

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

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North Tama County Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Elections)		
Robert Young	President	2015
Trisha Kennedy	Vice President	2013
Dave Stuart	Board Member	2013
Judy Robb	Board Member	2013
Cheryl Popelka	Board Member	2013
Tiffany Feisel	Board Member	2015
Doug Dvorak	Board Member	2013
(After September 2013 Elections)		
Trisha Kennedy	President	2015
Tiffany Feisel	Vice President	2015
Robert Young	Board Member	2015
Gretchen Pargeon	Board Member	2017
Doug Dvorak	Board Member	2017
Cheryl Popelka	Board Member	2017
Rod Zobel	Board Member	2017
School Officials		
Robert Cue	Superintendent	2014
Terrill Karr	District Secretary/ Business Manager	2014
Roan, Powell & Reinders	Attorney	2014

North Tama County Community School District



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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the North Tama County Community School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of Funding Progress for the Retiree Health Plan and Schedule of Funding Progress for the Supplemental Pension Plan on pages 7 through 16 and 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Tama County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2015, on our consideration of North Tama County Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North Tama County Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,157,349 in fiscal year 2013 to \$5,194,616 in fiscal year 2014. This increase can be attributed to an increase in state source revenues. General Fund expenditures decreased from \$5,291,122 in fiscal year 2013 to \$4,994,923 in fiscal year 2014 due in part to a decrease in expenditures in the instruction functional area. The District's fund balance increased from \$1,126,311 at June 30, 2013 to \$1,326,004 at June 30, 2014, which was a 17.73% increase from the prior year.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of North Tama County Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how the governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report North Tama County 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 North Tama County Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

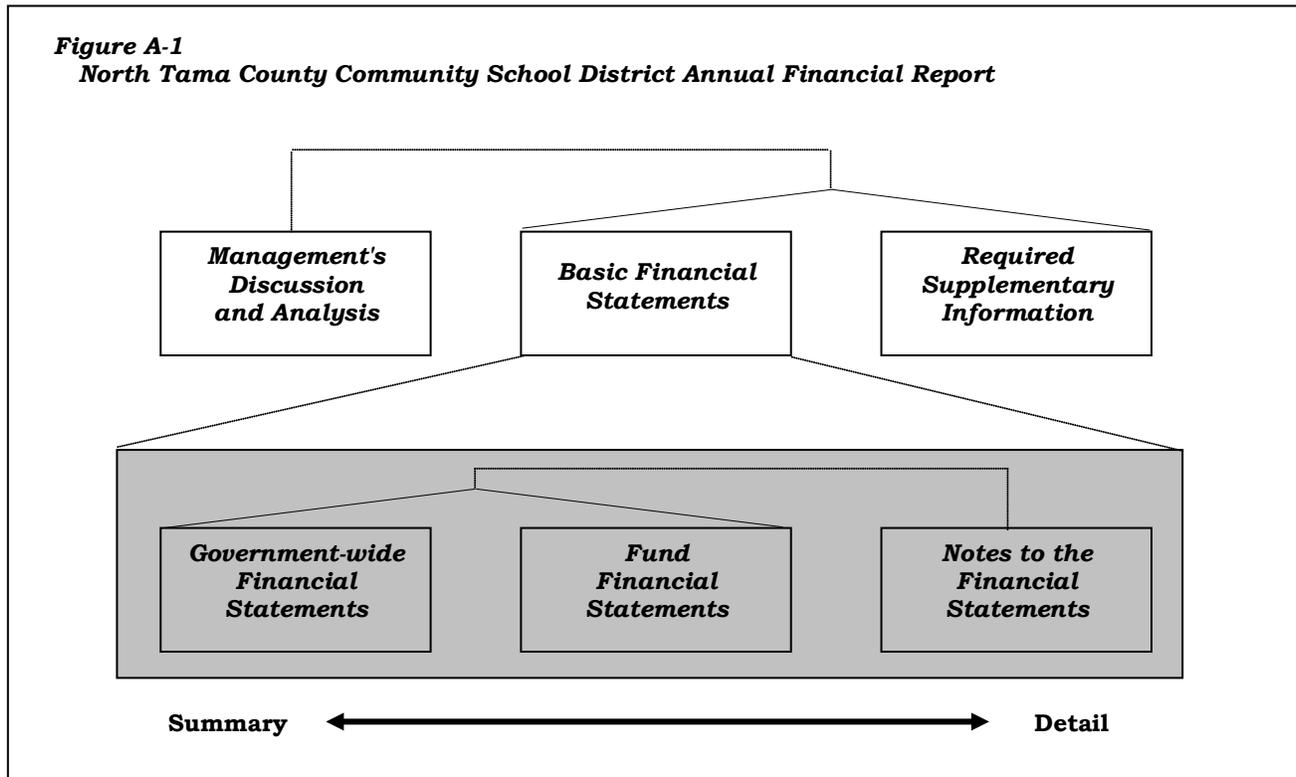


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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

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

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship or differences between the two statements.

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

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

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and other Enterprise Funds, which includes the Book Fair, JET and NT & S accounts.

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund.

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

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

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Figure A-3						
	Condensed Statement of Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
2014	2013	2014	2013	2014	2013	2013-14	
Current and other assets	\$ 6,026,741	5,860,764	86,659	83,078	6,113,400	5,943,842	2.85%
Capital assets	4,939,632	4,803,016	14,610	18,809	4,954,242	4,821,825	2.75%
Total assets	10,966,373	10,663,780	101,269	101,887	11,067,642	10,765,667	2.80%
Long-term liabilities	3,212,264	3,306,178	4,522	4,522	3,216,786	3,310,700	-2.84%
Other liabilities	589,543	575,716	3,936	4,508	593,479	580,224	2.28%
Total liabilities	3,801,807	3,881,894	8,458	9,030	3,810,265	3,890,924	-2.07%
Deferred inflows of resources	1,859,610	2,096,322	-	-	1,859,610	2,096,322	-11.29%
Net position:							
Net investment in capital assets	1,904,632	1,623,016	14,610	18,809	1,919,242	1,641,825	16.90%
Restricted	2,232,494	2,081,590	-	-	2,232,494	2,081,590	7.25%
Unrestricted	1,167,830	980,958	78,201	74,048	1,246,031	1,055,006	18.11%
Total net position	\$ 5,304,956	4,685,564	92,811	92,857	5,397,767	4,778,421	12.96%

The District's total net position increased by 12.96% or \$619,346 compared to the prior year. A large portion of the District's net position is invested in capital assets (eg., 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 represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$150,904 or 7.25% over the prior year. A large reason for the increase in restricted net position was the increase in fund balance for the Management Levy Fund.

