

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITORS' REPORTS  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2013**

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**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**

**OFFICIALS**

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------|--------------|---------------------|
|-------------|--------------|---------------------|

**BOARD OF EDUCATION**

**(Before September, 2012 Election)**

|                 |                |      |
|-----------------|----------------|------|
| Kevin Lindquist | President      | 2015 |
| Liza Gunnerson  | Vice President | 2015 |
| Lynn Barbier    | Board Member   | 2015 |
| Lory Krummen    | Board Member   | 2013 |
| Randy Ripke     | Board Member   | 2013 |

**(After September, 2012 Election)**

|                 |                |      |
|-----------------|----------------|------|
| Kevin Lindquist | President      | 2015 |
| Lory Krummen    | Vice President | 2016 |
| Lynn Barbier    | Board Member   | 2015 |
| Liza Gunnerson  | Board Member   | 2015 |
| Randy Ripke     | Board Member   | 2016 |

**SCHOOL OFFICIALS**

|                  |                    |
|------------------|--------------------|
| Scott Williamson | Superintendent     |
| Angela Smith     | District Treasurer |
| Rebecca Johnson  | Board Secretary    |



## Independent Auditors' Report

To the Board of Education of the  
Sioux Central Community School District

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and pages 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sioux Central 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 eight years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. We did not audit, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2004. The combining nonmajor fund financial statements are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated February 6, 2014 on our consideration of the Sioux Central Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sioux Central Community School District's internal control over financial reporting and compliance.

*Williams + Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 6, 2014

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**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Sioux Central 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, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

**2013 FINANCIAL HIGHLIGHTS**

General fund revenues decreased from \$6,467,858 in fiscal 2012 to \$5,860,633 in fiscal 2013, while General fund expenditures increased from \$5,848,439 in fiscal 2012 to \$6,118,606. The District's General fund balance decreased from \$2,142,231 at the end of fiscal 2012 to \$1,884,258 at the end of fiscal 2013, a 12% decrease.

The decrease in General fund revenues was attributable mainly to the decrease in property taxes received; specifically the absence of the cash reserve levy portion of the property taxes. The increase in expenditures was due primarily to the increase of costs for educating our students, particularly the increased costs of salaries and employee benefits.

**USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Sioux Central 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 Sioux Central Community School District's operations in more detail than the government-wide statements and provide information about the most significant funds. The remaining statements provide financial information about activities for which Sioux Central Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Other 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.

