

SIGOURNEY COMMUNITY SCHOOL DISTRICT
SIGOURNEY, IOWA

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

JUNE 30, 2013

TABLE OF CONTENTS

	Page
OFFICIALS	3
INDEPENDENT AUDITOR’S REPORT	4-5
BASIC FINANCIAL STATEMENTS	
Exhibit	
District-Wide Financial Statements:	
A Statement of Net Position	8-9
B Statement of Activities	10-13
Governmental Fund Financial Statements:	
C Balance Sheet	14
D Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	15
E Statement of Revenues, Expenditures and Changes in Fund Balances	16-17
F Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	18
Proprietary Fund Financial Statements:	
G Statement of Net Position	19
H Statement of Revenues, Expenses and Changes in Net Position	20
I Statement of Cash Flows	21-22
Fiduciary Fund Financial Statements:	
J Statement of Fiduciary Net Position	23
K Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements	25-39
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	42
Notes to Required Supplementary Information – Budgetary Reporting	43
Schedule of Funding Progress for the Retiree Health Plan	44
SUPPLEMENTARY INFORMATION:	
Schedule	
Nonmajor Governmental Funds:	
1 Balance Sheet	46
2 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	47
Capital Projects Accounts:	
3 Combining Balance Sheet	48
4 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	49
5 Schedule of Changes in Special Revenue Fund, Student Activity Accounts	50
6 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	51
7 Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	52-53
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	54-55
SCHEDULE OF FINDINGS	56-58

SIGOURNEY COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Bill Rees	President	2013
Mark O'Rourke	Vice President	2015
Teresa Dawson	Board Member	2013
Ruth Manchester	Board Member	2013
Denise Conrad	Board Member	2015
Terry Hollingsworth	Board Member	2015
Marsha Steinhart	Board Member	2015
<u>School Officials</u>		
Benita Gonzales	Superintendent	2013
Susan Huls	District Secretary/Treasurer and Business Manager	2013
Lynch Dallas, P.C.	Attorney	2013

DOUGLAS T. HUNT, CPA
DONALD D. KAIN
CHUCK C. CONVERSE, CPA
RUSSELL S. TERPSTRA, CPA
MICHAEL G. STANLEY, CPA
DEE A.A. HOKE, CPA

HUNT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Sigourney Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sigourney Community School District, Sigourney Iowa, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters*Required Supplementary Information*

U.S. generally accepted accounting principles require the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted the Management's Discussion and Analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sigourney Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the five years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2013 on our consideration of Sigourney Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Sigourney Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa
December 13, 2013

Hunt & Associates, P.C.

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Basic Financial Statements

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 3,080,006	\$ 104,673	\$ 3,184,679
Receivables:			
Property tax:			
Current year	54,010	-	54,010
Succeeding year	2,268,961	-	2,268,961
Income surtax	135,035	-	135,035
Accounts	90,538	-	90,538
Due from other governments	311,782	-	311,782
Inventories	-	7,012	7,012
Capital assets, net of accumulated depreciation (note 4)	4,500,892	42,155	4,543,047
Total assets	10,441,224	153,840	10,595,064
Liabilities			
Accounts payable	102,102	35	102,137
Accrued interest payable	75,232	-	75,232
Deferred revenue:			
Succeeding year property tax	2,268,961	-	2,268,961
Other	5,847	2,935	8,782
Long-term liabilities (note 5):			
Portion due within one year:			
Capital lease purchase agreements	149,503	-	149,503
Promissory note payable	30,209	-	30,209
Bank loan payable	9,537	-	9,537
Lighting capital lease	24,844	-	24,844
Portion due after one year:			
Capital lease purchase agreements	375,915	-	375,915
Promissory note payable	1,612,874	-	1,612,874
Lighting capital lease	75,579	-	75,579
Net OPEB liability	166,000	-	166,000
Total liabilities	4,896,603	2,970	4,899,573