Unrestricted net position-the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased approximately \$191,025 or 18.11% from the prior year. The primary reason for the increase in unrestricted net position was the increase in the fund balance of the General Fund.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues and Transfers:							
Program revenues:							
Charges for service	\$ 417,319	505,223	169,103	174,565	586,422	679,788	-13.73%
Operating grants, contributions and restricted interest	389,100	477,489	115,658	113,747	504,758	591,236	-14.63%
Capital grants, contributions and restricted interest	55,333	-	-	-	55,333	-	100.00%
General revenues:							
Property tax	2,097,431	2,116,117	-	-	2,097,431	2,116,117	-0.88%
Income surtax	260,932	238,873	-	-	260,932	238,873	9.23%
Statewide sales, service and use tax	459,163	438,632	-	-	459,163	438,632	4.68%
Unrestricted state grants	2,454,875	2,386,903	-	-	2,454,875	2,386,903	2.85%
Unrestricted investment earnings	2,539	2,022	56	43	2,595	2,065	25.67%
Other revenue	168,611	82,962	2,987	4,604	171,598	87,566	95.96%
Total revenues	<u>6,305,303</u>	<u>6,248,221</u>	<u>287,804</u>	<u>292,959</u>	<u>6,593,107</u>	<u>6,541,180</u>	<u>0.79%</u>
Program expenses:							
Governmental activities:							
Instructional	3,677,385	3,960,274	-	-	3,677,385	3,960,274	-7.14%
Support services	1,521,602	1,511,621	26,740	29,105	1,548,342	1,540,726	0.49%
Non-instructional programs	250	111	261,110	270,619	261,360	270,730	-3.46%
Other expenses	486,674	485,310	-	-	486,674	485,310	0.28%
Total expenses	<u>5,685,911</u>	<u>5,957,316</u>	<u>287,850</u>	<u>299,724</u>	<u>5,973,761</u>	<u>6,257,040</u>	<u>-4.53%</u>
Change in net position	619,392	290,905	(46)	(6,765)	619,346	284,140	-117.97%
Net position beginning of year	<u>4,685,564</u>	<u>4,394,659</u>	<u>92,857</u>	<u>99,622</u>	<u>4,778,421</u>	<u>4,494,281</u>	<u>6.32%</u>
Net position end of year	<u>\$ 5,304,956</u>	<u>4,685,564</u>	<u>92,811</u>	<u>92,857</u>	<u>5,397,767</u>	<u>4,778,421</u>	<u>12.96%</u>

In fiscal year 2014, property tax, income surtax and unrestricted state grants accounted for 76.34% of the revenue from governmental activities while charges for services and operating grants and contributions account for 98.94% of the revenue from business type activities.

The District's total revenues were approximately \$6.59 million, of which approximately \$6.30 million was for governmental activities and slightly more than \$0.29 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 0.79% in revenues and a 4.53% decrease in expenses.

Governmental Activities

Revenues for governmental activities were \$6,305,303 and expenses were \$5,685,911 for the fiscal year ending June 30, 2014. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

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

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 3,677,385	3,960,274	-7.14%	3,090,672	3,193,073	-3.21%
Support services	1,521,602	1,511,621	0.66%	1,460,685	1,503,859	-2.87%
Non-instructional programs	250	111	125.23%	250	111	125.23%
Other expenses	486,674	485,310	0.28%	272,552	277,561	-1.80%
Totals	<u>\$ 5,685,911</u>	<u>5,957,316</u>	<u>-4.56%</u>	<u>4,824,159</u>	<u>4,974,604</u>	<u>-3.02%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$417,319.
- The federal and state government subsidized certain programs with operating and capital grants and contributions totaling \$444,433.
- The net cost of governmental activities was financed with \$2,097,431 in property tax, \$260,932 in income surtax, \$459,163 in statewide sales, service and use tax, \$2,454,875 in unrestricted state grants, \$2,539 in unrestricted investment earnings and \$168,611 in other general revenues.

Business type Activities

The District's business type activities are the School Nutrition Fund, and Other Enterprise Funds. Revenues of the District's business type activities totaled \$287,804 in fiscal year 2014, which is a 1.76% decrease from the prior year. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues. Expenses for business type activities decreased 3.96% to \$287,850 in fiscal year 2014.

INDIVIDUAL FUND ANALYSIS

As previously noted, the North Tama County 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 \$3,350,014; an increase of \$379,905 over last year's ending fund balances of \$2,970,109. The primary reason for the increase in combined fund balances is the improvement in fund balances of the General and Management Levy Funds.

Governmental Fund Highlights

- The District's increase in the General Fund financial position is the result of many factors. The General Fund balance increased from \$1,126,311 at June 30, 2013 to \$1,326,004 at June 30, 2014. General Fund revenues increased due in part to an increase in state source revenues. The decrease in expenditures was mainly due to a decrease in expenditures in the instruction functional area.
- The Management Levy Fund increased from \$507,236 at June 30, 2013 to \$800,180 at June 30, 2014. The increase in fund balance can be attributed to an increase in property tax revenues.
- The Capital Projects Fund balance decreased from \$906,083 at June 30, 2013 to \$807,845 at June 30, 2014. During the year ended June 30, 2014, the Capital Projects: Statewide Sales, Services and Use Tax Fund decreased from \$842,489 at June 30, 2013 to \$684,131 at June 30, 2014. The decrease in fund balance can be attributed to the District purchasing two buses during fiscal year 2014. The Capital Projects: Physical Plant and Equipment Levy Fund balance increased from \$63,594 at June 30, 2013 to \$123,714 at June 30, 2014. The increase in fund balance can be attributed to an increase in property tax revenue during fiscal year 2014.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$81,659 at June 30, 2013 to \$73,143 at June 30, 2014, representing a decrease of approximately 10.43%. The Other Enterprise Fund net position increased from \$11,198 at June 30, 2013 to \$19,668 at June 30, 2014, representing an increase of approximately 75.64%.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$64,536 more than total budgeted revenues, a variance of 0.99%. The most significant variance resulted from the District receiving more from state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$4,954,242, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$211,119.

The original cost of the District's capital assets was \$8,610,208. Governmental funds account for \$8,521,968, with the remainder of \$88,240 accounted for in the Proprietary School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$190,282 at June 30, 2013, compared to \$292,608 reported at June 30, 2014. The increase is the result of the District purchasing two buses during fiscal year 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 116,414	116,414	-	-	116,414	116,414	0.00%
Buildings	4,356,104	4,303,647	-	-	4,356,104	4,303,647	1.22%
Improvements other than buildings	193,315	211,482	-	-	193,315	211,482	-8.59%
Machinery and equipment	273,799	171,473	14,610	18,809	288,409	190,282	51.57%
Total	\$ 4,939,632	4,803,016	14,610	18,809	4,954,242	4,821,825	2.75%

Long-Term Debt

At June 30, 2014, the District had \$3,212,264 in total long-term debt outstanding. This represents a 4.38% decrease from the previous year. (See figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

- The District had total Revenue Bonds payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund of \$3,035,000 at June 30, 2014.
- The District had a net OPEB liability of \$130,700 at June 30, 2014, \$126,178 is attributed to governmental activities and \$4,522 is attributed to business type activities.
- The District had a net supplemental pension plan liability of \$51,086 at June 30, 2014.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Revenue bonds	\$ 3,035,000	3,180,000	-	-	3,035,000	3,180,000	-4.56%
Net OPEB liability	126,178	126,178	4,522	4,522	130,700	130,700	0.00%
Net pension liability	51,086	-	-	-	51,086	-	100.00%
Total	\$ 3,212,264	3,306,178	4,522	4,522	3,216,786	3,310,700	-2.84%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- State budget cuts continue to be a concern for the District, shifting the majority of funding on property taxes.
- Maintaining enrollment will be extremely important for the District in their efforts to remain as a viable K-12 school district.

