

SOUTH PAGE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2012

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South Page Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2011 Election)		
Ron Peterman	President	2011
Larry Murphy	Vice President	2011
Kenny Jackson	Board Member	2013
Darin McClarnon	Board Member	2013
Jackie Autry	Board Member	2011
(After September 2011 Election)		
Ron Peterman	President	2015
Darrin McClarnon	Vice President	2013
Kenny Jackson	Board Member	2013
Jackie Autry	Board Member	2015
Chris Drennen	Board Member	2015
School Officials		
Gregg Cruickshank	Superintendent	2012
Jamie Lindsay	District Secretary (Resigned September 2011)	2012
Sherri Ruzek	District Secretary (Appointed September 2011)	2012
Rick Franck	Attorney	2012

SOUTH PAGE COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
South Page Community School District:

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 the South Page Community School District, College Springs, Iowa as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 South Page Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2013 on our consideration of South Page Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 44 through 46 be presented to supplement the basic

financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Page Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

March 12, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

South Page 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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2012 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,743,962 in fiscal 2011 to \$2,871,483 in fiscal 2012, while General Fund expenditures increased from \$2,507,610 in fiscal 2011 to \$2,588,120 in fiscal 2012. This resulted in an increase in the District's General Fund balance from a deficit \$59,611 in fiscal 2011 to a balance of \$223,752 at the end of fiscal 2012, a 475.35% increase from the prior year.
- The increase in General Fund revenues was attributable to increases in local sources in fiscal 2012. The increase in expenditures was due primarily to increases in the instruction functional area.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

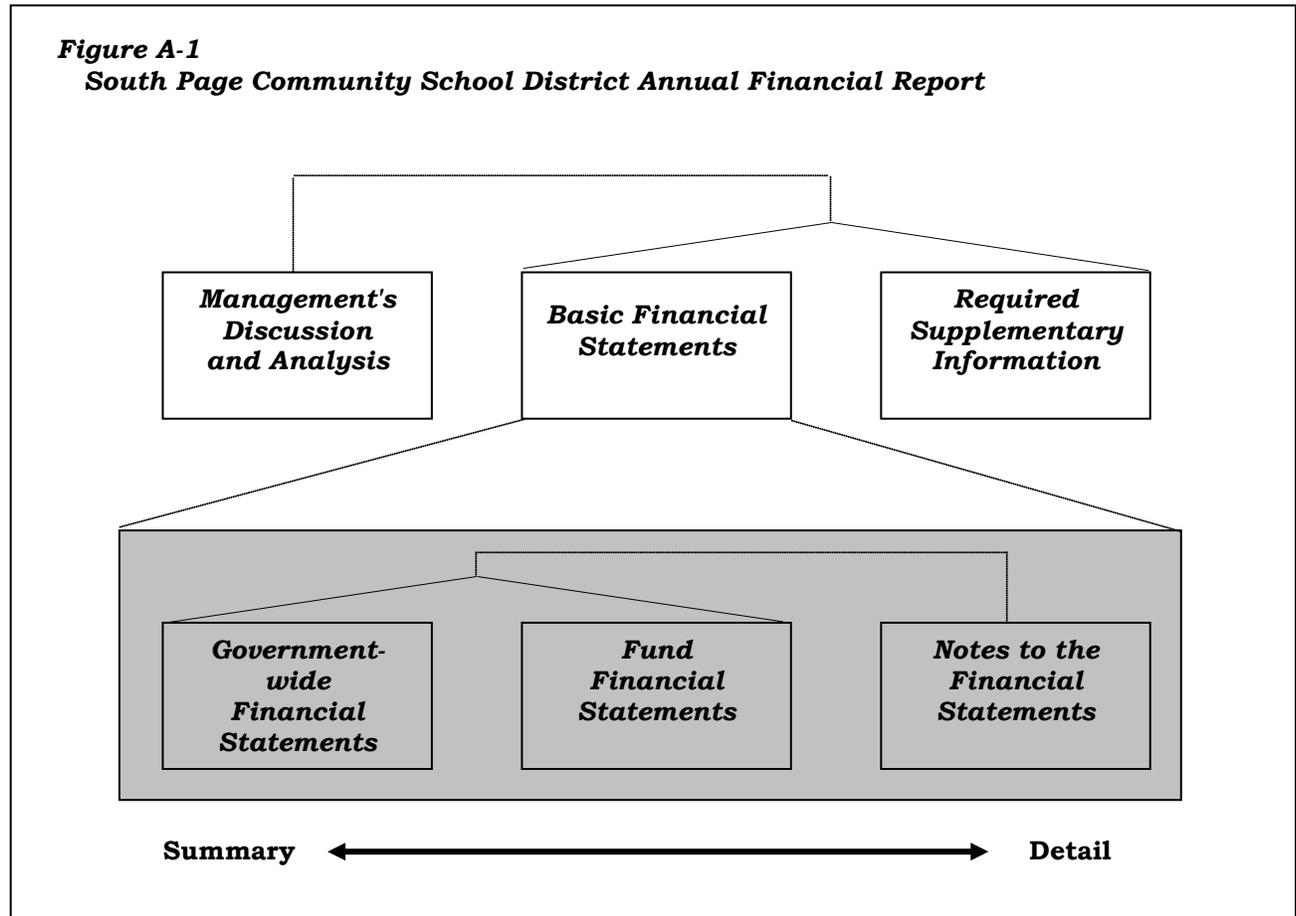


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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 Assets includes all of the District’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

- The Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These funds are funds through which the District administers and accounts for nurse donations to the Hockenberry Foundation.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2012 compared to June 30, 2011.