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 2,747,849	\$ 42,155	\$ 2,790,004
Restricted for:			
Categorical funding	137,320	-	137,320
Management levy purposes	107,953	-	107,953
Physical plant and equipment levy purposes	23,465	-	23,465
Student activities	80,739	-	80,739
Capital projects	12,262	-	12,262
Unrestricted	<u>2,435,033</u>	<u>108,715</u>	<u>2,543,748</u>
 Total net position	 <u>\$ 5,544,621</u>	 <u>\$ 150,870</u>	 <u>\$ 5,695,491</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 4,377,735	\$ 436,034	\$ 670,970
Support services:			
Student	27,790	-	-
Instructional staff	128,810	-	7,476
Administration	919,356	209,721	-
Operation and maintenance of plant	457,710	-	-
Transportation	297,786	-	-
	<u>1,831,452</u>	<u>209,721</u>	<u>7,476</u>
Other expenditures:			
Facilities acquisition	27,439	5,000	-
Long-term debt interest and fiscal charges	89,261	-	-
AEA flowthrough	209,713	-	209,713
Depreciation (unallocated) *	149,773	-	-
	<u>476,186</u>	<u>5,000</u>	<u>209,713</u>
Total governmental activities	<u>6,685,373</u>	<u>650,755</u>	<u>888,159</u>
Business-Type Activities:			
Support services:			
Operation and maintenance of plant	8,397	-	-
Non-instructional programs:			
Food service operations	<u>261,222</u>	<u>137,826</u>	<u>133,183</u>
Total business-type activities	<u>269,619</u>	<u>137,826</u>	<u>133,183</u>
Total	<u>\$ 6,954,992</u>	<u>\$ 788,581</u>	<u>\$ 1,021,342</u>

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (3,270,731)	\$ -	\$ (3,270,731)
(27,790)	-	(27,790)
(121,334)	-	(121,334)
(709,635)	-	(709,635)
(457,710)	-	(457,710)
(297,786)	-	(297,786)
(1,614,255)	-	(1,614,255)
(22,439)	-	(22,439)
(89,261)	-	(89,261)
-	-	-
(149,773)	-	(149,773)
(261,473)	-	(261,473)
(5,146,459)	-	(5,146,459)
-	(8,397)	(8,397)
-	9,787	9,787
-	1,390	1,390
(5,146,459)	1,390	(5,145,069)

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions/Programs

General revenues:

- Property tax levied for:
 - General purposes
 - Capital outlay
- Income surtax
- Statewide sales, services and use tax
- Unrestricted state grants
- Unrestricted investment earnings
- Other

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 2,644,278	\$ -	\$ 2,644,278
50,629	-	50,629
139,923	-	139,923
469,152	-	469,152
2,587,722	-	2,587,722
4,798	108	4,906
10,793	-	10,793
<hr/>		
5,907,295	108	5,907,403
<hr/>		
760,836	1,498	762,334
<hr/>		
4,783,785	149,372	4,933,157
<hr/>		
<u>\$ 5,544,621</u>	<u>\$ 150,870</u>	<u>\$ 5,695,491</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 2,494,501	\$ 106,766	\$ 394,948	\$ 83,791	\$ 3,080,006
Receivables:					
Property tax:					
Current year	48,989	4,011	1,010	-	54,010
Succeeding year	1,716,503	500,000	52,458	-	2,268,961
Income surtax	135,035	-	-	-	135,035
Accounts	90,538	-	-	-	90,538
Due from other governments	68,430	-	243,352	-	311,782
Total assets	\$ 4,553,996	\$ 610,777	\$ 691,768	\$ 83,791	\$ 5,940,332
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 92,914	\$ 2,824	\$ 3,312	\$ 3,052	\$ 102,102
Deferred revenue:					
Succeeding year property tax	1,716,503	500,000	52,458	-	2,268,961
Other	140,882	-	-	-	140,882
Total liabilities	1,950,299	502,824	55,770	3,052	2,511,945
Fund balances:					
Restricted for:					
Categorical funding (note 10)	137,320	-	-	-	137,320
Management levy purposes	-	107,953	-	-	107,953
Student activities	-	-	-	80,739	80,739
School infrastructure	-	-	612,533	-	612,533
Physical plant and equipment	-	-	23,465	-	23,465
Assigned for specific instructional purposes	57,440	-	-	-	57,440
Unassigned	2,408,937	-	-	-	2,408,937
Total fund balances	2,603,697	107,953	635,998	80,739	3,428,387
Total liabilities and fund balances	\$ 4,553,996	\$ 610,777	\$ 691,768	\$ 83,791	\$ 5,940,332

