therefore, is deferred in the governmental funds..... 168,005

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds..... 14,553,359

An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position ..... 931,797

Unamortized refunding losses are amortized over the life of the bonds and, therefore, are not reported as assets in the governmental funds..... 129,314

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds..... (87,110)

Long-term liabilities, including general obligation bonds, revenue bonds, early retirement and other postemployment benefits are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds, net of unamortized premium....	\$ 4,666,027	
Revenue bonds.....	4,625,000	
Early retirement.....	313,460	
Net OPEB liability.....	<u>470,000</u>	<u>(10,074,487)</u>

**Net Position of Governmental Activities (Page 13).....** **\$ 9,889,399**

# Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2014

	General	Capital Projects	Nonmajor	Total
<b>Revenue</b>				
Local Sources				
Local tax .....	\$ 3,858,005	\$ 348,875	\$ 876,380	\$ 5,083,260
Tuition .....	405,762	—	—	405,762
Other .....	230,318	33,022	311,506	574,846
State sources .....	7,779,234	1,052,551	—	8,831,785
Federal sources .....	984,015	—	—	984,015
<b>Total Revenue .....</b>	<b><u>13,257,334</u></b>	<b><u>1,434,448</u></b>	<b><u>1,187,886</u></b>	<b><u>15,879,668</u></b>
<b>Expenditures</b>				
Current				
Instruction				
Regular .....	5,575,645	—	201,221	5,776,866
Special .....	2,325,931	—	—	2,325,931
Other .....	1,672,235	—	288,021	1,960,256
<b>Total Instruction .....</b>	<b><u>9,573,811</u></b>	<b><u>—</u></b>	<b><u>489,242</u></b>	<b><u>10,063,053</u></b>
Support Services				
Student .....	369,232	—	—	369,232
Instructional staff .....	599,621	238,131	—	837,752
Administration .....	1,225,785	62,408	—	1,288,193
Operation and maintenance of plant .....	847,012	12,375	159,982	1,019,369
Transportation .....	380,688	12,000	15,432	408,120
<b>Total Support Services .....</b>	<b><u>3,422,338</u></b>	<b><u>324,914</u></b>	<b><u>175,414</u></b>	<b><u>3,922,666</u></b>
Other Expenditures				
Facilities acquisition .....	—	223,118	—	223,118
Long-Term Debt				
Principal .....	—	—	580,000	580,000
Interest and fiscal charges .....	—	—	371,802	371,802
AEA flowthrough .....	516,972	—	—	516,972
<b>Total Other Expenditures .....</b>	<b><u>516,972</u></b>	<b><u>223,118</u></b>	<b><u>951,802</u></b>	<b><u>1,691,892</u></b>
<b>Total Expenditures .....</b>	<b><u>13,513,121</u></b>	<b><u>548,032</u></b>	<b><u>1,616,458</u></b>	<b><u>15,677,611</u></b>
<b>Revenue Over (Under) Expenditures .....</b>	<b><u>(255,787)</u></b>	<b><u>886,416</u></b>	<b><u>(428,572)</u></b>	<b><u>202,057</u></b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in .....	—	—	326,045	326,045
Operating transfers out .....	—	(326,045)	—	(326,045)
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>—</u></b>	<b><u>(326,045)</u></b>	<b><u>326,045</u></b>	<b><u>—</u></b>
<b>Change in Fund Balances .....</b>	<b><u>(255,787)</u></b>	<b><u>560,371</u></b>	<b><u>(102,527)</u></b>	<b><u>202,057</u></b>
Fund Balances - Beginning of				
Year, as previously reported .....	1,681,100	1,919,303	576,035	4,176,438
Prior period restatement (Note 15) ...	(109,974)	—	—	(109,974)
Fund Balances - Beginning of Year, as Restated .....	1,571,126	1,919,303	576,035	4,066,464
<b>Fund Balances - End of Year .....</b>	<b><u>\$ 1,315,339</u></b>	<b><u>\$ 2,479,674</u></b>	<b><u>\$ 473,508</u></b>	<b><u>\$ 4,268,521</u></b>

See accompanying notes to the financial statements.

# Reconciliation of the Statement of Revenue, 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 17) \$ 202,057**

***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 outlays and depreciation expense for the year are as follows:

Capital outlays.....	\$ 201,151	
Depreciation expense.....	<u>(495,819)</u>	(294,668)

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.....		12,540
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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 governmental funds when due. In the statement or activities, interest expense is recognized as the interest accrues, regardless of when it is due .....		23,605
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Amortization of bond premiums and refunding losses on bonds payable did not use current financial resources of governmental funds but it decreases assets in the statement of net position.....		(10,828)
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.....		580,000
---	--	---------

An internal service fund is used by management to charge the costs of health insurance to individual funds. The change in net position in the internal service fund is reported with governmental activities in the statement of activities .....		182,116
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Some expenses 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:

Early retirement.....	\$ 144,088	
Other post employment benefits.....	<u>(206,000)</u>	<u>(61,912)</u>

**Change in Net Position of Governmental Activities (Page 14) \$ 632,910**

# Statement of Net Position - Proprietary Funds

As of June 30, 2014

	<u>Major Enterprise School Nutrition</u>	<u>Internal Service Health Insurance</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash, cash equivalents and pooled investments .....	\$ 97,476	\$ 919,068
Due from other funds .....	—	23,005
Due from other governments .....	14,047	—
Inventories and prepaid expenses .....	<u>9,666</u>	<u>5,466</u>
<b>Total Current Assets</b> .....	<b><u>121,189</u></b>	<b><u>947,539</u></b>
<b>Capital assets, net of accumulated depreciation</b> .....	<b><u>119,149</u></b>	<b><u>—</u></b>
<b>Total Assets</b> .....	<b><u>240,338</u></b>	<b><u>947,539</u></b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable .....	219	15,742
Salaries and benefits payable .....	<u>15,441</u>	<u>—</u>
<b>Total Current Liabilities</b> .....	<b><u>15,660</u></b>	<b><u>15,742</u></b>
<b>Net Position</b>		
Net investment in capital assets .....	119,149	—
Unrestricted .....	<u>105,529</u>	<u>931,797</u>
<b>Total Net Position</b> .....	<b><u>\$ 224,678</u></b>	<b><u>\$ 931,797</u></b>

# Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds

Year Ended June 30, 2014

	<u>Major Enterprise School Nutrition</u>	<u>Internal Service Health Insurance</u>
<b>Operating Revenue</b>		
Local Sources		
Charges for service .....	\$ 265,251	\$ —
Other receipts .....	61,082	—
Health insurance contributions .....	<u>—</u>	<u>1,917,732</u>
<b>Total Operating Revenue .....</b>	<b><u>326,333</u></b>	<b><u>1,917,732</u></b>
<b>Operating Expenses</b>		
Noninstructional Programs		
Food Service Operations		
Salaries and benefits .....	403,169	—
Purchased services and supplies .....	454,171	—
Depreciation .....	18,742	—
Health insurance claims and fees .....	<u>—</u>	<u>1,738,941</u>
<b>Total Operating Expenses .....</b>	<b><u>876,082</u></b>	<b><u>1,738,941</u></b>
<b>Income (Loss) From Operations .....</b>	<b><u>(549,749)</u></b>	<b><u>178,791</u></b>
<b>Nonoperating Revenue</b>		
State sources .....	6,449	—
Federal sources .....	518,829	—
Interest on investments .....	<u>202</u>	<u>3,325</u>
<b>Total Nonoperating Revenue .....</b>	<b><u>525,480</u></b>	<b><u>3,325</u></b>
<b>Change in Net Position .....</b>	<b>(24,269)</b>	<b>182,116</b>
Net Position - Beginning of Year .....	<u>248,947</u>	<u>749,681</u>
<b>Net Position - End of Year .....</b>	<b><u>\$ 224,678</u></b>	<b><u>\$ 931,797</u></b>

See accompanying notes to the financial statements.

## Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2014

	<u>Major Enterprise School Nutrition</u>	<u>Internal Service Health Insurance</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from sale of lunches and breakfasts.....	\$ 265,251	\$ —
Cash received from other .....	61,082	—
Cash received from assessments made to other funds .....	—	1,904,140
Cash payments to employees for services .....	(398,795)	—
Cash payments to suppliers for goods or services.....	(400,729)	—
Cash payments for insurance claims .....	—	(1,746,718)
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>(473,191)</u></b>	<b><u>157,422</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>		
State grants received.....	6,449	—
Federal grants received .....	464,086	—
<b>Net Cash Provided by Noncapital Financing Activities .....</b>	<b><u>470,535</u></b>	<b><u>—</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition of capital assets.....	(2,487)	—
<b>Cash Flows From Investing Activities</b>		
Interest on investments .....	<u>202</u>	<u>3,325</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Pooled Investments .....</b>	<b>(4,941)</b>	<b>160,747</b>
Cash, Cash Equivalents and Pooled Investments - Beginning of Year .....	<u>102,417</u>	<u>758,321</u>
<b>Cash, Cash Equivalents and Pooled Investments - End of Year .....</b>	<b><u>\$ 97,476</u></b>	<b><u>\$ 919,068</u></b>
<b>Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities</b>		
Income (loss) from operations.....	\$ (549,749)	\$ 178,791
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities		
Commodities used.....	52,891	—
Depreciation .....	18,742	—
Increase in due from other funds .....	—	(13,592)
Decrease in inventories and prepaid expenses .....	4,597	—
Decrease in accounts payable and provision for health insurance claims .....	(4,046)	(7,777)
Increase in salaries and benefits payable .....	4,374	—
<b>Net Cash Provided by (Used in) Operating Activities .....</b>	<b><u>\$ (473,191)</u></b>	<b><u>\$ 157,422</u></b>

### Noncash Investing, Capital and Financing Activities

During the year ended June 30, 2014, the District received \$53,217 of federal commodities.

# Statement of Fiduciary Net Position - Fiduciary Funds ---

As of June 30, 2014

	Private Purpose Trust	Agency
<b>Assets</b>		
Cash, cash equivalents and pooled investments .....	<u>\$ 31,353</u>	<u>\$ 6,895</u>
<b>Liabilities</b>		
Due to other governments .....	<u>—</u>	<u>6,895</u>
<b>Net Position</b>		
Restricted for special purposes .....	<u>\$ 31,353</u>	<u>\$ —</u>

# Statement of Changes in Fiduciary Net Position - Fiduciary Funds —————

Year Ended June 30, 2014

	<b>Private Purpose Trust</b>
<b>Additions</b>	
Local Sources	
Gifts and contributions .....	\$ 250
Interest income .....	<u>57</u>
<b>Total Additions</b> .....	<u><b>307</b></u>
<b>Deductions</b>	
Instruction	
Other.....	<u>721</u>
<b>Change in Net Position</b> .....	<b>(414)</b>
Net Position - Beginning of Year.....	<u>31,767</u>
<b>Net Position - End of Year</b> .....	<u><b>\$ 31,353</b></u>

# Notes to the Financial Statements

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## **(1) Summary of Significant Accounting Policies**

Hampton-Dumont Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Hampton and Dumont, Iowa, and the predominate agricultural territory in Franklin and Butler Counties. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board.

### **Reporting Entity**

For financial reporting purposes, Hampton-Dumont 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. These financial statements present Hampton-Dumont Community School District (the primary government) and its component units. The component units discussed below are included in the District's reporting because of the significance of each entity's operational or financial relationship with the District.

### **Discretely Presented Component Units**

The Hampton-Dumont Achievement Foundation (Foundation) is a legally separate entity, organized as a charitable organization under Chapter 501(c)(3) of the Internal Revenue Code. The Foundation's primary purpose is to collect funds and provide financial support for activities of Hampton-Dumont Community School District. The Foundation is governed by a seven-member Board of Directors.

The Hampton-Dumont Girls' Athletic Booster Club (Booster Club) was established as a support group to encourage parent and community participation and to raise funds to enhance and expand athletic programs available to every student at Hampton-Dumont Schools. The Booster Club is a separate legal entity with its own accounting records and board of trustees.

In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation and the Booster Club meet the definition of a component unit which should be discretely presented and have been presented on the District's government-wide financial statements. Neither component unit presents separately issued financial statements.

### **Jointly Governed Organizations**

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Franklin and Butler Counties Assessor's Conference Board.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### Basis of Presentation

#### ***Government-Wide Financial Statements***

The statement of net position and the statement of activities report information on all 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

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

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

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (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 revenue are reported instead as general revenue.

#### ***Fund Financial Statements***

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

The District reports the following major governmental funds:

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

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

## Notes to the Financial Statements

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### (1) Summary of Significant Accounting Policies

The District's proprietary funds are the School Nutrition Fund, a major enterprise fund, used to account for the food service operations of the District and the Health Insurance Fund, an internal service fund, used to account for the District's health insurance plan payments.

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.

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

### 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. Revenue is 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days after year end.

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

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

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenue. 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 revenue.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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 revenue and expenses from nonoperating items. Operating revenue 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 revenue 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 revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

### **Assets, Liabilities, Deferred Inflows of Resources and Fund Equity**

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

#### ***Cash, Cash Equivalents and Pooled Investments***

The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for nonnegotiable certificates of deposit which are stated at cost.

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

#### ***Property Tax Receivable***

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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 becomes due and collectible in September and March of the fiscal year with a 1-1/2% monthly 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.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

### **Due From Other Governments**

Due from other governments represents amounts due from the State of Iowa, various shared revenue, grants and reimbursements from other governments.