-
- Efforts to contain costs - especially in the area of health insurance - must be continued and expanded.

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 Terrill Karr, Business Manager, North Tama County Community School District, 605 Walnut Street, Traer, Iowa, 50675.

BASIC FINANCIAL STATEMENTS

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,582,668	76,058	3,658,726
Receivables:			
Property tax:			
Delinquent	29,084	-	29,084
Succeeding year	1,859,610	-	1,859,610
Income surtax	227,574	-	227,574
Accounts	21,008	-	21,008
Due from other governments	306,797	-	306,797
Inventories	-	10,601	10,601
Capital assets, net of accumulated depreciation	4,939,632	14,610	4,954,242
Total assets	10,966,373	101,269	11,067,642
Liabilities			
Accounts payable	179,827	14	179,841
Salaries and benefits payable	409,716	1,345	411,061
Unearned revenue	-	2,577	2,577
Long-term liabilities:			
Portion due within one year:			
Revenue bonds payable	150,000	-	150,000
Portion due after one year:			
Revenue bonds payable	2,885,000	-	2,885,000
Net supplemental pension liability	51,086	-	51,086
Net OPEB liability	126,178	4,522	130,700
Total liabilities	3,801,807	8,458	3,810,265
Deferred inflows of resources			
Unavailable property tax revenue	1,859,610	-	1,859,610
Net Position			
Net investment in capital assets	1,904,632	14,610	1,919,242
Restricted for:			
Categorical funding	208,484	-	208,484
Debt service	289,288	-	289,288
Management levy purposes	800,180	-	800,180
Student activities	126,697	-	126,697
School infrastructure	684,131	-	684,131
Physical plant and equipment	123,714	-	123,714
Unrestricted	1,167,830	78,201	1,246,031
Total net position	\$ 5,304,956	92,811	5,397,767

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern-mental Activities		Business Type Activities
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 2,374,400	173,866	62,574	-	(2,137,960)	-	(2,137,960)
Special	610,012	23,904	40,371	-	(545,737)	-	(545,737)
Other	692,973	217,300	68,698	-	(406,975)	-	(406,975)
	<u>3,677,385</u>	<u>415,070</u>	<u>171,643</u>	<u>-</u>	<u>(3,090,672)</u>	<u>-</u>	<u>(3,090,672)</u>
Support services:							
Student	146,330	-	2,882	-	(143,448)	-	(143,448)
Instructional staff	31,474	-	-	-	(31,474)	-	(31,474)
Administration	671,207	-	-	-	(671,207)	-	(671,207)
Operation and maintenance of plant	367,193	-	-	55,333	(311,860)	-	(311,860)
Transportation	305,398	2,249	453	-	(302,696)	-	(302,696)
	<u>1,521,602</u>	<u>2,249</u>	<u>3,335</u>	<u>55,333</u>	<u>(1,460,685)</u>	<u>-</u>	<u>(1,460,685)</u>
Non-instructional programs:							
Food service operations	250	-	-	-	(250)	-	(250)
Long-term debt interest	141,040	-	-	-	(141,040)	-	(141,040)
Other expenditures:							
AEA flowthrough	214,122	-	214,122	-	-	-	-
Depreciation(unallocated)*	131,512	-	-	-	(131,512)	-	(131,512)
	<u>345,634</u>	<u>-</u>	<u>214,122</u>	<u>-</u>	<u>(131,512)</u>	<u>-</u>	<u>(131,512)</u>
Total governmental activities	5,685,911	417,319	389,100	55,333	(4,824,159)	-	(4,824,159)
Business type activities:							
Support services:							
Administration	14,044	-	-	-	-	(14,044)	(14,044)
Operation and maintenance of plant	12,696	-	-	-	-	(12,696)	(12,696)
	<u>26,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,740)</u>	<u>(26,740)</u>
Non-instructional programs:							
Food service operations	232,825	134,434	115,658	-	-	17,267	17,267
Other enterprise operations	28,285	34,669	-	-	-	6,384	6,384
	<u>261,110</u>	<u>169,103</u>	<u>115,658</u>	<u>-</u>	<u>-</u>	<u>23,651</u>	<u>23,651</u>
Total business type activities	287,850	169,103	115,658	-	-	(3,089)	(3,089)
Total	\$ 5,973,761	586,422	504,758	55,333	(4,824,159)	(3,089)	(4,827,248)
General Revenues:							
Property tax levied for:							
General purposes				\$ 2,034,938	-		2,034,938
Capital outlay				62,493	-		62,493
Income surtax				260,932	-		260,932
Statewide sales, services and use tax				459,163	-		459,163
Unrestricted state grants				2,454,875	-		2,454,875
Unrestricted investment earnings				2,539	56		2,595
Other general revenues				168,611	2,987		171,598
Total general revenues				<u>5,443,551</u>	<u>3,043</u>		<u>5,446,594</u>
Change in net position				619,392	(46)		619,346
Net position beginning of year				4,685,564	92,857		4,778,421
Net position end of year				<u>\$ 5,304,956</u>	<u>92,811</u>		<u>5,397,767</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Management Levy	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 1,825,977	795,324	543,983	417,384	3,582,668
Receivables:					
Property tax:					
Delinquent	23,361	4,856	867	-	29,084
Succeeding year	1,798,068	-	61,542	-	1,859,610
Income surtax	227,574	-	-	-	227,574
Accounts	7,123	-	13,658	227	21,008
Due from other governments	43,802	-	262,995	-	306,797
Total assets	\$ 3,925,905	800,180	883,045	417,611	6,026,741
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 164,543	-	13,658	1,626	179,827
Salaries and benefits payable	409,716	-	-	-	409,716
Total liabilities	574,259	-	13,658	1,626	589,543
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,798,068	-	61,542	-	1,859,610
Income surtax	227,574	-	-	-	227,574
	2,025,642	-	61,542	-	2,087,184
Fund balances:					
Restricted for:					
Categorical funding	208,484	-	-	-	208,484
Debt service	-	-	-	289,288	289,288
Management levy purposes	-	800,180	-	-	800,180
Student activities	-	-	-	126,697	126,697
School infrastructure	-	-	684,131	-	684,131
Physical plant and equipment	-	-	123,714	-	123,714
Unassigned	1,117,520	-	-	-	1,117,520
Total fund balances	1,326,004	800,180	807,845	415,985	3,350,014
Total liabilities, deferred inflows of resources and fund balances	\$ 3,925,905	800,180	883,045	417,611	6,026,741