Figure A-3 Condensed Statement of Net Assets							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 2,056,438	2,077,122	9,221	3,724	2,065,659	2,080,846	-0.73%
Capital assets	1,425,201	1,411,848	10,522	9,941	1,435,723	1,421,789	0.98%
Total assets	3,481,639	3,488,970	19,743	13,665	3,501,382	3,502,635	-0.04%
Long-term obligations	134,359	168,956	-	-	134,359	168,956	-20.48%
Other liabilities	1,405,407	1,642,338	5,409	7,667	1,410,816	1,650,005	-14.50%
Total liabilities	1,539,766	1,811,294	5,409	7,667	1,545,175	1,818,961	-15.05%
Net assets:							
Invested in capital assets, net of related debt	1,366,300	1,294,046	10,522	9,941	1,376,822	1,303,987	5.59%
Restricted	437,577	526,496	-	-	437,577	526,496	-16.89%
Unrestricted	137,996	(142,866)	3,812	(3,943)	141,808	(146,809)	196.59%
Total net assets	\$ 1,941,873	1,677,676	14,334	5,998	1,956,207	1,683,674	16.19%

The District's combined net assets increased by 16.19%, or \$272,533, from the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$88,919, or 16.89% from the prior year. The decrease in restricted net assets is primarily the result of the decreases in the Management Levy and Capital Project: Statewide Sales, Services and Use Tax Fund balances.

Unrestricted net assets - are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$288,617 or 196.59%. The increase in unrestricted net assets is primarily the result of the increase in fund balance for the General Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2012 compared to the year ended June 30, 2011.

Figure A-4							
Changes of Net Assets							
	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Revenues & transfers:							
Program revenues:							
Charges for services	\$ 196,011	179,780	30,766	26,173	226,777	205,953	10.11%
Operating grants and contributions and restricted interest	255,964	333,369	57,916	57,608	313,880	390,977	-19.72%
Capital grants and contributions and restricted interest	-	-	2,000	-	2,000	-	100.00%
General revenues:							
Property tax	1,285,255	1,084,148	-	-	1,285,255	1,084,148	18.55%
Income surtax	111,672	110,663	-	-	111,672	110,663	0.91%
Statewide sales, services and use tax	158,557	156,996	-	-	158,557	156,996	0.99%
Unrestricted state grants	1,101,977	1,134,148	-	-	1,101,977	1,134,148	-2.84%
Nonspecific program federal grants	776	78,519	-	-	776	78,519	-99.01%
Unrestricted investment earnings	458	857	-	-	458	857	-46.56%
Other	10,432	20,622	-	451	10,432	21,073	-50.50%
Transfers	-	(4,908)	-	4,908	-	-	-100.00%
Total revenues & transfers	3,121,102	3,094,194	90,682	89,140	3,211,784	3,183,334	0.89%
Program expenses:							
Governmental activities:							
Instructional	1,934,564	1,913,475	-	-	1,934,564	1,913,475	1.10%
Support services	767,343	799,550	-	190	767,343	799,740	-4.05%
Non-instructional programs	-	-	82,346	76,495	82,346	76,495	7.65%
Other expenses	154,998	170,274	-	-	154,998	170,274	-8.97%
Total expenses	2,856,905	2,883,299	82,346	76,685	2,939,251	2,959,984	-0.70%
Change in net assets	264,197	210,895	8,336	12,455	272,533	223,350	-22.02%
Net assets beginning of year	1,677,676	1,466,781	5,998	(6,457)	1,683,674	1,460,324	15.29%
Net assets end of year	\$ 1,941,873	1,677,676	14,334	5,998	1,956,207	1,683,674	16.19%

In fiscal 2012, property tax, income surtax, statewide sales, services and use tax, unrestricted state grants and nonspecific program federal grants account for 85.17% of the revenue from governmental activities while charges for service, operating grants and contributions accounted for 97.79% of the revenues from the business type activities.

The District's total revenues were approximately \$3.21 million of which approximately \$3.12 million was for governmental activities and approximately \$0.09 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 0.89% in revenues and a 0.70% decrease in expenses. The decrease in expenses was related a decreased expenses in the support services and other expenses functional areas during the year.

Governmental Activities

Revenues for governmental activities were \$3,121,102 and expenses were \$2,856,905 for the year ended June 30, 2012.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2012 as compared to the year ended June 30, 2011.

	Total Cost of Services			Net Cost of Services		
	June 30,		Change	June 30,		Change
	2012	2011	2011-12	2012	2011	2011-12
Instruction	\$ 1,934,564	1,913,475	1.10%	1,573,900	1,528,450	2.97%
Support services	767,343	799,550	-4.03%	766,329	776,999	-1.37%
Other expenses	154,998	170,274	-8.97%	64,701	64,701	0.00%
Totals	<u>\$ 2,856,905</u>	<u>2,883,299</u>	<u>-0.92%</u>	<u>2,404,930</u>	<u>2,370,150</u>	<u>1.47%</u>

For the year ended June 30, 2012

- The cost financed by users of the District's programs was \$196,011.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$255,946.
- The net cost of governmental activities was financed with \$1,285,255 in property tax, \$111,672 in income surtax, \$158,557 in statewide sales, services and use tax, \$1,101,977 in unrestricted state grants, \$776 in nonspecific program federal grants, \$458 in unrestricted investment earnings and \$10,432 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$90,682 and expenses were \$82,346. The District's business type activities include the School Nutrition Fund and the Bradyville Little League Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and capital contributions.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$541,658, above last year's ending fund balances of a \$322,823. The primary reason for the increase in combined fund balances in fiscal 2012 is due to the increase in the fund balance of the General Fund.

Governmental Fund Highlights

- The District's General Fund balance increased from a deficit \$59,611 on June 30, 2011 to a balance of \$223,752 on June 30, 2012. The fluctuation in the District's General Fund financial position is the product of many factors. Increase in local revenue sources led to an increase in revenues. Expenditures primarily increased due to increased expenditures in the instruction functional area.
- The Capital Projects Fund balance decreased from \$208,535 in fiscal 2011 to \$183,956 in fiscal 2012. The Statewide Sales, Services and Use Fund balance decreased from \$199,087 at June 30, 2011 to \$177,857 at June 30, 2012. The Physical Plant and Equipment Levy Fund balance decreased from \$9,448 at June 30, 2011 to \$6,099 at June 30, 2012.