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 June 30, 2013

Total fund balances of governmental funds	\$ 3,428,387
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,500,892
Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	135,035
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(75,232)
Long-term liabilities, including capital lease purchase agreements, promissory notes, bank loans, lighting capital leases, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,444,461)</u>
Net position of governmental activities	<u>\$ 5,544,621</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 2,574,409	\$ 199,650	\$ 519,781	\$ -	\$ 3,293,840
Tuition	190,397	-	-	-	190,397
Other	287,652	6,450	5,379	185,274	484,755
State sources	3,305,658	-	-	-	3,305,658
Federal sources	165,580	-	-	-	165,580
Total revenues	<u>6,523,696</u>	<u>206,100</u>	<u>525,160</u>	<u>185,274</u>	<u>7,440,230</u>
Expenditures:					
Current:					
Instruction	<u>3,569,522</u>	<u>142,610</u>	<u>495,190</u>	<u>190,477</u>	<u>4,397,799</u>
Support services:					
Student	27,368	-	-	-	27,368
Instructional staff	127,916	-	-	-	127,916
Administration	907,234	-	4,822	-	912,056
Operation and maintenance of plant	419,082	28,643	3,618	2,302	453,645
Transportation	246,411	5,780	-	-	252,191
	<u>1,728,011</u>	<u>34,423</u>	<u>8,440</u>	<u>2,302</u>	<u>1,773,176</u>
Other expenditures:					
Facilities acquisition	-	-	69,979	-	69,979
Long term debt:					
Principal	-	-	-	263,749	263,749
Interest and fiscal charges	-	-	-	88,494	88,494
AEA flowthrough	209,713	-	-	-	209,713
	<u>209,713</u>	<u>-</u>	<u>69,979</u>	<u>352,243</u>	<u>631,935</u>
Total expenditures	<u>5,507,246</u>	<u>177,033</u>	<u>573,609</u>	<u>545,022</u>	<u>6,802,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,016,450</u>	<u>29,067</u>	<u>(48,449)</u>	<u>(359,748)</u>	<u>637,320</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Capital lease proceeds	\$ -	\$ -	\$ 495,190	\$ -	\$ 495,190
Sale of equipment	10	-	-	-	10
Compensation for loss of capital assets	2,276	-	-	-	2,276
Interfund transfers in (note 3)	-	-	-	352,243	352,243
Interfund transfers out (note 3)	-	-	(352,243)	-	(352,243)
Total other financing sources (uses)	<u>2,286</u>	<u>-</u>	<u>142,947</u>	<u>352,243</u>	<u>497,476</u>
Net change in fund balances	1,018,736	29,067	94,498	(7,505)	1,134,796
Fund balances beginning of year	<u>1,584,961</u>	<u>78,886</u>	<u>541,500</u>	<u>88,244</u>	<u>2,293,591</u>
Fund balances end of year	<u>\$ 2,603,697</u>	<u>\$ 107,953</u>	<u>\$ 635,998</u>	<u>\$ 80,739</u>	<u>\$ 3,428,387</u>

See notes to financial statements.

SIGOURNEY 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, 2013

Net change in fund balances - total governmental funds \$ 1,134,796

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 Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 42,540	
Depreciation expense	<u>(230,045)</u>	(187,505)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is deferred in the governmental funds. It is, however, recorded as revenue in the Statement of Activities. 3,692

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (495,190)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 263,749

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (767)

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

Early retirement	77,061	
Net OPEB liability	<u>(35,000)</u>	<u>42,061</u>

Change in net position of governmental activities \$ 760,836

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2013

	<u>School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 104,673
Inventories	<u>7,012</u>
Total current assets	<u>111,685</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation (note 4)	<u>42,155</u>
Total assets	<u>153,840</u>
Liabilities	
Current liabilities:	
Accounts payable	35
Deferred revenue	<u>2,935</u>
Total liabilities	<u>2,970</u>
Net Position	
Net investment in capital assets	42,155
Unrestricted	<u>108,715</u>
Total net position	<u>\$ 150,870</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2013

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>137,826</u>
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Purchased services	8,397
Non-instructional programs:	
Food service operations:	
Salaries	106,823
Benefits	31,882
Purchased services	435
Supplies	114,837
Depreciation	7,060
Other	185
	<u>269,619</u>
Operating loss	(131,793)
Non-operating revenues:	
Interest on investments	108
State sources	2,424
Federal sources	130,759
Total non-operating revenues	<u>133,291</u>
Change in net position	1,498
Net position beginning of year	<u>149,372</u>
Net position end of year	\$ <u><u>150,870</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2013

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 136,906
Cash received from miscellaneous operating activities	1,564
Cash payments to employees for services	(138,705)
Cash payments to suppliers for goods or services	<u>(101,595)</u>
Net cash used by operating activities	<u>(101,830)</u>
Cash flows from non-capital financing activities:	
State grants received	2,424
Federal grants received	<u>109,103</u>
Net cash provided by non-capital financing activities	<u>111,527</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(12,862)</u>
Cash flows from investing activities:	
Interest on investments	<u>108</u>
Net decrease in cash and cash equivalents	(3,057)
Cash and cash equivalents beginning of year	<u>107,730</u>
Cash and cash equivalents end of year	<u>\$ 104,673</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2013

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (131,793)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	7,060
Commodities used	21,656
Decrease in inventories	568
Increase in accounts payable	35
Increase in deferred revenue	<u>644</u>
Net cash used by operating activities	<u>\$ (101,830)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$21,656 of federal commodities.