### **Inventories**

Inventories are valued at cost using the first-in, first-out (FIFO) method for purchased items and contributed value for 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, furniture 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 value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. The District did not have any intangible assets as of June 30, 2014. 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.

Land.....	\$ 2,000
Buildings and improvements .....	2,000
Intangibles.....	2,000
Furniture and Equipment	
School Nutrition Fund equipment .....	500
Other furniture and equipment.....	2,000

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

Buildings and improvements .....	20 - 50 Years
Intangibles.....	5 - 10 Years
Furniture and equipment .....	5 - 15 Years

### **Salaries and Benefits Payable**

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

### **Deferred Inflows of Resources**

Although certain revenue is measurable, it is not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and income surtax receivable not collected within 60 days after year end.

# Notes to the Financial Statements

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## (1) Summary of Significant Accounting Policies

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.

### ***Compensated Absences***

District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2014. The compensated absences liability was deemed to be immaterial as of June 30, 2014.

### ***Long-Term Liabilities***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

### ***Fund Equity***

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

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

**Unassigned** - All amounts not included in the preceding classification.

## **Budgeting and Budgetary Control**

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

## **Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## (2) Cash, Cash Equivalents and Pooled Investments

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

## Notes to the Financial Statements

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### (2) Cash, Cash Equivalents and Pooled Investments

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.

### (3) Due From and Due to Other Funds

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

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Debt Service	\$ 49,998
Internal Service	Special Revenue	
Health Insurance	Management Levy	<u>23,005</u>
		<u><b>\$ 73,003</b></u>

The Debt Service Fund is repaying the General Fund for revenue incorrectly recorded in the prior year. The Special Revenue, Management Levy Fund is repaying the Internal Service, Health Insurance Fund for insurance payments not paid prior to the end of the year. The balances are to be repaid by June 30, 2015.

### (4) Interfund Transfers

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

<b>Transfer To</b>	<b>Transfer From</b>	<b>Amount</b>
Debt Service	Capital Projects	<u><b>\$ 326,045</b></u>

Transfers generally move revenue from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

## Notes to the Financial Statements

### (5) Capital Assets

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

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land.....	\$ 202,500	\$ —	\$ —	\$ 202,500
Construction in progress .....	<u>—</u>	<u>49,038</u>	<u>—</u>	<u>49,038</u>
Total Capital Assets Not Being Depreciated.....	<u>202,500</u>	<u>49,038</u>	<u>—</u>	<u>251,538</u>
Capital Assets Being Depreciated				
Buildings and improvements .....	17,742,182	59,048	—	17,801,230
Furniture and equipment .....	<u>1,634,745</u>	<u>93,065</u>	<u>56,224</u>	<u>1,671,586</u>
Total Capital Assets Being Depreciated.....	<u>19,376,927</u>	<u>152,113</u>	<u>56,224</u>	<u>19,472,816</u>
Less Accumulated Depreciation for				
Buildings and improvements .....	3,575,974	355,436	—	3,931,410
Furniture and equipment .....	<u>1,155,426</u>	<u>140,383</u>	<u>56,224</u>	<u>1,239,585</u>
Total Accumulated Depreciation...	<u>4,731,400</u>	<u>495,819</u>	<u>56,224</u>	<u>5,170,995</u>
Total Capital Assets Being Depreciated, Net .....	<u>14,645,527</u>	<u>(343,706)</u>	<u>—</u>	<u>14,301,821</u>
<b>Governmental Activities Capital Assets, Net.....</b>	<b><u>\$ 14,848,027</u></b>	<b><u>\$ (294,668)</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 14,553,359</u></b>
<b>Business-Type Activities</b>				
Furniture and equipment .....	\$ 226,729	\$ 2,487	\$ —	\$ 229,216
Less accumulated depreciation .....	<u>91,325</u>	<u>18,742</u>	<u>—</u>	<u>110,067</u>
<b>Business-Type Activities Capital Assets, Net.....</b>	<b><u>\$ 135,404</u></b>	<b><u>\$ (16,255)</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 119,149</u></b>

Depreciation expense was charged to the following functions:

#### Governmental Activities

Instruction		
Regular .....		\$ 366,828
Special.....		906
Other.....		22,064
Support Services		
Administration .....		473
Operation and maintenance of plant .....		9,939
Transportation.....		<u>95,609</u>
<b>Total Depreciation Expense - Governmental Activities .....</b>		<b><u>\$ 495,819</u></b>

#### Business-Type Activities

Food service operations .....		<b><u>\$ 18,742</u></b>
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## Notes to the Financial Statements

### (6) Long-Term Liabilities

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

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds.....	\$ 5,045,000	\$ —	\$ 400,000	\$ 4,645,000	\$ 420,000
Unamortized bond premium.....	26,612	—	5,586	21,026	5,586
Revenue bonds .....	4,805,000	—	180,000	4,625,000	285,000
Early retirement .....	457,548	—	144,088	313,460	74,317
Net OPEB liability .....	264,000	206,000	—	470,000	—
<b>Total .....</b>	<b><u>\$ 10,598,160</u></b>	<b><u>\$ 206,000</u></b>	<b><u>\$ 729,674</u></b>	<b><u>\$ 10,074,486</u></b>	<b><u>\$ 784,903</u></b>

#### General Obligation Bonds

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bonds Issued June 7, 2012		
	Interest Rates	Principal	Interest
2015 .....	2.00%	\$ 420,000	\$ 94,425
2016 .....	2.00	430,000	86,025
2017 .....	2.00	440,000	77,425
2018 .....	2.00	450,000	68,625
2019 .....	2.00	455,000	59,625
2020-2024 .....	2.00 - 2.20	2,450,000	156,230
<b>Total .....</b>		<b><u>\$ 4,645,000</u></b>	<b><u>\$ 542,355</u></b>

#### Refunded Bonds

On June 7, 2012, the District approved a refunding trust agreement with its refunding trustee. The agreement required the District to transfer cash and authorized the issuance of \$4,645,000 General Obligation School Refunding Bonds, Series 2012. The trustee agreed to accept the cash and bond proceeds, invest the funds and call and retire debt principal plus interest. At closing, \$4,712,031 of Series 2012 bond proceeds and \$468,145 of District cash were wire transferred directly to the refunding trust to purchase certain direct obligations of the United States Government which will mature at such times and in such amounts, including investment income therefrom, as will be sufficient to pay all of the principal and interest on the refunded bonds maturing after May 1, 2014. The District made scheduled principal and interest payments on bonds maturing prior to and including May 1, 2014, from District funds. Prior to June 30, 2014, all remaining bonds were called and redeemed using funds held in the refunding trust described above.

The refunding resulted in an economic gain of \$449,998.

\* In addition, in accordance with the terms of the refunding trust agreement, trust assets will also be used to pay interest on the Series 2012 refunding bonds through May 1, 2014. Interest paid from the refunding trust totaled \$94,425 and \$84,983 for the years ended June 30, 2014 and 2013, respectively.