Proprietary Fund Highlights

The Proprietary Funds net assets increased from a deficit balance of \$5,998 at June 30, 2011 to a balance of \$14,334 at June 30, 2012, representing an increase of 138.98%. Revenues of these activities were comprised of charges for service and federal and state reimbursements and capital contributions.

BUDGETARY HIGHLIGHTS

The District's revenues were \$68,153 more than budgeted revenues, a variance of 2.17%. The most significant variance resulted from the District receiving more in local 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.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenses functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$1,435,723, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 0.98% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$132,799.

The original cost of the District's capital assets was \$4,544,816. Governmental funds account for \$4,460,326 with the remainder of \$84,490 in the Proprietary funds.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress increased from \$0 at June 30, 2011, to \$26,563 at June 30, 2012. This increase was due to the District incurring expenses on contracts regarding a metal roof on the gymnasium.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 52,000	52,000	-	-	52,000	52,000	0.00%
Construction in progress	26,563	-	-	-	26,563	-	100.00%
Buildings	1,001,512	1,011,012	-	-	1,001,512	1,011,012	-0.94%
Land improvements	154,302	136,754	-	-	154,302	136,754	12.83%
Machinery and equipment	190,824	212,082	10,522	9,941	201,346	222,023	-9.31%
Total	\$ 1,425,201	1,411,848	10,522	9,941	1,435,723	1,421,789	0.98%

Long-Term Debt

At June 30, 2012, the District had \$134,359 in long-term indebtedness outstanding. This represents a decrease of 20.48% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had \$58,901 payable on a computer lease at June 30, 2012.

The District had net OPEB liability payable of \$75,458 at June 30, 2012.

	Total School District		Total Change
	June 30,		June 30,
	2012	2011	2011-12
Computer lease	\$ 58,901	117,802	-50.00%
Net OPEB liability	75,458	51,154	47.51%
Total	\$ 134,359	168,956	-20.48%

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:

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.

-
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
 - On July 1, 2012, the IPERS increase to 8.67% will increase the South Page Community Schools employer benefits costs during fiscal 2013. An additional increase to 8.93% is anticipated for fiscal year 2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sherri Ruzek, District Secretary, South Page Community School District's District Office, Box 98, College Springs, Iowa, 51637.

BASIC FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business type Activities	Total
Assets			
Cash and pooled investments	\$ 756,954	5,867	762,821
Receivables:			
Property tax:			
Delinquent	22,767	-	22,767
Succeeding year	1,069,500	-	1,069,500
Income surtax	109,373	-	109,373
Accounts	921	-	921
Due from other governments	96,923	-	96,923
Inventories	-	3,354	3,354
Capital assets, net of accumulated depreciation	1,425,201	10,522	1,435,723
Total assets	3,481,639	19,743	3,501,382
Liabilities			
Accounts payable	119,642	163	119,805
Salaries and benefits payable	216,265	4,379	220,644
Deferred revenue:			
Succeeding year property tax	1,069,500	-	1,069,500
Unearned revenue	-	867	867
Long-term liabilities:			
Portion due within one year:			
Computer lease payable	58,901	-	58,901
Portion due after one year:			
Net OPEB liability	75,458	-	75,458
Total liabilities	1,539,766	5,409	1,545,175
Net assets			
Invested in capital assets, net of related debt	1,366,300	10,522	1,376,822
Restricted for:			
Categorical funding	116,035	-	116,035
Management levy	86,958	-	86,958
Student activities	50,628	-	50,628
School infrastructure	177,857	-	177,857
Physical plant and equipment	6,099	-	6,099
Unrestricted	137,996	3,812	141,808
Total net assets	\$ 1,941,873	14,334	1,956,207

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Contributions	Capital Grants,	Govern- mental Activities	Business Type Activities	Total
		for Services	and Restricted Interest	and Restricted Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 1,152,068	108,163	33,598	-	(1,010,307)	-	(1,010,307)
Special	570,759	13,770	54,447	-	(502,542)	-	(502,542)
Other	211,737	74,078	76,608	-	(61,051)	-	(61,051)
	<u>1,934,564</u>	<u>196,011</u>	<u>164,653</u>	<u>-</u>	<u>(1,573,900)</u>	<u>-</u>	<u>(1,573,900)</u>
Support services:							
Student	37,229	-	-	-	(37,229)	-	(37,229)
Instructional staff	49,930	-	-	-	(49,930)	-	(49,930)
Administration	256,512	-	-	-	(256,512)	-	(256,512)
Operation and maintenance of plant	251,042	-	-	-	(251,042)	-	(251,042)
Transportation	172,630	-	1,014	-	(171,616)	-	(171,616)
	<u>767,343</u>	<u>-</u>	<u>1,014</u>	<u>-</u>	<u>(766,329)</u>	<u>-</u>	<u>(766,329)</u>
Other expenses:							
AEA flowthrough	90,297	-	90,297	-	-	-	-
Depreciation(unallocated)*	64,701	-	-	-	(64,701)	-	(64,701)
	<u>154,998</u>	<u>-</u>	<u>90,297</u>	<u>-</u>	<u>(64,701)</u>	<u>-</u>	<u>(64,701)</u>
Total governmental activities	2,856,905	196,011	255,964	-	(2,404,930)	-	(2,404,930)
Business type activities:							
Non-instructional programs:							
Nutrition services	78,662	24,585	57,916	2,000	-	5,839	5,839
Community services	3,684	6,181	-	-	-	2,497	2,497
Total business type activities	<u>82,346</u>	<u>30,766</u>	<u>57,916</u>	<u>2,000</u>	<u>-</u>	<u>8,336</u>	<u>8,336</u>
Total	\$ <u>2,939,251</u>	<u>226,777</u>	<u>313,880</u>	<u>2,000</u>	<u>(2,404,930)</u>	<u>8,336</u>	<u>(2,396,594)</u>
General Revenues:							
Property tax for:							
General purposes					\$ 1,265,252	-	1,265,252
Capital outlay					20,003	-	20,003
Income surtax					111,672	-	111,672
Statewide sales, service and use tax					158,557	-	158,557
Unrestricted state grants					1,101,977	-	1,101,977
Nonspecific program federal grants					776	-	776
Unrestricted investment earnings					458	-	458
Other					10,432	-	10,432
Total general revenues					<u>2,669,127</u>	<u>-</u>	<u>2,669,127</u>
Changes in net assets					264,197	8,336	272,533
Net assets beginning of year					1,677,676	5,998	1,683,674
Net assets end of year					\$ <u>1,941,873</u>	<u>14,334</u>	<u>1,956,207</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$ 483,838	140,007	133,109	756,954
Receivables:				
Property tax:				
Delinquent	22,413	354	-	22,767
Succeeding year	1,001,293	28,207	40,000	1,069,500
Income surtax	109,373	-	-	109,373
Accounts	80	-	841	921
Due from other governments	50,661	46,262	-	96,923
Total assets	\$ 1,667,658	214,830	173,950	2,056,438
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 116,975	2,667	-	119,642
Salaries and benefits payable	216,265	-	-	216,265
Deferred revenue:				
Succeeding year property tax	1,001,293	28,207	40,000	1,069,500
Income surtax	109,373	-	-	109,373
Total liabilities	1,443,906	30,874	40,000	1,514,780
Fund balances:				
Reserved for:				
Categorical funding	116,035	-	-	116,035
Management levy purposes	-	-	86,958	86,958
Student activities	-	-	50,628	50,628
School infrastructure	-	177,857	-	177,857
Physical plant and equipment	-	6,099	-	6,099
Unassigned:				
General	107,717	-	-	107,717
Student activities	-	-	(3,636)	(3,636)
Total fund balances	223,752	183,956	133,950	541,658
Total Liabilities and fund balances	\$ 1,667,658	214,830	173,950	2,056,438