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2013

	Private Purpose Trust	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Cash and pooled investments	\$ <u>26,782</u>	\$ <u>11,643</u>
Liabilities:		
Other payables	<u>-</u>	<u>11,643</u>
Net position:		
Restricted for scholarships	\$ <u><u>26,782</u></u>	\$ <u><u>-</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended June 30, 2013

		<u>Private Purpose Trust</u>
		<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$	5,000
Interest		<u>23</u>
Total additions		<u>5,023</u>
Deductions:		
Instruction:		
Scholarships awarded		<u>400</u>
Change in net position		4,623
Net position beginning of year		<u>22,159</u>
Net position end of year	\$	<u><u>26,782</u></u>
See notes to financial statements.		

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

Sigourney Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Sigourney, Iowa, and agricultural territory in Keokuk 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, Sigourney 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. Sigourney Community School District has one component unit which meets the Governmental Accounting Standards Board criteria.

These financial statements present Sigourney Community School District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationships with the District.

Blended Component Unit – The following component unit is an entity which is legally separate from the school district, but is so intertwined with the school district that it is, in substance, the same as the school district. It is reported as part of the school district and blended into the appropriate fund.

The Sigourney Education Foundation (Foundation) was created to raise money through contributions to advance, enhance, and support educational opportunities in the Sigourney Community School District. The Foundation is a separate legal entity whose directors are all members of the school Board of Education. The Foundation is reported as an Agency Fund.

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

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Position (previously referred to as 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.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are 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 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 District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

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

The Special Revenue, Management Levy Fund is used to account for the payments of casualty and workers' compensation insurance and certain other employee related liabilities, including unemployment benefits and early retirement.

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

The District reports the following proprietary fund:

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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 funds are 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 Equity

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, have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the 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 District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Income Surtax Receivable – Income surtax receivable budgeted for the fiscal year ended June 30, 2013 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-12 years

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible 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 represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current 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, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

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

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

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District's policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employee in the year that it is earned. The District has no compensated absences liability at June 30, 2013.

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

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

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 2. Cash and Pooled Investments (continued)

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

Component Unit Agency Fund Investments - The Foundation had investments at June 30, 2013 as follows:

	<u>Fair Value</u>
Mutual Funds	\$ <u>11,643</u>

The investments in the Mutual Funds are valued at fair value.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>352,243</u>

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 147,865	\$ -	\$ -	\$ 147,865
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>147,865</u>	<u>-</u>	<u>-</u>	<u>147,865</u>
Capital assets being depreciated:				
Buildings	6,374,325	42,540	-	6,416,865
Improvements other than buildings	641,907	-	-	641,907
Furniture and equipment	1,060,178	-	-	1,060,178
Total capital assets being depreciated	<u>8,076,410</u>	<u>42,540</u>	<u>-</u>	<u>8,118,950</u>
Less accumulated depreciation for:				
Buildings	2,461,154	125,920	-	2,587,074
Improvements other than buildings	337,304	26,843	-	364,147
Furniture and equipment	737,420	77,282	-	814,702
Total accumulated depreciation	<u>3,535,878</u>	<u>230,045</u>	<u>-</u>	<u>3,765,923</u>
Total capital assets being depreciated, net	<u>4,540,532</u>	<u>(187,505)</u>	<u>-</u>	<u>4,353,027</u>
Governmental activities capital assets, net	<u>\$ 4,688,397</u>	<u>\$ (187,505)</u>	<u>\$ -</u>	<u>\$ 4,500,892</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 188,767	\$ 12,862	\$ 15,745	\$ 185,884
Less accumulated depreciation	152,414	7,060	15,745	143,729
Business-type activities capital assets, net	<u>\$ 36,353</u>	<u>\$ 5,802</u>	<u>\$ -</u>	<u>\$ 42,155</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction \$ 34,146

Support services:

Operation and maintenance of plant 1,864

Transportation 44,262

80,272

Unallocated depreciation 149,773

Total depreciation expense - governmental activities \$ 230,045

Business-type activities:

Food service operations \$ 7,060

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 77,061	\$ -	\$ 77,061	\$ -	-
Capital lease purchase agreements	219,871	495,190	189,643	525,418	149,503
Promissory note	1,671,574	-	28,491	1,643,083	30,209
Bank loan	32,450	-	22,913	9,537	9,537
Lighting capital lease	123,125	-	22,702	100,423	24,844
Net OPEB liability	131,000	35,000	-	166,000	-
Total	\$ 2,255,081	\$ 530,190	\$ 340,810	\$ 2,444,461	\$ 214,093

Early Retirement

For the year ended June 30, 2013, the District did not offer a voluntary early retirement plan to its employees.