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds(page 20)	\$ 3,350,014
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,939,632
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	227,574
Long-term liabilities, including revenue bonds payable, other postemployment benefits payable and supplemental pension benefits payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(3,212,264)</u>
Net position of governmental activities(page 18)	<u><u>\$ 5,304,956</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 1,936,731	350,182	62,493	-	2,349,406
Tuition	169,451	-	-	-	169,451
Other	247,797	3,866	42,572	212,315	506,550
State sources	2,688,228	218	459,202	-	3,147,648
Federal sources	109,633	-	13,658	-	123,291
Total revenues	<u>5,151,840</u>	<u>354,266</u>	<u>577,925</u>	<u>212,315</u>	<u>6,296,346</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,387,507	-	-	-	2,387,507
Special	596,069	-	-	-	596,069
Other	453,954	-	-	226,752	680,706
	<u>3,437,530</u>	<u>-</u>	<u>-</u>	<u>226,752</u>	<u>3,664,282</u>
Support services:					
Student	145,967	-	-	-	145,967
Instructional staff	30,729	-	-	-	30,729
Administration	603,648	34,378	23,894	-	661,920
Operation and maintenance of plant	310,200	19,738	5,119	-	335,057
Transportation	252,727	6,956	170,659	-	430,342
	<u>1,343,271</u>	<u>61,072</u>	<u>199,672</u>	<u>-</u>	<u>1,604,015</u>
Non-instructional programs:					
Food service operations	-	250	-	-	250
Capital outlay	-	-	190,508	-	190,508
Long-term debt:					
Principal	-	-	-	145,000	145,000
Interest and fiscal charges	-	-	-	141,040	141,040
	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,040</u>	<u>286,040</u>
Other expenditures:					
AEA flowthrough	214,122	-	-	-	214,122
Total expenditures	<u>4,994,923</u>	<u>61,322</u>	<u>390,180</u>	<u>512,792</u>	<u>5,959,217</u>
Excess(Deficiency) of revenues over(under)expenditures	156,917	292,944	187,745	(300,477)	337,129
Other financing sources(uses):					
Transfer in	-	-	-	285,983	285,983
Transfer out	-	-	(285,983)	-	(285,983)
Sale of capital assets	1,355	-	-	-	1,355
Insurance proceeds	41,421	-	-	-	41,421
Total other financing sources(uses)	<u>42,776</u>	<u>-</u>	<u>(285,983)</u>	<u>285,983</u>	<u>42,776</u>
Change in fund balances	199,693	292,944	(98,238)	(14,494)	379,905
Fund balances beginning of year	<u>1,126,311</u>	<u>507,236</u>	<u>906,083</u>	<u>430,479</u>	<u>2,970,109</u>
Fund balances end of year	<u>\$ 1,326,004</u>	<u>800,180</u>	<u>807,845</u>	<u>415,985</u>	<u>3,350,014</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds(page 22) \$ 379,905

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

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

Capital outlay	\$ 343,536	
Depreciation expense	<u>(206,920)</u>	136,616

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 145,000

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 8,957

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

Supplemental pension benefits		<u>(51,086)</u>
-------------------------------	--	-----------------

Change in net position of governmental activities(page 19) \$ 619,392

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business Type Activities:		
	Enterprise Funds		
	School Nutrition	Other Enterprise Funds	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 55,059	20,999	76,058
Inventories	10,601	-	10,601
Total current assets	65,660	20,999	86,659
Non-current assets:			
Capital assets, net of accumulated depreciation	14,610	-	14,610
Total assets	80,270	20,999	101,269
Liabilities			
Current liabilities:			
Accounts payable	14	-	14
Salaries and benefits payable	14	1,331	1,345
Unearned revenue	2,577	-	2,577
Total current liabilities	2,605	1,331	3,936
Long-term liabilities:			
Net OPEB liability	4,522	-	4,522
Total liabilities	7,127	1,331	8,458
Net Position			
Net investment in capital assets	14,610	-	14,610
Unrestricted	58,533	19,668	78,201
Total net position	\$ 73,143	19,668	92,811

SEE NOTES TO FINANCIAL STATEMENTS.

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

	School Nutrition	Other Enterprise Funds	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 134,434	34,669	169,103
Miscellaneous	904	2,083	2,987
Total operating revenues	<u>135,338</u>	<u>36,752</u>	<u>172,090</u>
Support services:			
Administration:			
Salaries	9,284	-	9,284
Benefits	1,482	-	1,482
Services	178	-	178
Supplies	1,565	-	1,565
Other	1,535	-	1,535
	<u>14,044</u>	<u>-</u>	<u>14,044</u>
Operation and maintenance of plant:			
Salaries	4,573	-	4,573
Benefits	2,678	-	2,678
Services	3,227	-	3,227
Supplies	2,218	-	2,218
	<u>12,696</u>	<u>-</u>	<u>12,696</u>
Total support services	<u>26,740</u>	<u>-</u>	<u>26,740</u>
Non-instructional programs:			
Food service operations:			
Salaries	67,685	-	67,685
Benefits	27,952	-	27,952
Supplies	132,989	-	132,989
Depreciation	4,199	-	4,199
	<u>232,825</u>	<u>-</u>	<u>232,825</u>
Other enterprise operations:			
Salaries	-	6,850	6,850
Benefits	-	1,136	1,136
Services	-	525	525
Supplies	-	19,774	19,774
	<u>-</u>	<u>28,285</u>	<u>28,285</u>
Total non-instructional programs	<u>232,825</u>	<u>28,285</u>	<u>261,110</u>
Total operating expenses	<u>259,565</u>	<u>28,285</u>	<u>287,850</u>
Operating income(loss)	<u>(124,227)</u>	<u>8,467</u>	<u>(115,760)</u>
Non-operating revenues:			
State sources	2,198	-	2,198
Federal sources	113,460	-	113,460
Interest income	53	3	56
Total non-operating revenues	<u>115,711</u>	<u>3</u>	<u>115,714</u>
Change in net position	(8,516)	8,470	(46)
Net position beginning of year	<u>81,659</u>	<u>11,198</u>	<u>92,857</u>
Net position end of year	<u>\$ 73,143</u>	<u>19,668</u>	<u>92,811</u>