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances of governmental funds(page 20)	\$	541,658
 <i>Amounts reported for governmental activities in the statement of net assets 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.		1,425,201
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		109,373
Long-term liabilities, including computer lease payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(134,359)</u>
Net assets of governmental activities(page 18)		<u><u>\$ 1,941,873</u></u>

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,379,512	178,560	-	1,558,072
Tuition	110,191	-	-	110,191
Other	21,997	21	76,931	98,949
State sources	1,226,980	-	-	1,226,980
Federal sources	129,498	-	-	129,498
Total revenues	2,868,178	178,581	76,931	3,123,690
Expenditures:				
Current:				
Instruction:				
Regular	1,085,056	9,729	-	1,094,785
Special	566,593	-	-	566,593
Other	144,956	-	65,014	209,970
	1,796,605	9,729	65,014	1,871,348
Support services:				
Student	36,495	-	-	36,495
Instructional staff	27,529	21,689	-	49,218
Administration	252,920	-	-	252,920
Operation and maintenance of plant	189,939	4,020	51,616	245,575
Transportation	194,335	-	250	194,585
	701,218	25,709	51,866	778,793
Capital outlays	-	140,073	-	140,073
Long-term debt:				
Principal	-	-	58,901	58,901
Other expenditures:				
AEA flowthrough	90,297	-	-	90,297
Total expenditures	2,588,120	175,511	175,781	2,939,412
Excess(Deficiency) of revenues over(under) expenditures	280,058	3,070	(98,850)	184,278
Other financing sources(uses):				
Transfers in	-	-	58,901	58,901
Transfers out	-	(58,901)	-	(58,901)
Insurance proceeds	1,305	31,252	-	32,557
Sale of Equipment	2,000	-	-	2,000
Total other financing sources(uses)	3,305	(27,649)	58,901	34,557
Net change in fund balances	283,363	(24,579)	(39,949)	218,835
Fund balance beginning of year	(59,611)	208,535	173,899	322,823
Fund balance end of year	\$ 223,752	183,956	133,950	541,658

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE 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, 2012

Net change in fund balances - total governmental funds(page 22) \$ 218,835

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

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

Capital outlays	\$ 144,733	
Depreciation expense	<u>(131,380)</u>	13,353

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Repaid		58,901
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Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (2,588)

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.

Other postemployment benefits		<u>(24,304)</u>
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Changes in net assets of governmental activities(page 19) \$ 264,197

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	Bradyville		
	School Nutrition	Little League	Total
Assets			
Cash and pooled investments	\$ 3,207	2,660	5,867
Inventories	3,354	-	3,354
Capital assets, net of accumulated depreciation	10,522	-	10,522
Total assets	17,083	2,660	19,743
Liabilities			
Accounts payable	-	163	163
Salaries and benefits payable	4,379	-	4,379
Unearned revenue	867	-	867
Total liabilities	5,246	163	5,409
Net assets			
Invested in capital assets	10,522	-	10,522
Unrestricted	1,315	2,497	3,812
Total net assets	\$ 11,837	2,497	14,334

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	Bradyville		Total
	School Nutrition	Little League	
Operating revenue:			
Local sources:			
Charges for services	\$ 24,585	6,181	30,766
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	28,792	-	28,792
Benefits	4,304	-	4,304
Services	158	-	158
Supplies	43,989	-	43,989
Depreciation	1,419	-	1,419
	<u>78,662</u>	<u>-</u>	<u>78,662</u>
Community Service operations:			
Supplies	-	3,684	3,684
Total operating expenses	<u>78,662</u>	<u>3,684</u>	<u>82,346</u>
Operating income(loss)	<u>(54,077)</u>	<u>2,497</u>	<u>(51,580)</u>
Non-operating revenues:			
State sources	786	-	786
Federal sources	57,130	-	57,130
Total non-operating revenues	<u>57,916</u>	<u>-</u>	<u>57,916</u>
Changed in net assets before other financing sources:	3,839	2,497	6,336
Other financing sources:			
Capital contributions	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Change in net assets	5,839	2,497	8,336
Net assets beginning of year	<u>5,998</u>	<u>-</u>	<u>5,998</u>
Net assets end of year	<u>\$ 11,837</u>	<u>2,497</u>	<u>14,334</u>