For the year ended June 30, 2010, the early retirement benefit for each eligible employee was equal to one-half of the employee's salary excluding overtime, extra duty, extracurricular, and teacher comp and phase money and subject to a maximum of \$20,000 per individual. These early retirement benefits were paid in six installments beginning January 2011 through June 2013.

At June 30, 2013, the District has no obligations to participants. Actual early retirement expenditures for the year ended June 30, 2013 totaled \$77,061.

Capital Lease Purchase Agreements

During the year ended June 30, 2011, the District entered into an interest-free agreement for the lease purchase of computers and computer equipment totaling \$120,909. The agreement provides for semi-annual payments of \$15,114 every September 13 and March 13 through March 13, 2014.

During the year ended June 30, 2013, the District entered into an agreement for the lease purchase of computers and computer equipment totaling \$495,190. The agreement provides for eight semi-annual payments of \$65,374 every October 15 and April 15, with the first payment on October 15, 2013, and includes interest at 2.46%.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. Long-Term Liabilities (continued)

Capital Lease Purchase Agreements (continued)

Details of the District's June 30, 2013 capital lease purchase agreement indebtedness are as follows:

Year Ending June 30,	2013 Computers and Computer Equipment		2011 Computers and Computer Equipment		Total	
	Principal	Interest	Principal	Principal	Interest	
2014	\$ 119,275	\$ 11,473	\$ 30,228	\$ 149,503	\$ 11,473	
2015	122,258	8,490	-	122,258	8,490	
2016	125,280	5,468	-	125,280	5,468	
2017	128,377	2,370	-	128,377	2,370	
	<u>\$ 495,190</u>	<u>\$ 27,801</u>	<u>\$ 30,228</u>	<u>\$ 525,418</u>	<u>\$ 27,801</u>	

Total payments on capital lease purchase agreements for the year ended June 30, 2013 were \$189,643.

Promissory Note

On July 13, 2009, the District issued a promissory note of \$1,700,000. The note is a draw-down loan with the proceeds of the issuance to be used to construct the Career Academy building. The note is payable over sixteen years and includes interest at 4.5%.

Details of the District's June 30, 2013 promissory note indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 30,209	\$ 74,965	\$ 105,174
2015	31,587	73,587	105,174
2016	33,028	72,146	105,174
2017	34,342	70,832	105,174
2018	36,102	69,072	105,174
2019	37,749	67,425	105,174
2020	39,471	65,703	105,174
2021	41,097	64,077	105,174
2022	43,147	62,027	105,174
2023	45,116	60,058	105,174
2024	47,174	58,000	105,174
2025	49,174	56,000	105,174
2026	1,174,887	53,604	1,228,491
	<u>\$ 1,643,083</u>	<u>\$ 847,496</u>	<u>\$ 2,490,579</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 5. Long-Term Liabilities (continued)

Bank Loan

During the year ended June 30, 2011, the District entered into a bank loan to purchase three vans totaling \$54,105. The loan provides for quarterly payments of \$4,850 including interest of 4.5%.

Details of the District's June 30, 2013 bank loan indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 9,537	\$ 164	\$ 9,701

Lighting Capital Lease

During the year ended June 30, 2010, the District entered into a capital lease to purchase and install lighting equipment totaling \$170,503. The agreement provides for monthly payments of \$2,743.24 for 84 months ending January 15, 2017 and includes interest of 9.05%.

Details of the District's June 30, 2013 capital lease indebtedness is as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 24,844	\$ 8,075	\$ 32,919
2015	27,189	5,730	32,919
2016	29,754	3,165	32,919
2017	18,636	566	19,202
	\$ 100,423	\$ 17,536	\$ 117,959

Note 6. Other Postemployment Benefits (OPEB)

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 76 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. Other Postemployment Benefits (OPEB) (continued)

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$	60,000
Interest on net OPEB obligation		3,000
Adjustment to annual required contribution		<u>(12,000)</u>
Annual OPEB cost		51,000
Contributions made		<u>(16,000)</u>
Increase in net OPEB obligation		35,000
Net OPEB obligation beginning of year		<u>131,000</u>
Net OPEB obligation end of year	\$	<u><u>166,000</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, 2013.