SEE NOTES TO FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	School Nutrition	Other Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from concessions	\$ -	34,669	34,669
Cash received from sale of lunches and breakfasts	135,959	-	135,959
Cash received from miscellaneous operating activities	904	2,083	2,987
Cash payments to employees for services	(115,709)	(7,898)	(123,607)
Cash payments to suppliers for goods or services	(124,550)	(20,299)	(144,849)
Net cash provided by(used in) operating activities	<u>(103,396)</u>	<u>8,555</u>	<u>(94,841)</u>
Cash flows from non-capital financing activities:			
State grants received	2,198	-	2,198
Federal grants received	94,818	-	94,818
Net cash provided by non-capital financing activities	<u>97,016</u>	<u>-</u>	<u>97,016</u>
Cash flows from investing activities:			
Interest on investment	53	3	56
Net increase(decrease) in cash and cash equivalents	(6,327)	8,558	2,231
Cash and cash equivalents beginning of year	61,386	12,441	73,827
Cash and cash equivalents end of year	<u>\$ 55,059</u>	<u>20,999</u>	<u>76,058</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ (124,227)	8,467	(115,760)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:			
Commodities consumed	19,643	-	19,643
Depreciation	4,199	-	4,199
Increase in inventories	(2,495)	-	(2,495)
Decrease in accounts receivable	144	-	144
Increase in accounts payable	14	-	14
Increase(Decrease) in salaries and benefits payable	(2,055)	88	(1,967)
Increase in unearned revenues	1,381	-	1,381
Net cash provided by(used in) operating activities	<u>\$ (103,396)</u>	<u>8,555</u>	<u>(94,841)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2014, the District received \$19,643 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>Private Purpose Trust Scholarship</u>
Additions:	<u>\$ 250</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>250</u>
Change in net position	-
Net position beginning of year	<u>-</u>
Net position end of year	<u><u>\$ -</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, North Tama County Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The North Tama County Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support. The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

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

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

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

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

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

The District reports the following major governmental funds:

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

The Management Levy Fund is used to account for all resources used in accounting for insurance transactions of the District.

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

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Other Enterprise Funds. The School Nutrition Fund is used to account for the food service operations of the District. The Other Enterprise Funds are used to account for transactions related to NT&S and other small miscellaneous accounts.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund is the Private Purpose Trust Fund.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	5-10 years
Machinery and equipment	5-20 years

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

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

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

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

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

Unassigned - All amounts not included in the preceding classification.

E. Budgeting and Budgetary Accounting

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

Note 2. Cash and Pooled Investments

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

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

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$1,576,636 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were both rated AAA by Standard and Poor's Financial Services.

Note 3. Interfund Transfers

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

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 285,983</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal, interest and fees related to repayment of the District's revenue bond indebtedness.

Note 4. Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 116,414	-	-	116,414
Total capital assets not being depreciated	<u>116,414</u>	<u>-</u>	<u>-</u>	<u>116,414</u>
Capital assets being depreciated:				
Buildings	6,329,453	161,722	-	6,491,175
Improvements other than buildings	492,318	4,080	-	496,398
Machinery and equipment	1,436,098	177,734	195,851	1,417,981
Total capital assets being depreciated	<u>8,257,869</u>	<u>343,536</u>	<u>195,851</u>	<u>8,405,554</u>
Less accumulated depreciation for:				
Buildings	2,025,806	109,265	-	2,135,071
Improvements other than buildings	280,836	22,247	-	303,083
Machinery and equipment	1,264,625	75,408	195,851	1,144,182
Total accumulated depreciation	<u>3,571,267</u>	<u>206,920</u>	<u>195,851</u>	<u>3,582,336</u>
Total capital assets being depreciated, net	<u>4,686,602</u>	<u>136,616</u>	<u>-</u>	<u>4,823,218</u>
Governmental activities capital assets, net	<u>\$ 4,803,016</u>	<u>136,616</u>	<u>-</u>	<u>4,939,632</u>
Business type activities:				
Machinery and equipment	\$ 88,240	-	-	88,240
Less accumulated depreciation	69,431	4,199	-	73,630
Business type activities capital assets, net	<u>\$ 18,809</u>	<u>(4,199)</u>	<u>-</u>	<u>14,610</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	\$ 1,767
Special	10,071
Other	11,480
Support services:	
Instructional staff	280
Administration	1,430
Operation and maintenance of plant	6,740
Transportation	43,640
	<u>75,408</u>
Unallocated depreciation	131,512
Total depreciation expense - governmental activities	<u>\$ 206,920</u>
Business type activities:	
Food service operations	<u>\$ 4,199</u>

Note 5 Long-Term Liabilities

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 3,180,000	-	145,000	3,035,000	150,000
Net OPEB liability	126,178	-	-	126,178	-
Net supplemental pension liability	-	51,086	-	51,086	-
Total	\$ 3,306,178	51,086	145,000	3,212,264	150,000
Business type activities:					
Net OPEB liability	\$ 4,522	-	-	4,522	-

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,	Bond issue dated April 1, 2009			
	Interest Rates	Principal	Interest	Total
2015	3.50%	\$ 150,000	134,465	284,465
2016	3.50	160,000	129,215	289,215
2017	3.70	165,000	123,615	288,615
2018	3.90	170,000	117,510	287,510
2019	4.00	175,000	110,880	285,880
2020-2024	4.20-4.60	970,000	438,930	1,408,930
2025-2029	4.70-5.10	1,245,000	192,010	1,437,010
Total		\$ 3,035,000	1,246,625	4,281,625

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,500,000 of bonds issued in April 2009. The bonds were issued for the purpose of financing a portion of the costs of a new addition to the high school building. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2029. 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 62 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,281,625. For the current year, principal of \$145,000 and interest of \$139,540 was paid on the bonds and total statewide sales, services and use tax revenues were \$459,163.

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

- a) \$289,275 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the 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 the 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.

Note 6. Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District’s contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$277,270, \$252,711 and \$175,360, respectively, equal to the required contributions for each year.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 54 active and 5 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefit, which is a self-funded medical plan, is administered by United Healthcare. 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 of the District (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

GASB Statement 45 allows Districts with fewer than 100 employees included on the District’s health plan to use the Alternative Measurement Method to determine the net OPEB liability. Those Districts with fewer than 100 members are required to get new actuarial valuations every three years barring a substantial change in the plan. Under the Alternative Measurement Method, the net OPEB liability remains the same until the District is required to renew their actuarial valuation. The net OPEB liability as of the most recent valuation is \$130,700. The District is scheduled to need a new valuation for fiscal year 2016.

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

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 83,790	87.78%	\$ 118,337
2013	43,563	71.62	130,700
2014	-	0.00	130,700

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$309,409, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$309,409. The covered payroll (annual payroll of active employees covered by the plan) was \$2,722,158 and the ratio of the UAAL to the covered payroll was 11.4%. 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.

As of July 1, 2013 actuarial valuation date, the entry age 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 5%.

Mortality rates by gender are based on the Life Expectancy Table from the National Center for Health Statistics updated in 2008. Annual retirement probabilities were developed using GASB Statement 45 paragraph 35(b) Table 1.

Note 8. Supplemental Pension Plan

The District implemented GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and GASB Statement No. 50, Pension Disclosures - an Amendment of GASB Statements No. 25 and 27, during the year ended June 30, 2014.

Plan Description - The District offers a supplemental pension (early retirement incentive) for certified teaching staff and non-certified staff who attain age 55 with 30 or more years of service to the District, submit an application to the Board of Directors, receive Board approval and retire by June 30th of the same year.

There are 41 active members in the plan as of July 1, 2013. The pension benefit is an option of a cash payment of \$9,000 per year, for 5 years or this amount may be directed to an employee-owned HRA.

Funding Policy - Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for future benefits. The District makes the contributions from the Special Revenue, Management Levy Fund.