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

	Bradyville		
	School Nutrition	Little League	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 24,640	-	24,640
Cash received from miscellaneous	-	6,181	6,181
Cash payments to employees for services	(31,510)	-	(31,510)
Cash payments to suppliers for goods or services	(38,887)	(3,521)	(42,408)
Net cash proceeds by(used in) operating activities	(45,757)	2,660	(43,097)
Cash flows from non-capital financing activities:			
State grants received	786	-	786
Federal grants received	52,217	-	52,217
Net cash provided by non-capital financing activities	53,003	-	53,003
Net increase in cash and cash equivalents	7,246	2,660	9,906
Cash and cash equivalents at beginning of year	(4,039)	-	(4,039)
Cash and cash equivalents at end of year	\$ 3,207	2,660	5,867
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ (54,077)	2,497	(51,580)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:			
Commodities consumed	4,913	-	4,913
Depreciation	1,419	-	1,419
Decrease in inventories	347	-	347
Decrease in accounts receivable	23	-	23
Increase in accounts payable	-	163	163
Increase in salaries and benefits payable	1,586	-	1,586
Increase in unearned revenue	32	-	32
Net cash provided by(used in) operating activities	\$ (45,757)	2,660	(43,097)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2012, the District received Federal commodities valued at \$4,913.

During the year ended June 30, 2012, the Nutrition Fund received contributed capital of \$2,000 from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2012

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Cash and pooled investments	\$ 3,216	1,000
Liabilities		
Due to other groups	-	1,000
Net assets		
Restricted for scholarships	3,216	-
Total net assets	<u>\$ 3,216</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest	\$ 1
Deductions:	-
Change in net assets	1
Net assets beginning of year	3,215
Net assets end of year	\$ 3,216

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

The South Page Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of College Springs, Iowa and the predominate agricultural territory in Page 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, South Page 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 South Page 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 Page County Assessors' Conference Board.

B. Basis of Presentation

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

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program 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 account.

The District reports the following major governmental funds:

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

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

The District reports the following non-major proprietary funds:

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

The Enterprise: Bradyville Little League Fund. The Bradyville Little League fund is used to account for the Bradyville Little League operations.

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities 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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2011.

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, equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide statement of net assets. 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 (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

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

Deferred Revenue - 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 revenue 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 revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for student fees and 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 balance sheet in the Enterprise, School Nutrition Fund.

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

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

Unassigned - All amounts not included in other spendable classifications.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally

imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, District expenditures in the other expenditures function exceeded the budgeted amount.

(2) Cash and Pooled Investments

The District's deposits at June 30, 2012 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool 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, 2012 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$525,492 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard & Poor's Financial Services.

(3) Transfers

The detail of transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 58,901</u>

The transfer from Capital Projects: Statewide Sales, Services and Use Tax to Debt Service was needed to make the annual computer lease payment on the District's computer lease indebtedness.

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 52,000	-	-	52,000
Construction in progress	-	26,563	-	26,563
Total capital assets not being depreciated	52,000	26,563	-	78,563
Capital assets being depreciated:				
Buildings	2,518,062	36,077	-	2,554,139
Land improvements	382,477	36,672	-	419,149
Machinery and equipment	1,363,054	45,421	-	1,408,475
Total capital assets being depreciated	4,263,593	118,170	-	4,381,763
Less accumulated depreciation for:				
Buildings	1,507,050	45,577	-	1,552,627
Land improvements	245,723	19,124	-	264,847
Machinery and equipment	1,150,972	66,679	-	1,217,651
Total accumulated depreciation	2,903,745	131,380	-	3,035,125
Total capital assets being depreciated, net	1,359,848	(13,210)	-	1,346,638
Governmental activities capital assets, net	\$ 1,411,848	13,353	-	1,425,201
Business type activities:				
Machinery and equipment	\$ 82,490	2,000	-	84,490
Less accumulated depreciation	72,549	1,419	-	73,968
Business type activities capital assets, net	\$ 9,941	581	-	10,522

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 52,184
Support services:	
Instructional staff	452
Transportation	14,043
	<u>66,679</u>
Unallocated depreciation	<u>64,701</u>
Total governmental activities depreciation expense	\$ <u>131,380</u>
Business type activities:	
Food service	\$ <u>1,419</u>

(5) **Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
Computer lease	\$ 117,802	-	58,901	58,901	58,901
Net OPEB liability	51,154	24,304	-	75,458	-
Total	<u>\$ 168,956</u>	<u>24,304</u>	<u>58,901</u>	<u>134,359</u>	<u>58,901</u>

Computer Lease Payable

On December 18, 2009, the District entered into a lease purchase agreement with Apple for new computers. The lease is scheduled to be repaid as follows from the Capital Projects: Statewide Sales, Service and Use Tax Fund:

Year Ending June 30,	Lease of December 18, 2009		
	Principal	Interest	Total
2013	<u>\$ 58,901</u>	*	<u>58,901</u>

* - In order to provide a zero percent interest rate to the District, Apple Inc. made a promotional payment of \$17,275 towards the total cost of the lease \$258,996.

(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 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$97,661, \$83,904, and \$75,198, respectively, equal to the required contributions for each year.

(7) **Other Postemployment Benefits**

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 30 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 43,000
Interest on net OPEB obligation	2,302
Adjustment to annual required contribution	(1,998)
Annual OPEB cost	<u>43,304</u>
Contributions made	<u>(19,000)</u>
Increase in net OPEB obligation	24,304
Net OPEB obligation beginning of year	<u>51,154</u>
Net OPEB obligation end of year	<u><u>\$ 75,458</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

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, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 43,000	39.53%	\$ 26,000
2011	43,154	41.71%	51,154
2012	43,304	43.88%	75,458

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$256,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$256,000. The covered payroll (annual payroll of active employees covered by the plan) was \$916,228, and the ratio of the UAAL to covered payroll was 27.94%. As of June 30, 2011 there were no trust fund assets.

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

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

As of July 1, 2009 actuarial valuation date, the Alternative Measurement Method, a simplified version of the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by a 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP-2000 Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

The projected claim costs of the medical plan for retirees under age 65 are illustrated per month in the following table.