For the year ended June 30, 2013, the District contributed \$16,000 to the medical plan.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2011	\$ 47,000	10.6%	\$ 84,000
2012	51,000	7.8%	131,000
2013	51,000	31.4%	166,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$363,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$363,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,431,000, and the ratio of the UAAL to covered payroll was 10.6%. As of June 30, 2013, there were no trust fund assets.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 6. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, 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 the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis.

The UAAL is being amortized as a level dollar cost over service of the group on a closed basis over 30 years.

Note 7. 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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered payroll for the year ended June 30, 2013. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$285,471, \$264,673, and \$250,208, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Sigourney 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.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$209,713 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2013 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Four-year-old preschool state aid	\$ 27,253
Returning dropouts and dropout prevention programs	29,076
Beginning teacher mentoring and induction	10,031
Teacher salary supplement	33,185
Professional development for model core curriculum	15,341
Professional development	21,584
Market factor incentives	<u>850</u>
Total	<u>\$ 137,320</u>

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Required Supplementary Information

SIGOURNEY COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year Ended June 30, 2013

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 3,968,992	\$ 137,934	\$ 4,106,926	\$ 4,330,430	\$ 4,330,430	\$ (223,504)
State sources	3,305,658	2,424	3,308,082	3,552,886	3,552,886	(244,804)
Federal sources	165,580	130,759	296,339	630,000	630,000	(333,661)
Total revenues	7,440,230	271,117	7,711,347	8,513,316	8,513,316	(801,969)
EXPENDITURES/EXPENSES:						
Instruction	4,397,799	-	4,397,799	5,473,230	5,473,230	1,075,431
Support services	1,773,176	8,397	1,781,573	2,533,000	2,533,000	751,427
Non-instructional programs	-	261,222	261,222	296,380	296,380	35,158
Other expenditures	631,935	-	631,935	698,970	1,521,004	889,069
Total expenditures/expenses	6,802,910	269,619	7,072,529	9,001,580	9,823,614	2,751,085
Excess (deficiency) of revenues over (under) expenditures/ expenses	637,320	1,498	638,818	(488,264)	(1,310,298)	1,949,116
Other financing sources, net	497,476	-	497,476	-	-	497,476
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	1,134,796	1,498	1,136,294	(488,264)	(1,310,298)	2,446,592
Balance beginning of year	2,293,591	149,372	2,442,963	748,674	748,674	1,694,289
Balance end of year	<u>\$ 3,428,387</u>	<u>\$ 150,870</u>	<u>\$ 3,579,257</u>	<u>\$ 260,410</u>	<u>\$ (561,624)</u>	<u>\$ 4,140,881</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2013

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 comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$822,034.

During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2013

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	\$ -	\$ 372	\$ 372	0.0%	\$ 3,660	10.2%
2011	July 1, 2009	-	362	368	0.0%	3,758	9.6%
2012	July 1, 2009	-	338	338	0.0%	3,391	10.0%
2013	July 1, 2012	-	363	363	0.0%	3,431	10.6%

See note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2013

	<u>Special Revenue</u> <u>Student Activity</u>
Assets	
Cash and pooled investments	\$ <u><u>83,791</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ <u>3,052</u>
Fund balances:	
Restricted for:	
Student activities	<u>80,739</u>
Total liabilities and fund balances	\$ <u><u>83,791</u></u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2013

	<u>Special Revenue</u>		
	Student	Debt	Total
	Activity	Service	
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources:			
Other	\$ 185,274	\$ -	\$ 185,274
Expenditures:			
Current:			
Instruction	190,477	-	190,477
Support services:			
Operation and maintenance of plant	2,302	-	2,302
Other expenditures:			
Long term debt:			
Principal	-	263,749	263,749
Interest and fiscal charges	-	88,494	88,494
Total expenditures	<u>192,779</u>	<u>352,243</u>	<u>545,022</u>
Deficiency of revenues under expenditures	(7,505)	(352,243)	(359,748)
Other financing sources:			
Interfund transfers in	<u>-</u>	<u>352,243</u>	<u>352,243</u>
Net change in fund balances	(7,505)	-	(7,505)
Fund balances beginning of year	<u>88,244</u>	<u>-</u>	<u>88,244</u>
Fund balances end of year	<u>\$ 80,739</u>	<u>\$ -</u>	<u>\$ 80,739</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2013