# Notes to the Financial Statements

## (6) Long-Term Liabilities

### Revenue Bonds

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

Year Ending June 30,	Bonds Issued June 1, 2011		
	Interest Rates	Principal	Interest
2015 .....	2.00%	\$ 285,000	\$ 139,895
2016 .....	2.10	490,000	131,900
2017 .....	2.50	500,000	120,505
2018 .....	2.90	515,000	106,788
2019 .....	3.10	530,000	91,105
2020-2023 .....	3.30 - 3.85	<u>2,305,000</u>	<u>174,965</u>
<b>Total</b> .....		<b><u>\$ 4,625,000</u></b>	<b><u>\$ 765,158</u></b>

The District has pledged future statewide sales, services and use tax revenue to repay the bonds issued in June, 2011. The bonds were issued for the purpose of financing the installation of a geothermal heating and cooling system at the high school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenue received by the District and are payable through 2023. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of the statewide sales, services and use tax revenue. The total principal and interest remaining to be paid on the bonds is \$5,390,158. For the current year, principal of \$180,000 and interest of \$144,545 was paid on the bonds and total statewide sales, services and use tax revenue was \$1,052,551.

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

- (a) \$490,500 of the proceeds from the issuance of 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 project account.
- (b) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- (c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- (d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all the revenue bond provisions during the year ended June 30, 2014.

## Notes to the Financial Statements

### (7) Operating Lease

In March, 2010, the District entered into a lease-purchase agreement for laptop computers totaling \$447,709 with interest at 0.589% and payable over four years beginning in 2010. Annual payments of \$113,093 are made from proceeds of the statewide sales, services and use tax.

In October, 2010, the District entered into a five-year lease for the use of the auditorium and gym at the former middle school. The annual lease payment was \$10,000 in the first year, increasing 3-1/2% annually for the next four years.

In April, 2011, the District entered into a five-year lease for copiers that requires minimum monthly payments of \$3,551 starting in May, 2011.

In May, 2014, the District entered into a lease-purchase agreement for laptops and iPads as part of the 1 to 1 initiative. The iPads were received prior to June 30, 2014, and the District made a payment of \$81,816. The laptops were not received until July, 2014 and will be recognized as a capital lease in the fiscal year ending June 30, 2015.

The District paid \$261,901 of principal and interest under all lease agreements during the year ended June 30, 2014, which includes the payment for iPads mentioned in the previous paragraph.

<b>Year Ending June 30,</b>	<b>Copiers</b>
2015 .....	\$ 42,617
2016 .....	<u>31,962</u>
<b>Total Minimum Lease Payments</b> .....	<b><u>\$ 74,579</u></b>

In July, 2013, the District entered into a lease with the Area Education Agency for office space in their North Side Elementary building. The lease agreement requires a monthly payment of \$1,360 for a term of two years. In accordance with generally accepted accounting principles, rent income is being recognized on a straight-line basis over the actual period of occupancy.

The future minimum rental payments to be received under this lease agreement are as follows:

<b>Years Ending June 30,</b>	
2015 .....	<b><u>\$ 16,320</u></b>

## Notes to the Financial Statements

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### (8) Pension Plan

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$741,638, \$667,054 and \$611,292, respectively, equal to the required contributions for each year.

### (9) Other Postemployment Benefits (OPEB)

#### Plan Description

The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 203 active and 16 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

#### Funding Policy

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

#### Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution .....	\$ 311,000
Interest on net OPEB obligation.....	12,000
Adjustment to annual required contribution.....	(44,000)
Annual OPEB Cost .....	<u>279,000</u>
Contributions made .....	<u>(73,000)</u>
Increase in Net OPEB Obligation .....	206,000
Net OPEB Obligation - Beginning of Year.....	<u>264,000</u>
Net OPEB Obligation - End of Year .....	<u><u>\$ 470,000</u></u>

## Notes to the Financial Statements

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### (9) Other Postemployment Benefits (OPEB)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. 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 fiscal year 2014, the District contributed \$73,000 to the medical plan. Plan members eligible for benefits contributed \$12,681, or 14.8%, of the premium costs.

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 145,420	62.6%	\$ 179,165
June 30, 2013	311,835	72.8	264,000
June 30, 2014	279,000	26.2	470,000

### Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date for the period of July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$1.344 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.344 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.75 million, and the ratio of the UAAL to the covered payroll was 15.4%. As of June 30, 2014, there were no trust fund assets.

### Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the retiree health plan, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

## Notes to the Financial Statements

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### **(9) Other Postemployment Benefits (OPEB)**

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2012 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2012.

Projected claim costs of the medical plan are \$667 per month for retirees age 60. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

### **(10) Risk Management**

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

### **(11) Area Education Agency Support**

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 \$516,972 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.

### **(12) Early Retirement**

In prior years, the District offered a voluntary early retirement plan for employees who were at least 55 years of age and had completed at least 15 years of continuous service to the District. The program was not offered for the year ended June 30, 2014. The benefit depends on the classification of the employee. For licensed staff, it consists of two parts. Part one is a cash payment of \$1,000 for each year of service, capped at \$25,000. The second part is a payment of \$100 for each unused sick day. These payments are deposited into an escrow account to be used for insurance premiums. Support staff receive 75 days per diem, deposited into an escrow account to be used for insurance premiums. The Board has complete discretion to offer or not to offer an early retirement plan.

As of June 30, 2014, the District had obligations to 27 participants with a total liability of \$313,460. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$144,088.

## Notes to the Financial Statements

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### **(13) Subsequent Events**

Management has evaluated subsequent events through November 7, 2014, the date which the financial statements were available to be issued.

Subsequent to June 30, 2014, the District placed in service laptops received in the capital lease agreement discussed in Note 7. Annual payments of \$127,225 are required beginning July, 2014 through July, 2016.

### **(14) Deficit Balance**

The Debt Service Fund had a deficit balance of \$38,442 as of June 30, 2014. The deficit balance was a result of an insufficient levy of taxes. The deficit will be eliminated with an additional levy of taxes in future years.

### **(15) Prior Period Adjustment**

During the year ended June 30, 2014, management determined General Fund salaries payable had been understated by \$109,974 as of June 30, 2013, due to an incorrect balance created during the software conversion performed in fiscal year 2011. As a result, a prior period adjustment has been made to decrease General Fund balance and governmental activities net position as of June 30, 2013 by \$109,974. There was no effect on any other fund balances and the correction had no effect on the change in fund balance or net position for the year ended June 30, 2014.

### **(16) Prospective Accounting Change**

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

### **(17) Commitments**

In February, 2014, the Board approved the purchase of a new school bus for \$92,757. As of June 30, 2014, the District had not received the bus.