Annual Pension Cost and Net Pension Obligation - The District's annual pension cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 27, as amended by GASB Statement No. 50. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. As the District's plan is not an ongoing plan, the cost is amortized over 5 years, which reflects the maximum amount of time the liability would be recognized given the plan as adopted as of July 1, 2013.

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

Annual required contribution	\$ 51,086
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>51,086</u>
Contributions made	-
Increase in net pension obligation	<u>51,086</u>
Net pension obligation beginning of year	-
Net pension obligation end of year	<u><u>\$ 51,086</u></u>

For calculation of the net pension obligation, the actuary has set the transition day as July 1, 2013. The end of year net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District made no contributions to the pension plan. The District's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation as of June 30, 2014 are summarized as follows:

Year Ended June 30,	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2014	-	0.00%	51,086

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was approximately \$157,519 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$157,519 the covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,010,872 and the ratio of the UAAL to covered payroll was 7.8%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and employee retirement age. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. As this is the first year the UAAL was calculated for financial statements, there is no 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. The Schedule of Funding Progress for the Supplemental Pension Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between employer and plan members to a 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 calculations.

As of July 1, 2013 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The salary increase rate was assumed to be 0% per year. The actuarial assumptions used for mortality rates,

employee termination by age and group, employee retirement by age and group and others are similar or identical to the GASB Statement No. 45 assumptions used to determine the net OPEB liability. The UAAL is being amortized as a level dollar cost using a closed group method over 5 year.

The actuarial result estimated two new retirees accepting early retirement supplemental benefits under the Plan for the year ending June 30, 2015. As of the date of this report, zero retirees accepted early retirement supplemental benefits for the year ending June 30, 2015. The difference will be reflected on the District's financial statements for the subsequent year.

Note 9. Risk Management

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

Note. 10 Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$214,122 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Categorical Funding

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

Program	Amount
Gifted and talented programs	\$ 70,768
Returning dropouts and dropout prevention programs	37,913
Teacher salary supplement	15,654
Professional development for model core curriculum	33,354
Successful progression for early readers	13,705
Professional development	28,029
Market factor incentives	2,120
Teacher leadership grants	6,941
Total	\$ 208,484

Note 12. Prospective Accounting Change

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 3,025,407	172,146	3,197,553	3,620,641	3,620,641	(423,088)
State sources	3,147,648	2,198	3,149,846	2,616,973	2,616,973	532,873
Federal sources	123,291	113,460	236,751	282,000	282,000	(45,249)
Total revenues:	6,296,346	287,804	6,584,150	6,519,614	6,519,614	64,536
Expenditures/Expenses:						
Instruction	3,664,282	-	3,664,282	3,930,000	3,930,000	265,718
Support services	1,604,015	26,740	1,630,755	1,900,500	1,900,500	269,745
Non-instructional programs	250	261,110	261,360	410,000	410,000	148,640
Other expenditures	690,670	-	690,670	796,916	796,916	106,246
Total expenditures/expenses:	5,959,217	287,850	6,247,067	7,037,416	7,037,416	790,349
Excess(Deficiency) of revenues over(under) expenditures/expenses	337,129	(46)	337,083	(517,802)	(517,802)	854,885
Other financing sources, net	42,776	-	42,776	-	-	42,776
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	379,905	(46)	379,859	(517,802)	(517,802)	897,661
Balances beginning of year	2,970,109	92,857	3,062,966	3,048,542	3,048,542	14,424
Balances end of year	\$ 3,350,014	92,811	3,442,825	2,530,740	2,530,740	912,085

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional 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.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 752	\$ 752	0.0%	\$ 2,750	27.3%
2011	July 1, 2009	-	752	752	0.0	2,410	31.2
2012	July 1, 2009	-	752	752	0.0	2,791	26.9
2013	July 1, 2012	-	309	309	0.0	2,581	12.0
2014	July 1, 2012	-	309	309	0.0	2,722	11.4

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 SUPPLEMENTAL PENSION PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2014	July 1, 2013	-	\$ 157,519	\$ 157,519	0.0%	\$2,010,872	7.8%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost and Net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

North Tama County Community School District



SUPPLEMENTARY INFORMATION

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue:		
	Student Activity	Debt Service	Total
Assets			
Cash and pooled investments	\$ 128,096	289,288	417,384
Accounts receivable	227	-	227
Total assets	\$ 128,323	289,288	417,611
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ 1,626	-	1,626
Deferred inflows of resources	-	-	-
Fund balances:			
Restricted for:			
Debt service	-	289,288	289,288
Student activities	126,697	-	126,697
Total fund balances	126,697	289,288	415,985
Total liabilities, deferred inflows of resources and fund balances	\$ 128,323	289,288	417,611

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Special Revenue:		
	Student Activity	Debt Service	Total
Revenues:			
Local sources:			
Other	\$ 212,291	24	212,315
Expenditures:			
Current:			
Instruction:			
Other	226,752	-	226,752
Long-term debt:			
Principal	-	145,000	145,000
Interest and fiscal charges	-	141,040	141,040
Total expenditures	226,752	286,040	512,792
Deficiency of revenues under expenditures	(14,461)	(286,016)	(300,477)
Other financing sources:			
Transfer in	-	285,983	285,983
Change in fund balances	(14,461)	(33)	(14,494)
Fund balances beginning of year	141,158	289,321	430,479
Fund balances end of year	\$ 126,697	289,288	415,985

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 421,136	122,847	543,983
Receivables:			
Property tax:			
Delinquent	-	867	867
Succeeding year	-	61,542	61,542
Accounts	-	13,658	13,658
Due from other governments	262,995	-	262,995
Total assets	\$ 684,131	198,914	883,045
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ -	13,658	13,658
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	61,542	61,542
Fund balances:			
Restricted for:			
School infrastructure	684,131	-	684,131
Physical plant and equipment	-	123,714	123,714
Total fund balances	684,131	123,714	807,845
Total liabilities, deferred inflows of resources and fund balances	\$ 684,131	198,914	883,045