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 369,181	\$ 25,767	\$ 394,948
Receivables:			
Property tax:			
Current year	-	1,010	1,010
Succeeding year	-	52,458	52,458
Due from other governments	243,352	-	243,352
	<hr/>	<hr/>	<hr/>
Total assets	\$ 612,533	\$ 79,235	\$ 691,768
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 3,312	\$ 3,312
Deferred revenue:			
Succeeding year property tax	-	52,458	52,458
Total liabilities	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund balances:			
Restricted for:			
School infrastructure	612,533	-	612,533
Physical plant and equipment	-	23,465	23,465
Total fund balances	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities and fund balances	\$ 612,533	\$ 79,235	\$ 691,768
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2013

	<u>Statewide Sales, Services and Use Tax</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ 469,152	\$ 50,629	\$ 519,781
Other	269	5,110	5,379
Total revenues	<u>469,421</u>	<u>55,739</u>	<u>525,160</u>
Expenditures:			
Current:			
Instruction	-	495,190	495,190
Support services:			
Administration	3,416	1,406	4,822
Operation and maintenance of plant	-	3,618	3,618
Other expenditures:			
Facilities acquisition	-	69,979	69,979
Total expenditures	<u>3,416</u>	<u>570,193</u>	<u>573,609</u>
Excess (deficiency) of revenues over (under) expenditures	466,005	(514,454)	(48,449)
Other financing sources (uses):			
Capital lease proceeds	-	495,190	495,190
Interfund transfers out	(352,243)	-	(352,243)
Total other financing sources (uses)	<u>(352,243)</u>	<u>495,190</u>	<u>142,947</u>
Net change in fund balances	113,762	(19,264)	94,498
Fund balances beginning of year	<u>498,771</u>	<u>42,729</u>	<u>541,500</u>
Fund balances end of year	<u>\$ 612,533</u>	<u>\$ 23,465</u>	<u>\$ 635,998</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Drama	\$ 2,229	\$ 8,339	\$ 4,546	\$ 6,022
Speech	-	421	-	421
Spanish Club	2,905	11	-	2,916
Band Trip	10,872	8,107	4,324	14,655
Girls Basketball Fundraising	1,063	110	832	341
Girls Golf Fundraising	27	1,702	1,432	297
Boys Basketball	524	320	-	844
Trapshooting	1,498	5,320	4,966	1,852
Girls Track Fundraising	920	110	440	590
Softball	2,562	530	1,221	1,871
Baseball Fundraising	3,784	1,103	3,842	1,045
Volleyball Fundraising	122	1,639	105	1,656
Wrestling Fundraising	7,025	1,453	4,779	3,699
Athletics	18,781	85,389	98,387	5,783
Athletic Concessions	-	16,288	14,123	2,165
Sigourney - Keota	938	2,559	3,403	94
Junior High Student Council	168	5	104	69
Honor Society	172	6	35	143
FCCLA	7,424	601	770	7,255
FFA	11,630	38,040	37,806	11,864
Student Council	2,675	4,167	4,318	2,524
Cheerleaders	6,920	2,440	4,018	5,342
Wrestling Cheerleaders	974	5	288	691
Class of 2012	911	-	911	-
Class of 2013	283	1,673	942	1,014
Class of 2014	1,550	694	646	1,598
Class of 2015	1,886	996	138	2,744
Class of 2016	218	1,344	91	1,471
Class of 2017	-	1,441	-	1,441
Blood Drive	183	5	40	148
PBIS	-	456	272	184
	<u>\$ 88,244</u>	<u>\$ 185,274</u>	<u>\$ 192,779</u>	<u>\$ 80,739</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2013

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash	\$ <u>11,724</u>	\$ <u>78</u>	\$ <u>159</u>	\$ <u>11,643</u>
Liabilities				
Other payables	\$ <u>11,724</u>	\$ <u>78</u>	\$ <u>159</u>	\$ <u>11,643</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2013	2012	2011	2010
Revenues:				
Local sources:				
Local tax	\$ 3,293,840	\$ 3,068,797	\$ 2,803,383	\$ 2,614,121
Tuition	190,397	128,854	172,705	172,171
Other	484,755	416,053	437,802	294,740
State sources	3,305,658	3,402,531	3,128,095	2,936,242
Federal sources	165,580	274,332	732,782	791,398
Total revenues	<u>\$ 7,440,230</u>	<u>\$ 7,290,567</u>	<u>\$ 7,274,767</u>	<u>\$ 6,808,672</u>
Expenditures:				
Instruction	\$ 4,397,799	\$ 3,896,609	\$ 4,749,758	\$ 4,613,137
Support services:				
Student	27,368	26,908	26,466	68,554
Instructional staff	127,916	150,352	152,780	192,804
Administration	912,056	787,903	982,555	859,628
Operation and maintenance of plant	453,645	600,485	594,917	534,704
Transportation	252,191	232,712	274,646	224,338
Central support services	-	-	-	-
Non-instructional programs	-	-	2,055	-
Other expenditures:				
Facilities acquisition	69,979	66,565	238,200	1,857,480
Long-term debt:				
Principal	263,749	250,293	198,160	111,954
Interest and fiscal charges	88,494	89,250	43,174	-
AEA flowthrough	209,713	211,064	237,125	234,365
Total expenditures	<u>\$ 6,802,910</u>	<u>\$ 6,312,141</u>	<u>\$ 7,499,836</u>	<u>\$ 8,696,964</u>

See accompanying independent auditor's report.