	BCBS 500	BCBS 1500
\$	1,110	942

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

South Page 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.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$90,297 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Deficit Net Assets

At June 30, 2012, the Activity Fund had ten accounts with a deficit unassigned balance totaling \$3,636.

(11) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2012, expenditures in the other expenditures function exceeded the amount budgeted.

(12) Categorical Funding

The District's ending restricted balances for categorical funding at June 30, 2012 are comprised of the following programs:

Projects	Amount
Dropout and dropout prevention programs	\$ 49,854
Teacher salary supplement	27,089
Professional development	27,344
Market factor incentives	2,018
Empowerment	9,730
Total	<u>\$ 116,035</u>

(13) Construction Commitment

The District has entered into a contract totaling \$102,200 for an metal roof system project. As of June 30, 2012, costs of \$26,563 had been incurred against the contract. The remaining balance \$75,637 at June 30, 2012 will be paid as work on the project progresses.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual		Actual		Variance
Revenues:						
Local sources	\$ 1,767,212	30,766	1,797,978	1,609,049	1,609,049	188,929
State sources	1,226,980	786	1,227,766	1,252,821	1,252,821	(25,055)
Federal sources	129,498	57,130	186,628	282,349	282,349	(95,721)
Total revenues	<u>3,123,690</u>	<u>88,682</u>	<u>3,212,372</u>	<u>3,144,219</u>	<u>3,144,219</u>	<u>68,153</u>
Expenditures/Expenses:						
Instruction	1,871,348	0	1,871,348	2,249,752	2,249,752	378,404
Support services	778,793	0	778,793	882,297	882,297	103,504
Non-instructional programs	0	82,346	82,346	86,942	86,942	4,596
Other expenditures	289,271	0	289,271	109,072	109,072	(180,199)
Total expenditures/expenses	<u>2,939,412</u>	<u>82,346</u>	<u>3,021,758</u>	<u>3,328,063</u>	<u>3,328,063</u>	<u>306,305</u>
Excess(Deficiency) of revenues over(under) expenditures	184,278	6,336	190,614	(183,844)	(183,844)	374,458
Other financing sources, net	<u>34,557</u>	<u>2,000</u>	<u>36,557</u>	<u>0</u>	<u>0</u>	<u>36,557</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	218,835	8,336	227,171	(183,844)	(183,844)	411,015
Balance beginning of year	<u>322,823</u>	<u>5,998</u>	<u>328,821</u>	<u>939,131</u>	<u>939,131</u>	<u>(610,310)</u>
Balance end of year	<u>\$ 541,658</u>	<u>14,334</u>	<u>555,992</u>	<u>755,287</u>	<u>755,287</u>	<u>(199,295)</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2012

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

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

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

During the year ended June 30, 2012, District expenditures in the other expenditures function exceeded the amount budgeted.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

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	\$ -	\$ 256,000	\$ 256,000	0.00%	\$ 865,640	29.57%
2011	July 1, 2009	-	256,000	256,000	0.00%	1,270,361	20.15%
2012	July 1, 2009	-	256,000	256,000	0.00%	916,228	27.94%

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.

SUPPLEMENTARY INFORMATION

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 86,958	46,151	133,109
Receivables:			
Property tax:			
Succeeding year	40,000	-	40,000
Accounts	-	841	841
Total Assets	\$ 126,958	46,992	173,950
Liabilities and Fund Balances			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ 40,000	-	40,000
Total liabilities	40,000	-	40,000
Fund balances:			
Restricted for:			
Management levy purposes	86,958	-	86,958
Student activities	-	50,628	50,628
Unassigned	-	(3,636)	(3,636)
Total fund balances	86,958	46,992	133,950
Liabilities and Fund Balances	\$ 126,958	46,992	133,950

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	Special Revenue			Debt Service	Total
	Management Levy	Student Activity	Total		Nonmajor
			Special Revenue		Governmental Funds
Revenues:					
Local sources:					
Other	\$ 2,745	74,186	76,931	-	76,931
Expenditures:					
Current:					
Instruction:					
Other	-	65,014	65,014	-	65,014
Support services:					
Operation and maintenance of plant	51,616	-	51,616	-	51,616
Transportation	250	-	250	-	250
Long-term debt:					
Principal	-	-	-	58,901	58,901
Total expenditures	51,866	65,014	116,880	58,901	175,781
Excess(Deficiency) of revenues over(under) expenditures	(49,121)	9,172	(39,949)	(58,901)	(98,850)
Other financing sources:					
Transfer in	-	-	-	58,901	58,901
Net change in fund balances	(49,121)	9,172	(39,949)	-	(39,949)
Fund balance beginning of year	136,079	37,820	173,899	-	173,899
Fund balance end of year	\$ 86,958	46,992	133,950	-	133,950

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 134,262	5,745	140,007
Receivables:			
Property tax:			
Delinquent	-	354	354
Succeeding year	-	28,207	28,207
Due from other governments	46,262	-	46,262
Total Assets	\$ 180,524	34,306	214,830
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,667	-	2,667
Deferred revenue:			
Succeeding year property tax	-	28,207	28,207
Total liabilities	2,667	28,207	30,874
Fund balances:			
Restricted for:			
School infrastructure	177,857	-	177,857
Physical plant and equipment	-	6,099	6,099
Total fund balances	177,857	6,099	183,956
Liabilities and Fund Balances	\$ 180,524	34,306	214,830

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 158,557	20,003	178,560
Other	19	2	21
Total revenues	158,576	20,005	178,581
Expenditures:			
Current:			
Instruction:			
Regular	9,729	-	9,729
Support services:			
Instructional staff	15,493	6,196	21,689
Operation and maintenance of plant	657	3,363	4,020
Capital outlays	126,278	13,795	140,073
Total expenditures	152,157	23,354	175,511
Excess(Deficiency) of revenues over(under) expenditures	6,419	(3,349)	3,070
Other financing sources(uses):			
Transfer out	(58,901)	-	(58,901)
Insurance proceeds	31,252	-	31,252
Total other financing sources(uses)	(27,649)	-	(27,649)
Net change in fund balances	(21,230)	(3,349)	(24,579)
Fund balance beginning of year	199,087	9,448	208,535
Fund balance end of year	\$ 177,857	6,099	183,956