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	62,493	62,493
Other	2,205	40,367	42,572
State sources	459,163	39	459,202
Federal sources	-	13,658	13,658
Total revenues	<u>461,368</u>	<u>116,557</u>	<u>577,925</u>
Expenditures:			
Current:			
Support services:			
Administration	-	23,894	23,894
Operation and maintenance of plant	-	5,119	5,119
Transportation	170,659	-	170,659
Capital outlay	163,084	27,424	190,508
Total expenditures	<u>333,743</u>	<u>56,437</u>	<u>390,180</u>
Excess of revenues over expenditures	127,625	60,120	187,745
Other financing uses:			
Transfer out	<u>(285,983)</u>	-	<u>(285,983)</u>
Change in fund balances	(158,358)	60,120	(98,238)
Fund balances beginning of year	<u>842,489</u>	<u>63,594</u>	<u>906,083</u>
Fund balances end of year	<u>\$ 684,131</u>	<u>123,714</u>	<u>807,845</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Musical	\$ 1,172	1,107	879	2	1,402
Instrumental	6,685	2,326	1,401	8	7,618
Music boosters	20,776	21,290	36,871	5,760	10,955
Music boosters investment	5,724	24	-	(5,748)	-
Youth basketball	102	-	-	-	102
Athletics	31,366	58,875	63,154	32	27,119
Baseball/Softball	7,088	18,155	20,163	6	5,086
Youth baseball	4,858	2,145	3,034	4	3,973
DJ BA tournament	-	2,024	2,001	-	23
Elementary SB	4,897	1,169	1,842	5	4,229
Nationals	291	-	111	-	180
Science donations	2,326	-	-	2	2,328
Uniforms	109	6,329	4,909	2	1,531
Academic boosters	-	5,500	-	6	5,506
Booster club	19,736	19,478	24,068	17	15,163
Cheerleaders	255	1,911	2,166	-	-
Academic decathlon	79	-	-	-	79
FCCLA	503	15,300	15,803	-	-
Industrial arts club	4	-	-	-	4
Homecoming	203	415	412	-	206
Science club	-	682	556	-	126
National honor society	754	3,028	3,248	1	535
Spanish club	1,752	1,397	1,853	2	1,298
Speech club	-	295	99	-	196
Student council	5,297	1,300	942	6	5,661
Memory book	123	2,160	2,283	-	-
Yearbook	310	10,693	10,731	-	272
Complex improvements	-	3,649	948	3	2,704
JH student council	1,362	4,261	2,952	3	2,674
Interest	-	141	-	(141)	-
North Tama dance squad	1,415	6,313	5,499	2	2,231
Elementary drill team	189	-	189	-	-
Swing show	3,162	3,958	1,907	6	5,219
Redhawks readers	2,173	459	505	2	2,129
Character counts	2,778	-	815	2	1,965
Art club	3,247	1,383	2,241	3	2,392
FFA	2,696	3,923	4,164	3	2,458
PTO	4,672	2,115	1,783	5	5,009
Resident artist	188	-	-	-	188
Reading with character	1,652	1,223	850	2	2,027
Athletic improvement	1,248	1	1	2	1,250
Class of 2013	558	-	558	-	-
Class of 2014	1,113	1,133	2,189	-	57
Class of 2015	205	7,684	5,625	2	2,266
Class of 2016	90	330	-	1	421
Class of 2017	-	115	-	-	115
Total	\$ 141,158	212,291	226,752	-	126,697

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 OTHER ENTERPRISE FUNDS
 JUNE 30, 2014

	Book Fair	NT & S	Other	Total
Assets				
Cash and pooled investments	\$ 2,010	1,413	17,576	20,999
Liabilities				
Salaries and benefits payable	-	-	1,331	1,331
Net Position				
Unrestricted	\$ 2,010	1,413	16,245	19,668

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 OTHER ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2014

	Book Fair	JET	NT & S	Other	Total
Operating revenues:					
Local sources:					
Charges for services	-	-	-	34,669	34,669
Miscellaneous	\$ 1,536	-	547	-	2,083
Total operating revenues	1,536	-	547	34,669	36,752
Non-instructional programs:					
Other enterprise operations:					
Salaries	-	-	-	6,850	6,850
Benefits	-	-	-	1,136	1,136
Services	-	250	-	275	525
Supplies	1,551	-	165	18,058	19,774
Total operating expenses	1,551	250	165	26,319	28,285
Operating income(loss)	(15)	(250)	382	8,350	8,467
Non-operating revenues:					
Interest income	2	-	1	-	3
Change in net position	(13)	(250)	383	8,350	8,470
Net position beginning of year	2,023	250	1,030	7,895	11,198
Net position end of year	\$ 2,010	-	1,413	16,245	19,668

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 OTHER ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2014

	Book Fair	JET	NT & S	Other	Total
Cash flows from operating activities:					
Cash received from concessions	\$ -	-	-	34,669	34,669
Cash received from miscellaneous operating activities	1,536	-	547	-	2,083
Cash payments to employees for services	-	-	-	(7,898)	(7,898)
Cash payments to suppliers for goods or services	(1,551)	(250)	(165)	(18,333)	(20,299)
Net cash provided by(used in) operating activities	(15)	(250)	382	8,438	8,555
Cash flows from investing activities:					
Interest on investments	2	-	1	-	3
Net increase(decrease) in cash and cash equivalents	(13)	(250)	383	8,438	8,558
Cash and cash equivalents beginning of year	2,023	250	1,030	9,138	12,441
Cash and cash equivalents end of year	\$ 2,010	-	1,413	17,576	20,999
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:					
Operating income(loss)	\$ (15)	(250)	382	8,350	8,467
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:					
Increase in salaries and benefits payable	-	-	-	88	88
Net cash provided by(used in) operating activities	\$ (15)	(250)	382	8,438	8,555

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 2,349,406	2,782,319	2,725,351	2,623,300	2,605,586	2,297,278	2,173,495	2,132,698	2,051,963	1,930,361
Tuition	169,451	197,311	189,541	169,470	182,271	169,943	208,240	177,998	160,156	197,307
Other	506,550	448,058	419,181	492,282	420,449	416,087	359,854	480,450	349,277	372,176
Intermediate sources	-	-	-	-	-	-	23,664	29,821	44,889	-
State sources	3,147,648	2,633,483	2,641,494	2,537,059	2,067,317	2,632,741	2,577,545	2,320,017	2,092,833	1,923,128
Federal sources	123,291	175,747	202,268	339,567	463,283	304,305	148,185	147,456	108,421	138,940
Total	\$ 6,296,346	6,236,918	6,177,835	6,161,678	5,738,906	5,820,354	5,490,983	5,288,440	4,807,539	4,561,912
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,387,507	2,553,700	2,359,488	2,243,244	2,247,494	2,099,803	2,062,199	2,263,131	2,069,180	1,976,410
Special	596,069	603,464	642,917	677,014	529,315	705,787	608,998	542,850	509,009	556,548
Other	680,706	803,429	702,958	689,973	834,003	737,042	540,011	292,642	332,365	135,386
Support services:										
Student	145,967	78,023	118,494	158,443	176,063	183,223	185,259	177,968	187,172	136,781
Instructional staff	30,729	18,433	27,190	115,010	88,804	132,130	146,603	146,551	167,755	81,459
Administration	661,920	663,364	591,071	550,813	588,604	578,669	569,465	545,955	548,462	570,538
Operation and maintenance of plant	335,057	361,969	357,958	370,186	386,194	368,027	370,174	318,741	332,797	315,180
Transportation	430,342	329,873	400,713	277,817	271,396	253,346	276,296	255,552	287,371	231,975
Non-instructional programs:										
Food service operations	250	111	-	500	-	-	-	-	-	-
Capital outlay	190,508	246,419	130,972	414,213	2,518,500	722,259	285,807	247,907	304,021	80,103
Long-term debt:										
Principal	145,000	120,000	200,000	-	-	-	-	-	42,000	135,500
Interest	141,040	144,490	225,385	152,240	113,805	750	-	-	1,858	10,553
Other expenditures:										
AEA flow-through	214,122	207,749	214,497	234,364	222,954	193,592	185,379	177,099	160,424	146,689
Total	\$ 5,959,217	6,131,024	5,971,643	5,883,817	7,977,132	5,974,628	5,230,191	4,968,396	4,942,414	4,377,122

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
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Telephone (641) 792-1910

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

To the Board of Education of the North Tama County Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of North Tama County Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 4, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Tama County Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

North Tama County Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2015
Newton, Iowa

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

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

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

Response - The District continues to try and alleviate this situation by using multiple employees in segregated duties.