	2009	2008	2007	2006	2005	2004
\$	2,678,543	\$ 2,630,254	\$ 2,310,889	\$ 2,461,134	\$ 2,374,146	\$ 2,156,319
	247,583	260,764	247,180	295,282	387,580	446,806
	402,271	527,109	328,882	313,145	269,074	260,471
	2,968,223	3,405,799	3,355,294	3,113,321	3,025,100	2,861,247
	292,943	488,958	318,873	331,662	302,972	290,904
\$	<u>6,589,563</u>	<u>7,312,884</u>	<u>6,561,118</u>	<u>6,514,544</u>	<u>6,358,872</u>	<u>6,015,747</u>
\$	4,147,399	\$ 3,918,372	\$ 4,132,620	\$ 4,461,857	\$ 4,230,765	\$ 4,366,462
	93,767	91,569	96,963	97,821	97,550	92,753
	195,697	183,197	203,032	189,373	199,712	138,823
	1,304,820	869,479	813,955	750,145	646,285	586,137
	644,265	574,375	535,287	551,149	457,047	285,958
	223,436	473,581	221,468	270,654	257,980	233,505
	-	-	-	-	-	17,854
	1,640	652	2,632	694	505	631
	38,592	516,926	11,365	33,326	3,113	17,391
	260,000	255,000	160,000	320,000	225,000	215,000
	12,160	23,835	30,875	45,220	54,870	63,743
	216,486	213,973	210,712	193,955	193,071	196,894
\$	<u>7,138,262</u>	<u>7,120,959</u>	<u>6,418,909</u>	<u>6,914,194</u>	<u>6,365,898</u>	<u>6,215,151</u>

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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
Sigourney Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sigourney Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sigourney Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sigourney Community School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in Part I of the accompanying Schedule of Findings as I-A-13 and I-B-13, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sigourney Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part 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, 2013 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.

Sigourney Community School District's Responses to Findings

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

Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Sigourney 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.

Oskaloosa, Iowa
December 13, 2013

Hunt & Associates, P.C.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2013

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

I-A-13 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the recording of disbursements in the system, preparation of the checks, and bank reconciliations are done by the same individual for the Student Activity and School Nutrition Funds.

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

Response – We will investigate available alternatives and implement where possible.

Conclusion – Response accepted.

I-B-13 Sigourney Education Foundation – The District is acting as an agent of the Sigourney Education Foundation, which is considered a blended component unit of the District. However, this fund is not recorded in the District's general ledger.

Recommendation – The District should record the Sigourney Education Foundation into an agency fund in their software system's general ledger, or consider having the Foundation dissolve and transfer its assets to the school as a scholarship trust fund.

Response – We are in the process of reorganizing the Foundation board so that the District does not act as fiscal agent and the board of the Foundation will be separate from the school's board. We may also consider dissolving the Foundation and transferring the scholarship funds to the school district.

Conclusion – Response accepted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2013

Part II: Other Findings Related to Statutory Reporting:

- II-A-13 Certified Budget – Expenditures for the year ended June 30, 2013, did not exceed the amounts budgeted.
- II-B-13 Questionable Expenditures – 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-13 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-13 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-13 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 ensure that the coverage is adequate for current operations.
- II-F-13 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-13 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-13 Supplementary Weighting – The District’s supplementary weighting certified to the Iowa Department of Education for October 1, 2012, was overstated by 0.16 due to three courses that were claimed but were short of accreditation during the fall of 2012.
- Recommendation – The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response – We will contact the Iowa Department of Education and the Iowa Department of Management.
- Conclusion – Response accepted.
- II-I-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-13 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-13 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2013

Part II: Other Findings Related to Statutory Reporting (continued):

II-L-13 Statewide Sales and Services Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$	498,771
Revenues:			
Sales tax revenues	\$	469,152	
Interest		<u>269</u>	469,421
Expenditures/transfers out:			
Other		3,416	
Transfers to other funds:			
Debt Service Fund		<u>352,243</u>	<u>355,659</u>
Ending balance		\$	<u><u>612,533</u></u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.