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Ron Warren Scholarship	Joy Jones Scholarship	Corner Conference Scholarship	Total
Assets				
Cash and pooled investments	\$ 488	750	1,978	3,216
Liabilities	-	-	-	-
Net assets				
Restricted for scholarships	\$ 488	750	1,978	3,216

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust - Scholarship Fund			
	Ron Warren Scholarship	Joy Jones Scholarship	Corner Conference Scholarship	Total
Additions:				
Local sources:				
Interest	\$ 1	-	-	1
Deductions:	-	-	-	-
Changes in net assets	1	-	-	1
Net assets beginning of year	487	750	1,978	3,215
Net assets end of year	\$ 488	750	1,978	3,216

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Drama	\$ 1,034	392	746	680
Vocal	5	-	-	5
Instrumental	(556)	-	120	(676)
Football	(407)	225	276	(458)
Girls Basketball	(217)	-	-	(217)
HS Track	(35)	-	-	(35)
Baseball	(125)	-	-	(125)
Athletics	1,551	7,373	8,433	491
Weightlifting Club	1,422	533	-	1,955
Girls Softball Club	318	-	-	318
Elementary Carnival	5,489	10,438	7,681	8,246
Class of 2007	(18)	-	-	(18)
Class of 2011	(460)	460	-	-
Class of 2012	923	2,077	3,000	-
Class of 2013	568	4,164	2,912	1,820
Class of 2014	221	429	-	650
Class of 2015	40	-	-	40
Class of 2016	90	70	-	160
Class of 2017	105	36	-	141
Class of 2018	-	56	-	56
Yearbook	(223)	4,231	3,540	468
Corner Conference	1,632	500	500	1,632
National Honor Society	1,222	506	466	1,262
Concession Stand	2,826	4,687	5,194	2,319
Cheerleaders	453	50	440	63
Drill Team	1,858	6,298	6,900	1,256
Student Council	313	575	615	273
FCCLA	185	-	-	185
BPA	(3,437)	4,626	2,584	(1,395)
FFA	9,811	10,645	8,886	11,570
MS Student Council	1,408	21	32	1,397
Spanish Club	329	-	-	329
Trips and Activities	(227)	-	-	(227)
Library	2,384	1,461	3,845	-
Booster Club	8,157	14,225	8,844	13,538
Gate Change	(390)	-	-	(390)
Activity interest	1,666	108	-	1,774
Pop Machine	(95)	-	-	(95)
Total	\$ 37,820	74,186	65,014	46,992

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 1,558,072	1,280,190	1,191,552	1,214,460	1,073,491	1,122,128	1,053,799	1,167,875	1,159,197
Tuition	110,191	84,420	61,577	57,010	56,415	66,354	65,691	65,477	51,912
Other	98,949	117,242	124,293	150,121	124,501	164,487	171,058	139,346	166,910
Intermediate sources	-	-	-	-	-	85,000	3,797	-	-
State sources	1,226,980	1,293,489	1,024,714	1,269,665	1,348,724	1,198,545	1,191,256	1,253,081	1,302,959
Federal sources	129,498	252,144	355,308	147,298	146,570	183,652	137,597	129,141	489,953
Total	\$ 3,123,690	3,027,485	2,757,444	2,838,554	2,749,701	2,820,166	2,623,198	2,754,920	3,170,931
Expenditures:									
Instruction:									
Regular	\$ 1,094,785	1,054,141	1,119,005	1,121,478	1,201,674	1,067,806	1,092,910	1,047,608	1,015,036
Special	566,593	494,007	497,362	359,356	390,752	475,750	358,508	319,517	325,089
Other	209,970	287,082	304,895	285,572	247,985	190,477	322,403	330,026	282,762
Support services:									
Student	36,495	39,647	77,316	44,213	16,800	7,716	3,615	4,178	21,669
Instructional staff	49,218	25,787	32,743	39,499	89,522	136,776	69,140	52,201	21,005
Administration	252,920	277,594	315,668	331,525	306,779	410,434	334,274	318,601	348,487
Operation and maintenance of plant	245,575	235,358	275,301	286,422	270,375	267,555	244,677	257,790	213,837
Transportation	194,585	117,055	195,407	125,611	114,221	138,947	111,292	156,367	84,470
Capital outlays	140,073	101,449	285,792	64,835	91,740	76,661	165,545	161,259	534,691
Long-term debt:									
Principal	58,901	58,900	150,019	40,000	35,000	35,000	35,000	30,000	30,000
Interest	-	-	1,175	4,400	5,660	6,719	7,579	9,393	10,598
Other expenditures:									
AEA flow-through	90,297	105,573	103,857	97,571	94,850	91,837	90,274	92,612	94,165
Total	\$ 2,939,412	2,796,593	3,358,540	2,800,482	2,865,358	2,905,678	2,835,217	2,779,552	2,981,809

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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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
South Page Community School District:

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 South Page Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 12, 2013. 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.

Internal Control Over Financial Reporting

The management of South Page Community School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered South Page Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of South Page Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of South Page Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected on a timely basis. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Finding as item I-A-12 to be a material weakness.

Compliance and Other Matters

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

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2012 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.

South Page Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit South Page Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of South Page Community School District and other parties to whom South Page Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of South Page 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 12, 2013

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over data processing in general, receipt posting, investing, disbursement journalizing, payroll preparation and bank reconciling.

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

Response - We will investigate available alternatives and implement them as soon as possible.

Conclusion - Response accepted.

OTHER MATTERS:

I-B-12 Board Policies - We noted during our audit the District has not updated all board policies as required by Department of Education. The policies are to be reviewed and updated every five years.

Recommendation - The District should review their board policies in place and update or implement the necessary policies.

Response - The District contracted with IASB to review District policies. The Superintendent is using those recommendations to update polices for consideration by the board.

Conclusion - Response accepted.