Conclusion - Response accepted.

I-B-14 Capital Assets - A record of fixed asset acquisitions and disbursements are kept, however these changes are not kept up to date and are not being kept on the District's software system. Capital assets are required to be maintained for financial statement presentation.

Recommendation - Fixed asset updates should be made on a continuous basis to allow the school officials and outsiders an accurate account of the fixed assets at any point in time. This is necessary for both an accurate account of assets and to ensure a proper amount of insurance is carried to cover the assets in case of loss from fire, vandalism, or theft. The District should have a complete list of additions, deletions, and current assets for reporting purposes.

Response - An effort is being made to update assets on an immediate basis and include them on our financial software. This duty may be assigned to another central office staff member in the near future.

Conclusion - Response accepted.

I-C-14 Supporting Documents for Payments with Credit Cards - During our audit, we noted instances of purchases made with the District credit card that lacked supporting documentation beyond the credit card statement. We also noted payments for meals purchased with the District credit card which were supported with summary receipts, but lacked detailed receipts which are required by Board policy #803.13.

Recommendation - Chapter 279.29 of the Code of Iowa requires the Board of Directors to audit and allow all bills prior to payment. That would be impossible without an invoice or some other form of supporting documentation. In addition, the District has a policy in place for credit card usage, which states in part that the users of the credit cards must submit detailed receipts for purchases made. The District should review procedures in place with personnel using the district credit cards to ensure the proper detailed documentation will be available with paid credit card statements.

Response - Information will be distributed at the fall pre-inservice meetings to all employees stressing the importance of credit card backup and detailed receipts.

Conclusion - Response accepted.

Other Matters:

I-D-14 Board Policies - We did note several board policies that have not been updated in the past 5 years. Board policies should be reviewed by the board at least once every 5 years.

Recommendation - The Board should review policies to ensure they are up to date, and make updates on the policies indicating review dates.

Response - A schedule has been created for the continuous updating of Board policies.

Conclusion - Response accepted.

NORTH TAMA COUNTY COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-14 Certified Budget - District disbursements for the year ended June 30, 2014, did not exceed the amount budgeted.
- II-B-14 Questionable Disbursements - No expenditures we believe may not meet requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted. However, we did note that travel expenses were not always supported with detailed receipts. (See comment I-C-14)
- II-D-14 Business Transactions - Business transaction between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gretchen Pargeon, Board Member Husband owns AWE Auto Repair Service Inc.	Automotive Repairs	\$ 2,695
Tiffany Feisel, Board Member Son Clayton Blocker Husband Tim Feisel, Mowing	Officiating Mowing Services	540 41
Robert Cue, Superintendent Wife, Denise Cue is a substitute teacher	Services	2,225
Josh Youel, Elementary Principal Wife Cindy Youel owns Staker Furniture	Window shades	861
Terrill Karr, Business Manager Purchase of laptop Son Spencer Karr, substitute teacher and coaching	Computer Services	30 3,170
Donna DeBoef, Associate Purchase of laptop	Computer	30
Bev Covin, Office Secretary Purchase of laptop	Computer	30
Pat McLean, Bus Driver Purchase of laptop	Computer	30
Tammy Jones, Associate Purchase of laptop	Computer	30

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with children and spouse's of District employee's do not appear to represent a conflict of interest.

According to Attorney General's Opinion dated July 2, 1990 the above transactions with District employees do not appear to represent a conflict of interest.

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

II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted certain immaterial instances of non-compliance regarding board minutes as follows:

Closed Sessions - We noted the minutes did not document the code section for a closed session as required by Chapter 21.5 of the Iowa Code.

Recommendation - The vote of each board member on the question of holding the closed session and the reason for holding a closed session must be referenced by the specific exemption under Chapter 21.5(1) and announced publicly at the open session as well as entered into the minutes. A governmental body shall not discuss any business during the closed session which does not directly relate to the specific reason given as justification for the closed session.

Response - The Board Secretary will add the code section to the closed sessions.

Conclusion - Response accepted.

Official Depositories - We noted that the District did not name the District's official depositories or the maximum amounts to be held in each depository in the board minutes.

Recommendation - Iowa Code section 12C.2 states that board minutes "shall distinctly name each depository approved and specify the maximum amount that may be kept on deposit in each depository."

Response - The Board Secretary will note the official depositories and the maximum amounts of the depositories

Conclusion - Response accepted.

Sale of Obsolete Equipment - We noted that the District sold a bus and 68 computers to employees and parents of students but did not publish this sale in a newspaper of general circulation. The District's Board Policy 902.5, in compliance with Chapter 297.22 of the Code of Iowa, states "*the sale of equipment, furnishings or supplies, having a value of less than \$5000, shall be published in a newspaper of general circulation. The publication of the sale shall be published with at least one insertion each week for two consecutive weeks*"

Recommendation - The District should review and follow the provisions of Board Policy 902.5 and Chapter 297.22 of the Iowa Code when disposing of obsolete equipment.

Response - The sale of used equipment shall be published for sale for two consecutive weeks in the future.

Conclusion - Response accepted.

II-G-14 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

- II-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-14 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-J-14 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-14 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 842,489
Revenues:		
Sales tax revenues	\$ 459,163	
Other local revenues	2,205	461,368
		<u>1,303,857</u>
Expenditures/transfers out:		
Equipment	172,977	
School infrastructure construction	160,766	
Transfers to other funds:		
Debt service fund	285,983	619,726
		<u>619,726</u>
Ending balance		<u>\$ 684,131</u>

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

- II-M-14 Student Activity Fund - In accordance with 298.8 of the Code of Iowa and the Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. We noted during our audit that expenses for fertilizer and chemical applications for the softball, baseball and football fields were accounted for in the Student Activity Fund.

Recommendation - Expenses for fertilizer and chemical applications for athletic fields appears to be routine annual field maintenance and is more appropriately accounted for in the General Fund.

Response - Expenses for fertilizer and chemical applications are now accounted for in the General Fund.

Conclusion - Response accepted.

II-N-14 Signing of Contracts - We noted during our audit that the Board Secretary and Superintendent signed a copier lease contract with Access Systems. According to Chapter 291.1 of the Code of Iowa, the Board President shall sign all contracts entered into by the District.

Recommendation - The District should have the Board President sign all contracts entered into by the District to comply with Chapter 291.1 of the Code of Iowa.

Response - Best efforts will be made to comply with Chapter 291.1 of the Code of Iowa.

Conclusion - Response accepted.