**Required Supplementary Information**

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## Schedule of Budgetary Comparison of Revenue, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund

Year Ended June 30, 2014

	Actual			Budgeted Amount		Over (Under) Budget
	Governmental Fund Types	Proprietary Fund Type	Total	Original	Final	
<b>Revenue</b>						
Local sources .....	\$ 6,063,868	\$ 326,535	\$ 6,390,403	\$ 7,158,578	\$ 7,158,578	\$ (768,175)
State sources .....	8,831,785	6,449	8,838,234	7,530,828	7,530,828	1,307,406
Federal sources .....	984,015	518,829	1,502,844	1,435,000	1,435,000	67,844
<b>Total Revenue .....</b>	<b><u>15,879,668</u></b>	<b><u>851,813</u></b>	<b><u>16,731,481</u></b>	<b><u>16,124,406</u></b>	<b><u>16,124,406</u></b>	<b><u>607,075</u></b>
<b>Expenditures/Expenses</b>						
Instruction.....	10,063,053	—	10,063,053	9,867,000	10,067,000	(3,947)
Support services .....	3,922,666	—	3,922,666	4,060,400	4,060,400	(137,734)
Noninstructional programs	—	876,082	876,082	832,000	882,000	(5,918)
Other expenditures.....	1,691,892	—	1,691,892	2,098,003	1,898,003	(206,111)
<b>Total Expenditures/ Expenses.....</b>	<b><u>15,677,611</u></b>	<b><u>876,082</u></b>	<b><u>16,553,693</u></b>	<b><u>16,857,403</u></b>	<b><u>16,907,403</u></b>	<b><u>(353,710)</u></b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures/Expenses</b>						
	<b>202,057</b>	<b>(24,269)</b>	<b>177,788</b>	<b>(732,997)</b>	<b>(782,997)</b>	<b>960,785</b>
Balance - Beginning of Year, as restated (Note 15).....						
	4,066,464	248,947	4,315,411	2,790,670	2,790,670	1,524,741
<b>Balance - End of Year ....</b>	<b><u>\$ 4,268,521</u></b>	<b><u>\$ 224,678</u></b>	<b><u>\$ 4,493,199</u></b>	<b><u>\$ 2,057,673</u></b>	<b><u>\$ 2,007,673</u></b>	<b><u>\$ 2,485,526</u></b>

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$50,000.

During the year ended June 30, 2014, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

## Schedule of Funding Progress for the Retiree Health Plan ---

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	7-1-09	\$ —	\$ 1,422,000	\$ 1,422,000	0%	\$ 7,054,000	20.2%
2011	7-1-09	—	1,422,000	1,422,000	0	7,524,000	18.9
2012	7-1-09	—	1,422,000	1,422,000	0	7,859,000	18.1
2013	7-1-12	—	1,344,000	1,344,000	0	8,080,000	16.6
2014	7-1-12	—	1,344,000	1,344,000	0	8,750,000	15.4

See Note 8 in the accompanying notes to the financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**Supplementary Information**

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# Combining Balance Sheet - Nonmajor Governmental Funds

As of June 30, 2014

	<u>Special Revenue</u>		Debt Service	Total
	Student Activity	Management Levy		
<b>Assets</b>				
Cash, cash equivalents and pooled investments.....	\$ 67,500	\$ 455,435	\$ 4,463	\$ 527,398
Receivables				
Property Tax, Net of Allowance				
Current year delinquent .....	—	2,974	7,093	10,067
Succeeding year.....	—	150,000	514,424	664,424
Accounts .....	<u>12,451</u>	<u>—</u>	<u>—</u>	<u>12,451</u>
<b>Total Assets .....</b>	<b><u>\$ 79,951</u></b>	<b><u>\$ 608,409</u></b>	<b><u>\$ 525,980</u></b>	<b><u>\$ 1,214,340</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>				
<b>Liabilities</b>				
Accounts payable .....	\$ 2,677	\$ 728	\$ —	\$ 3,405
Due to other funds .....	<u>—</u>	<u>23,005</u>	<u>49,998</u>	<u>73,003</u>
<b>Total Liabilities .....</b>	<b><u>2,677</u></b>	<b><u>23,733</u></b>	<b><u>49,998</u></b>	<b><u>76,408</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue				
Succeeding year property tax.....	<u>—</u>	<u>150,000</u>	<u>514,424</u>	<u>664,424</u>
<b>Fund Balances (Deficit)</b>				
Restricted for				
Student activities.....	77,274	—	—	77,274
Management levy purposes .....	—	434,676	—	434,676
Unassigned .....	<u>—</u>	<u>—</u>	<u>(38,442)</u>	<u>(38,442)</u>
<b>Total Fund Balances (Deficit).....</b>	<b><u>77,274</u></b>	<b><u>434,676</u></b>	<b><u>(38,442)</u></b>	<b><u>473,508</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) .....</b>	<b><u>\$ 79,951</u></b>	<b><u>\$ 608,409</u></b>	<b><u>\$ 525,980</u></b>	<b><u>\$ 1,214,340</u></b>

## Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2014

	<u>Special Revenue</u>		Debt Service	Total
	Student Activity	Management Levy		
<b>Revenue</b>				
Local Sources				
Local tax .....	\$ —	\$ 250,082	\$ 626,298	\$ 876,380
Other.....	292,520	16,215	2,771	311,506
<b>Total Revenue .....</b>	<b><u>292,520</u></b>	<b><u>266,297</u></b>	<b><u>629,069</u></b>	<b><u>1,187,886</u></b>
<b>Expenditures</b>				
Current				
Instruction				
Regular.....	—	201,221	—	201,221
Other .....	<u>288,021</u>	<u>—</u>	<u>—</u>	<u>288,021</u>
Total Instruction .....	<u>288,021</u>	<u>201,221</u>	<u>—</u>	<u>489,242</u>
Support Services				
Operation and maintenance of plant.....	—	159,982	—	159,982
Transportation .....	<u>—</u>	<u>15,432</u>	<u>—</u>	<u>15,432</u>
Total Support Services.....	<u>—</u>	<u>175,414</u>	<u>—</u>	<u>175,414</u>
Other Expenditures				
Long-Term Debt				
Principal.....	—	—	580,000	580,000
Interest and fiscal charges .....	<u>—</u>	<u>—</u>	<u>371,802</u>	<u>371,802</u>
Total Other Expenditures .....	<u>—</u>	<u>—</u>	<u>951,802</u>	<u>951,802</u>
<b>Total Expenditures.....</b>	<b><u>288,021</u></b>	<b><u>376,635</u></b>	<b><u>951,802</u></b>	<b><u>1,616,458</u></b>
<b>Revenue Over (Under) Expenditures</b>	<b><u>4,499</u></b>	<b><u>(110,338)</u></b>	<b><u>(322,733)</u></b>	<b><u>(428,572)</u></b>
<b>Other Financing Sources</b>				
Operating transfers in.....	<u>—</u>	<u>—</u>	<u>326,045</u>	<u>326,045</u>
<b>Change in Fund Balances .....</b>	<b>4,499</b>	<b>(110,338)</b>	<b>3,312</b>	<b>(102,527)</b>
Fund Balances (Deficit) - Beginning of Year .....				
	<u>72,775</u>	<u>545,014</u>	<u>(41,754)</u>	<u>576,035</u>
<b>Fund Balances (Deficit) - End of Year</b>	<b><u>\$ 77,274</u></b>	<b><u>\$ 434,676</u></b>	<b><u>\$ (38,442)</u></b>	<b><u>\$ 473,508</u></b>