I-C-12 Student Activity Fund Interest - We noted during our audit that the Student Activity Fund has an interest account. It appears that interest earned has not been allocated to individual accounts in the Student Activity Fund for several years.

Recommendation - Interest earned should be allocated out on an annual basis to the individual activity accounts. The interest should be recognized by various clubs that earned the interest.

Response - Beginning in fiscal 2013 the District will distribute interest to the accounts on an annual basis.

Conclusion - Response accepted.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

II-A-12 Certified Budget - District expenditures for the year ended June 30, 2012 exceeded the amount budgeted in the other expenditures function.

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

Response - The budget will be monitored closer for over expenditures and a budget amendment will be made if needed.

Conclusion - Response accepted.

II-B-12 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-12 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-12 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Denise Hoskins, Teacher	Catering for District	\$75

In accordance with the Attorney General's Opinion dated July 2, 1990, the above transaction with the teacher does not appear to represent a conflict of interest.

II-E-12 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-12 Board Minutes - We noted transactions requiring Board approval have not been approved by the Board.

II-G-12 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The total number of students certified was understated by 0.40 students.

Recommendation - The Iowa Department of Education and the Department of Management on the District's behalf to resolve this matter.

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

Conclusion - Response accepted.

- II-H-12 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 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-12 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-12 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-12 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 199,087
Revenues:		
Sales tax revenues	\$ 158,557	
Other local revenues	19	
Insurance proceeds	31,252	189,828
	<u> </u>	<u>388,915</u>
Expenditures/transfers out:		
School infrastructure construction	\$ 103,152	
Equipment	27,370	
Other	21,635	
Transfers to other funds:		
Debt service fund	58,901	211,058
	<u> </u>	<u>211,058</u>
Ending Balance		<u><u>\$ 177,857</u></u>

For the year ended June 30, 2012, 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-12 Financial Condition - We noted during our audit that the Student Activity Fund included ten accounts with negative balances totaling \$3,636.

Recommendation - The District should review the policies and procedures and find alternative methods of eliminating the deficits.

Response - The sponsors have been made aware of the negative fund balances. The administrators will work with the sponsors to eliminate the deficit balances.

Conclusion - Response accepted.

II-N-12 Checks Outstanding - We noted during our audit that the District had checks included in the Student Activity and General Fund bank reconciliations which have been outstanding for over a year.

Recommendation - The District should research outstanding checks to determine if they should be reissued or voided. Once checks have been outstanding for two years, the checks should be submitted to the Treasurer of Iowa as unclaimed property. Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st.

Response - The checks were voided or reissued. Those that are not returned or cashed in a timely manner will be handled appropriately.

Conclusion - Response accepted.

II-O-12 Student Activity Fund - During our audit issues arose about the properness of certain receipts and expenditures collected/paid from the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa and 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. More specific examples of these instances of questioned items and recommendations are as follows:

Box Tops: Currently, the District records Box Tops donations in the Student Activity Fund.

Recommendation - Donations given to a school should be expended according to donor request. According to information contained on the website for Box Tops, the donation can be used for items such as books, computers or playground equipment. Since the items listed for purchase with Box Top Donations appear to be instructional in nature, the most logical place to record these donations would be the General Fund.

Response - The account will be moved to the General Fund.

Conclusion - Response accepted.

Scholarship Awards: We noted that scholarships were paid from the Corner Conference and the Booster Club accounts in the Student Activity Fund.

Recommendation - Scholarships are most appropriately paid from the Private Purpose Trust Fund; therefore, proceeds and subsequent expenditures for giving scholarships to students should be placed in Private Purpose Trust Fund.

Response - The scholarship money will be recorded in and paid out of the Trust Fund.

Conclusion - Response accepted.

II-P-12 Daycare - We noted during our audit that an individual operates Trishie's Little Rebels Daycare(Daycare) on the District's premises. During our discussion with District personnel, we discovered the following that creates conflicts as to whether the Daycare is operating as part of the District or as a separate entity:

- The Daycare is not licensed by the State of Iowa to be a daycare provider. Chapter 237A.2 of the Code of Iowa says that no individual may establish or operate a child care center without obtaining a license from the State of Iowa.

- Currently, the District is filing DHS reimbursement forms on behalf of the Daycare. Once the reimbursement arrives, the District turns the reimbursement over to the Daycare. Since the Daycare is not licensed for operation in Iowa, it appears that the District has filed \$8,379.50 in fraudulent claims on behalf of the Daycare.
- The Daycare pays one dollar per month for rental of a portion of the District's building. One dollar for rent appears inappropriate considering utilities and janitorial costs to the District would be more than one dollar per month.
- The Daycare pays \$100 to the District for a rider on the District's insurance policy to operate on the District's premises.
- The individual operating the daycare is using her social security number and purchasing supplies from her own checking account for operation of the Daycare.

Recommendation - In reviewing the inconsistencies, the District's Board of Directors as well as the administration of the District needs to determine whether the Daycare is a separate entity from the District or an enterprise fund of the District. The accounting and legal requirements are distinctly different based on determination of the legal description of the entity.

If the Daycare is a part of the District, it is acceptable to claim the DHS reimbursements and provide space on the District's premises. The Daycare should be staffed with licensed individuals that have been background checked and hired by the District. Accounting for the Daycare would be included in the District's financial records and operated to comply with the District's Board policies and internal controls.

If the Daycare is a separate entity, the Daycare needs to obtain a license from the State of Iowa to be in compliance with Chapter 237A.2 of the Code of Iowa. The District should charge a fair rent for the space provided for the Daycare. The Daycare should provide proof of insurance that is separate of the District's insurance policy. Furthermore, the District should not represent itself as the Daycare for making claims to DHS for assistance.

The District needs to determine the legal description of the entity. Subsequent transactions and reporting requirements need to be consistent with that type of entity.

Response - The Daycare is a separate entity. On September 1, 2012 the Daycare obtained a license from the State of Iowa and is in compliance. The Daycare also pays rent to the District, and provided proof of insurance. The District does not make claims to DHS for assistance.

Conclusion - Response accepted.