# Schedule of Changes in Special Revenue Fund, Student Activity Accounts —

Year Ended June 30, 2014

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
IT Adventures Club.....	\$ 437	\$ —	\$ —	\$ —	\$ 437
Girls Book Club .....	276	—	—	—	276
Character Counts .....	123	1,823	1,445	—	501
Key Club.....	112	—	—	—	112
MS Cheerleading.....	210	—	—	—	210
HS Cheerleading .....	1,521	7,683	5,237	—	3,967
Art .....	—	2,000	2,000	—	—
DECA .....	—	2,668	2,668	—	—
Drama Club .....	1,882	40	20	—	1,902
FBL .....	389	—	—	—	389
FCA.....	21	—	—	—	21
FCCLA .....	2,262	740	663	—	2,339
FFA .....	24,721	21,198	44,826	—	1,093
Future Teachers.....	1,486	—	25	—	1,461
International Club .....	1,234	30	58	—	1,206
Mock Trial.....	—	1,169	472	—	697
SADD .....	1,016	205	167	—	1,054
Student Council .....	2,941	2,612	2,392	—	3,161
Drill Team.....	—	888	888	—	—
Dramatics - Plays and Musicals	1,870	2,296	1,120	—	3,046
HS Instrumental Music .....	—	5,695	5,695	—	—
HS Music -Vocal.....	—	2,010	2,010	—	—
HS Vocal Uniform.....	—	814	447	—	367
MS Music - Vocal .....	—	78	78	—	—
MS Instrumental Music.....	—	121	121	—	—
MS Vocal Uniform .....	—	1,158	—	—	1,158
Speech.....	—	158	158	—	—
MS Yearbook.....	913	3,525	2,320	—	2,118
HS Yearbook .....	—	11,824	9,321	—	2,503
MS Success Center.....	19	1,220	88	—	1,151
HS Success Center .....	1,958	2,543	2,505	—	1,996
Class of 2015 .....	3,622	361	2,541	—	1,442
Class of 2016 .....	1,997	—	—	—	1,997
Class of 2017 .....	1,659	785	1,553	—	891
Class of 2018 .....	2,274	3,122	2,011	—	3,385
MS PBIS.....	1,628	3,475	2,323	—	2,780

# Schedule of Changes in Special Revenue Fund, Student Activity Accounts —

Year Ended June 30, 2014

Account	Balance - Beginning of Year	Revenue	Expenditures	Intrafund Transfers	Balance - End of Year
Bulldog Byte .....	\$ 457	\$ 361	\$ 382	\$ —	\$ 436
Cross Country .....	97	2,905	2,454	—	548
Swimming.....	—	250	250	—	—
MS Basketball - Boys .....	—	2,120	2,120	—	—
HS Basketball - Boys.....	—	8,234	5,394	—	2,840
MS Football .....	—	6,615	6,615	—	—
HS Football .....	—	20,219	17,640	—	2,579
Baseball .....	—	33,750	33,750	—	—
HS Boys Track .....	—	10,432	8,526	—	1,906
MS Boys Track.....	—	474	474	—	—
Golf - Boys .....	—	1,217	1,173	—	44
MS Wrestling .....	—	220	220	—	—
HS Wrestling .....	427	10,406	10,833	—	—
MS Basketball - Girls .....	—	1,542	1,542	—	—
HS Basketball - Girls .....	—	8,168	6,668	—	1,500
MS Volleyball.....	—	2,976	2,976	—	—
HS Volleyball .....	1,170	7,537	6,867	—	1,840
Tennis - Boys .....	—	300	300	—	—
Tennis - Girls.....	—	300	300	—	—
Softball .....	—	5,851	5,851	—	—
HS Girls Track.....	1,205	6,342	3,754	—	3,793
MS Girls Track.....	—	754	754	—	—
Golf - Girls .....	—	1,321	1,256	—	65
MS Activity .....	58	5	—	—	63
HS Activity.....	2,952	8,273	11,163	—	62
MS Concession Fund Balance	2,490	3,950	9	(6)	6,425
HS Concession Fund Balance	2,248	46,254	48,502	6	6
Vending Machine Sales.....	6,623	4,708	—	—	11,331
Student Planning Committee ...	477	—	—	—	477
Game Host .....	—	16,052	14,823	—	1,229
MS Builders Club.....	—	273	273	—	—
Freshmen Mentor/Ambassador	—	270	—	—	270
Production Class .....	—	200	—	—	200
	<b><u>\$ 72,775</u></b>	<b><u>\$ 292,520</u></b>	<b><u>\$ 288,021</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 77,274</u></b>

## Combining Balance Sheet - Capital Projects Accounts

As of June 30, 2014

	<u>Capital Projects</u>		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 1,888,439	\$ 177,918	\$ 2,066,357
Receivables			
Property Tax, Net of Allowance			
Current year delinquent .....	—	3,952	3,952
Succeeding year .....	—	361,122	361,122
Other .....	—	311	311
Due from other governments .....	<u>425,419</u>	<u>—</u>	<u>425,419</u>
<b>Total Assets .....</b>	<b><u>\$ 2,313,858</u></b>	<b><u>\$ 543,303</u></b>	<b><u>\$ 2,857,161</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable .....	<u>\$ 11,995</u>	<u>\$ 4,370</u>	<u>\$ 16,365</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue			
Succeeding year property tax .....	<u>—</u>	<u>361,122</u>	<u>361,122</u>
<b>Fund Balances</b>			
Restricted for			
Physical plant and equipment .....	—	177,811	177,811
School infrastructure .....	1,454,969	—	1,454,969
Debt service .....	846,894	—	846,894
<b>Total Fund Balances .....</b>	<b><u>2,301,863</u></b>	<b><u>177,811</u></b>	<b><u>2,479,674</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances .....</b>	<b><u>\$ 2,313,858</u></b>	<b><u>\$ 543,303</u></b>	<b><u>\$ 2,857,161</u></b>

## Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Capital Projects Accounts

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Year Ended June 30, 2014

	<b>Capital Projects</b>		
	<b>Statewide Sales, Services and Use Tax</b>	<b>Physical Plant and Equipment Levy</b>	<b>Total</b>
<b>Revenue</b>			
Local Sources			
Local tax .....	\$ —	\$ 348,875	\$ 348,875
Other.....	14,965	18,057	33,022
State sources .....	<u>1,052,551</u>	<u>—</u>	<u>1,052,551</u>
<b>Total Revenue .....</b>	<b><u>1,067,516</u></b>	<b><u>366,932</u></b>	<b><u>1,434,448</u></b>
<b>Expenditures</b>			
Current			
Support Services			
Instructional staff .....	36,362	201,769	238,131
Administration.....	—	62,408	62,408
Operation and maintenance of plant .....	—	12,375	12,375
Transportation .....	<u>—</u>	<u>12,000</u>	<u>12,000</u>
Total Support Services.....	<u>36,362</u>	<u>288,552</u>	<u>324,914</u>
Other Expenditures			
Facilities acquisition .....	<u>223,118</u>	<u>—</u>	<u>223,118</u>
<b>Total Expenditures.....</b>	<b><u>259,480</u></b>	<b><u>288,552</u></b>	<b><u>548,032</u></b>
<b>Revenue Over Expenditures .....</b>	<b><u>808,036</u></b>	<b><u>78,380</u></b>	<b><u>886,416</u></b>
<b>Other Financing Uses</b>			
Operating transfers out.....	<u>(326,045)</u>	<u>—</u>	<u>(326,045)</u>
<b>Change in Fund Balances .....</b>	<b>481,991</b>	<b>78,380</b>	<b>560,371</b>
Fund Balances - Beginning of Year .....	<u>1,819,872</u>	<u>99,431</u>	<u>1,919,303</u>
<b>Fund Balances - End of Year .....</b>	<b><u>\$ 2,301,863</u></b>	<b><u>\$ 177,811</u></b>	<b><u>\$ 2,479,674</u></b>

# Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund **——**

Year Ended June 30, 2014

	<b>Balance - Beginning of Year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance - End of Year</b>
<b>Assets</b>				
Cash, cash equivalents and pooled investments .....	<u>\$ 9,320</u>	<u>\$ 6,895</u>	<u>\$ 9,320</u>	<u>\$ 6,895</u>
<b>Liabilities</b>				
Due to other governments .....	<u>\$ 9,320</u>	<u>\$ 6,895</u>	<u>\$ 9,320</u>	<u>\$ 6,895</u>

**Schedule of Revenue By Source and Expenditures By Function -  
All Governmental Fund Types (Modified Accrual Basis)**

For the Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenue</b>										
Local Sources										
Local tax .....	\$ 5,083,260	\$ 6,132,509	\$ 6,175,471	\$ 5,666,628	\$ 5,653,892	\$ 5,951,406	\$ 5,558,155	\$ 5,212,791	\$ 4,891,927	\$ 4,132,199
Tuition .....	405,762	433,545	470,494	365,882	352,775	343,608	310,974	247,231	280,604	249,601
Other .....	574,846	510,613	758,089	536,922	649,846	684,545	890,486	779,212	494,212	1,023,487
Intermediate sources .....	—	6,700	9,240	—	—	—	—	—	—	—
State sources .....	8,831,785	7,238,885	7,141,572	6,825,588	5,548,193	6,466,110	6,049,643	5,892,259	5,450,579	5,190,228
Federal sources .....	984,015	812,572	990,319	793,066	1,121,623	416,487	365,253	309,272	539,351	281,425
<b>Total .....</b>	<b>\$ 15,879,668</b>	<b>\$ 15,134,824</b>	<b>\$ 15,545,185</b>	<b>\$ 14,188,086</b>	<b>\$ 13,326,329</b>	<b>\$ 13,862,156</b>	<b>\$ 13,174,511</b>	<b>\$ 12,440,765</b>	<b>\$ 11,656,673</b>	<b>\$ 10,876,940</b>
<b>Expenditures</b>										
Instruction .....	\$ 10,063,053	\$ 9,125,513	\$ 8,902,293	\$ 8,666,395	\$ 8,200,129	\$ 7,742,453	\$ 7,582,925	\$ 7,065,695	\$ 6,997,408	\$ 5,911,398
Support Services										
Student .....	369,232	353,159	381,698	343,821	276,310	275,627	318,331	435,746	276,580	231,504
Instructional staff .....	837,752	711,817	576,618	794,057	600,898	334,231	588,486	574,654	554,673	537,013
Administration .....	1,288,193	1,222,975	1,026,923	1,004,631	1,055,358	937,527	895,293	992,143	840,642	696,654
Operations and maintenance of plant .....	1,019,369	980,639	858,475	862,776	889,838	899,872	976,448	996,419	908,120	818,084
Transportation .....	408,120	466,924	370,237	563,898	472,776	503,631	472,626	469,573	472,622	425,901
Other Expenditures										
Facilities acquisition .....	223,118	207,486	2,554,563	2,714,554	328,844	676,698	1,137,056	2,794,866	5,774,418	1,840,267
Long-Term Debt										
Principal .....	580,000	480,000	1,723,145	570,000	545,000	530,000	510,000	620,891	420,876	120,819
Interest and fiscal charges .....	371,802	384,691	420,929	304,733	327,596	338,365	352,120	374,007	488,742	60,321
AEA flowthrough .....	516,972	481,980	487,060	533,139	506,620	444,565	415,018	397,607	366,219	350,987
<b>Total .....</b>	<b>\$ 15,677,611</b>	<b>\$ 14,415,184</b>	<b>\$ 17,301,941</b>	<b>\$ 16,358,004</b>	<b>\$ 13,203,369</b>	<b>\$ 12,682,969</b>	<b>\$ 13,248,303</b>	<b>\$ 14,721,601</b>	<b>\$ 17,100,300</b>	<b>\$ 10,992,948</b>

# Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Grant Number	Expenditures
<b>U.S. Department of Agriculture - Indirect</b>			
Pass-Through From Iowa Department of Education			
Child Nutrition Cluster			
School Breakfast Program.....	10.553	FY 14	\$ 96,336
National School Lunch Program .....	10.555	FY 14	381,053*
Summer Food Service Program for Children .....	10.559	FY 14	<u>19,568</u>
Total Child Nutrition Cluster .....			<u>496,957</u>
Fresh Fruit and Vegetable Program .....	10.582	FY 14	<u>21,872</u>
<b>Total U.S. Department of Agriculture.....</b>			<b><u>518,829</u></b>
<b>U.S. Department of Education - Indirect</b>			
Pass-Through From Area Education Agency 267			
Special Education - Grants to States.....	84.027	FY 14	<u>60,955</u>
Pass-Through From Iowa Department of Education			
Title I Grants to Local Educational Agencies .....	84.010	FY 14	<u>505,899</u>
Rural Education .....	84.358	FY 14	<u>20,799</u>
Improving Teacher Quality State Grants .....	84.367	FY 14	<u>40,576</u>
Grants for State Assessments and Related Activities	84.369	FY 14	<u>6,550</u>
Total Pass-Through From Iowa Department of Education .....			<u>573,824</u>
<b>Total U.S. Department of Education</b>			<b><u>634,779</u></b>
<b>U.S. Department of Health and Human Services - Indirect</b>			
Pass-Through From Iowa Department of Education ....			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems.....	93.938	FY 14	<u>85</u>
<b>Total .....</b>			<b><u>\$ 1,153,693</u></b>

\* Includes \$53,217 of noncash awards.

## Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Hampton-Dumont Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## Subrecipients

Hampton-Dumont Community School District provided no federal awards to subrecipients.

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# HOGAN • HANSEN

*A Professional Corporation*

Certified Public Accountants and Consultants

## **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**

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Board of Education  
Hampton-Dumont Community School District  
Hampton, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Hampton-Dumont Community School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 7, 2014.

### **Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying schedule of findings and questioned costs as items 14-II-R-1 and 14-II-R-2 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hampton-Dumont 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

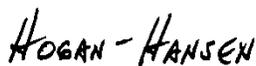
Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not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

**Hampton-Dumont Community School District's Responses to Findings**

Hampton-Dumont Community School District's responses to findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Hampton-Dumont 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 results 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.



HOGAN - HANSEN

Mason City, Iowa  
November 7, 2014

## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

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Board of Education  
Hampton-Dumont Community School District  
Hampton, Iowa

### **Report on Compliance for Each Major Federal Program**

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

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Hampton-Dumont Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hampton-Dumont Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Hampton-Dumont Community School District's compliance with those requirements.

**Opinion on Each Major Federal Program**

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

**Report on Internal Control Over Compliance**

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

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

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 14-III-R-1 to be a material weakness.

Hampton-Dumont Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Hampton-Dumont Community School District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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

*HOGAN - HANSEN*

HOGAN - HANSEN

Mason City, Iowa  
November 7, 2014

# Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

## Part I: Summary of the Independent Auditor's Results

### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?  yes  no

Significant deficiency identified not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

### Federal Awards

Internal control over major programs:

Material weakness identified?  yes  no

Significant deficiency identified not considered to be material weakness?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?  yes  no

Identification of major programs:

### **CFDA Numbers**

Child Nutrition Cluster  
10.553  
10.555  
10.559

### **Name of Federal Program or Cluster**

School Breakfast Program  
National School Lunch Program  
Summer Food Service Program  
for Children

84.010

Title I Grants to Local Educational  
Agencies

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes  no

# Schedule of Findings and Questioned Costs

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Year Ended June 30, 2014

## **Part II: Findings Related to the Financial Statements**

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Internal Control Deficiencies**

#### **14-II-R-1 Segregation of Duties**

**Prior Year Finding and Recommendation** - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The limited number of accounting personnel employed by the District makes it difficult to achieve adequate control procedures through segregation of duties. The concentration of closely related duties and responsibilities, such as recording and preparing cash receipts, preparing and recording checks and preparation of journals and general financial information for posting makes it difficult to establish an adequate system of automatic internal checks on accounting record accuracy and reliability. The potential effect of this material weakness is an error or fraud occurring and not being detected in a timely manner.

We realize that with a limited number of accounting employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances. We recommend all adjusting journal entries be reviewed by another employee. Additionally, management should review procedures to ensure receipt, disbursement and reconciliation functions are as separate as possible.

**Current Year Finding** - We found that the same condition still exists.

**Auditor's Recommendation** - We reiterate our prior year recommendation.

**District's Response** - We will review procedures and will implement additional controls where possible.

**Auditor's Conclusion** - Response accepted.

#### **14-II-R-2 Financial Statement Preparation**

**Prior Year Finding and Recommendation** - The District does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with accounting principles generally accepted in the United States of America. As is inherent in many entities of this size, the District has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully prepare financial statements and the related disclosures. The potential effect of this material weakness is financial statements and related disclosures may not be prepared in accordance with generally accepted accounting principles.

We recommend obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses.

# Schedule of Findings and Questioned Costs

---

Year Ended June 30, 2014

**Current Year Finding** - We found that the same condition still exists.

**Auditor's Recommendation** - We reiterate our prior year recommendation.

**District's Response** - We will consider obtaining additional knowledge where practical and cost effective. However, we intend to continue to rely on assistance from our audit firm to draft financial statements and disclosures each year.

**Auditor's Conclusion** - Response accepted.

## **Part III: Findings and Questioned Costs For Federal Awards**

### **Instances of Noncompliance**

There were no reported instances of noncompliance.

### **Internal Control Deficiencies**

### **All Programs Displayed on the Schedule of Expenditures of Federal Awards**

**14-III-R-1 Segregation of Duties** - Adequate control procedures through the segregation of employee (2014-001) duties is difficult to achieve due to the limited number of staff administering grants and performing accounting functions. See finding 14-II-R-1 for additional information.

## **Part IV: Other Findings Related to Statutory Reporting**

**14-IV-A Certified Budget** - Expenditures for the year ended June 30, 2014 did not exceed the certified budget amounts.

**14-IV-B Questionable Expenditures** - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**14-IV-C 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.

**14-IV-D Business Transactions** - No business transactions between the District and District officials or employees were noted.

**14-IV-E 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.

## Schedule of Findings and Questioned Costs

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Year Ended June 30, 2014

### 14-IV-F Board Minutes

**Finding** - We noted three instances where the minutes of the Board of Education proceedings were not published as required by Chapter 279.35 of the Code of Iowa. No transactions were noted that we believe should have been approved in the Board minutes but were not.

**Auditor's Recommendation** - The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting.

**District's Response** - Procedures will be revised to ensure the minutes will be published as required.

**Auditor's Conclusion** - Response accepted.

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

**14-IV-H Supplementary Weighting** - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

**14-IV-I Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapter 12B or Chapter 12C of the Code of Iowa and the District's investment policy were noted.

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

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

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

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

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

Beginning balance.....		\$ 1,819,872
Revenue		
Sales tax revenue .....	\$ 1,052,551	
Other local revenue .....	<u>14,965</u>	<u>1,067,516</u>
		2,887,388
Expenditures/Transfers Out		
School infrastructure .....	\$ 223,118	
Other .....	36,362	
Transfer to Other Funds		
Debt Service Fund .....	<u>326,045</u>	<u>585,525</u>
<b>Ending Balance .....</b>		<b><u>\$ 2,301,863</u></b>

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

### 14-IV-M Financial Condition

**Finding** - The Debt Service Fund had a deficit balance of \$38,442 as of June 30, 2014.

**Auditor's Recommendation** - The District should investigate alternatives to eliminate deficits in order to return this fund to a sound financial position.

**District's Response** - We will transfer resources or levy additional taxes to eliminate the deficit balance as necessary.

**Auditor's Conclusion** - Response accepted.