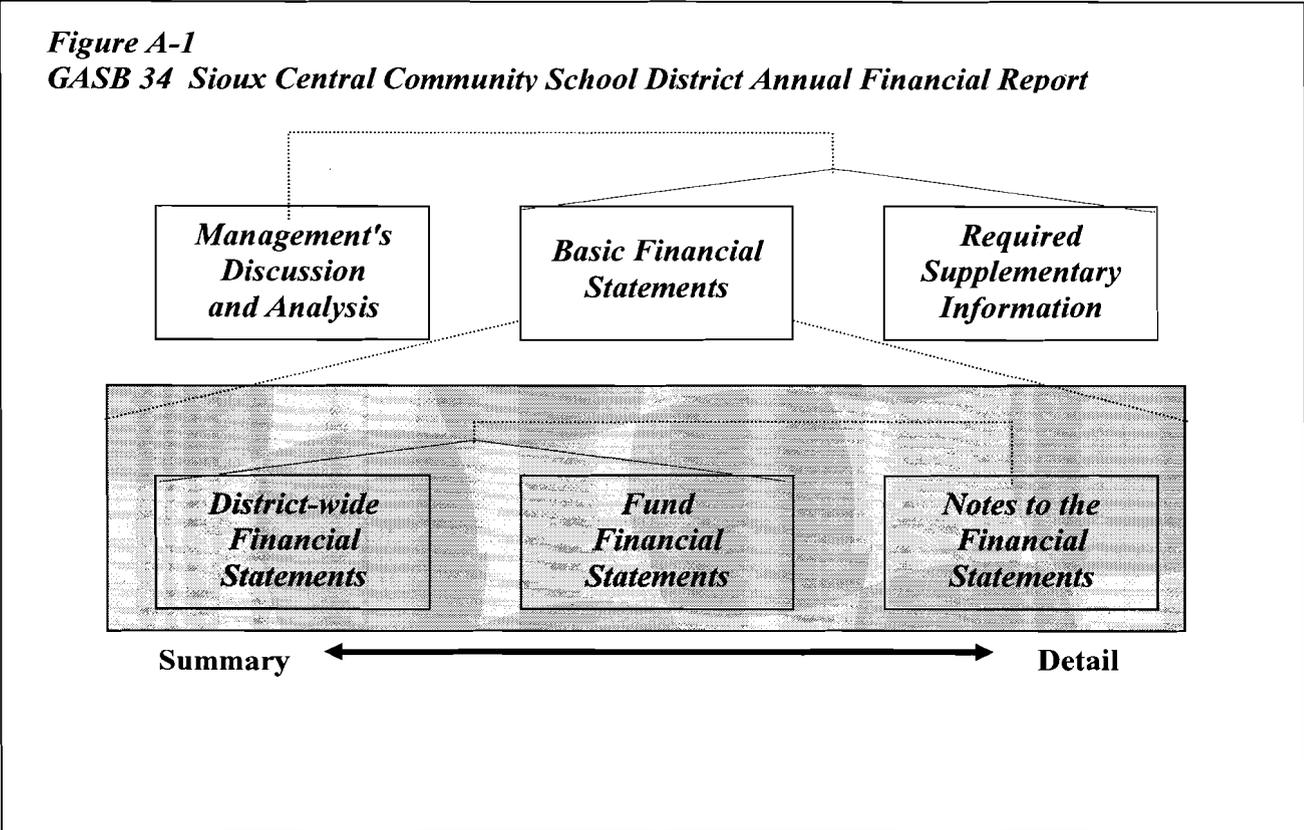


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

| <b>Figure A-2</b><br><b>Major Features of the Government-wide and Fund Financial Statements</b> |  |  |  |
|---|--|--|--|
|   | Government-wide Statements   | Fund Statements  |  |
|   |  | Governmental Funds   | Proprietary Funds  |
| Scope   | Entire District (except fiduciary funds)   | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the District operates similar to private businesses: food services and adult education  |
| Required financial statements   | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>  | Statement of net position<br>Statement of revenues, expenses and changes in fund net position<br><ul style="list-style-type: none"> <li>• Statement of cash flows</li> </ul> |
| Accounting basis and measurement focus  | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus  |
| Type of asset/liability information   | All assets and liabilities, both financial and capital, short-term and long-term                                 | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included   | All assets and liabilities, both financial and capital, short-term and long-term   |
| 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   |

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets 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 position and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional 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 Statement*

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 Project Funds. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.
- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide 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 one Enterprise Fund, the School Nutrition Fund. The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) *Fiduciary funds*: Fiduciary funds are custodial in nature and are used to account for funds held by the District on behalf of someone else. The District's fiduciary funds include a private purpose scholarship trust fund. The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement change in fiduciary net position.

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 net position at June 30, 2013 compared to June 30, 2012.

**Figure A-3**

### Condensed Statement of Net Position

|                           | Governmental        |                     | Business-Type    |                  | Total District      |                     | Total %<br>Change |
|---------------------------|---------------------|---------------------|------------------|------------------|---------------------|---------------------|-------------------|
|                           | Activities          |                     | Activity         |                  |                     |                     |                   |
|                           | 2013                | 2012                | 2013             | 2012             | 2013                | 2012                |                   |
| Current and Other Assets  | \$ 6,243,005        | \$ 5,988,902        | \$ 39,357        | \$ 37,328        | \$ 6,282,362        | \$ 6,026,230        | 4.3%              |
| Capital Assets            | 5,197,196           | 5,374,039           | 10,054           | 11,126           | 5,207,250           | 5,385,165           | -3.3%             |
| <b>Total Assets</b>       | <b>11,440,201</b>   | <b>11,362,941</b>   | <b>49,411</b>    | <b>48,454</b>    | <b>11,489,612</b>   | <b>11,411,395</b>   | <b>0.7%</b>       |
| Current Liabilities       | 3,616,188           | 3,830,369           | -                | -                | 3,616,188           | 3,830,369           | -5.6%             |
| Non-Current Liabilities   | 280,320             | 504,474             | -                | -                | 280,320             | 504,474             | -44.4%            |
| <b>Total Liabilities</b>  | <b>3,896,508</b>    | <b>4,334,843</b>    | <b>-</b>         | <b>-</b>         | <b>3,896,508</b>    | <b>4,334,843</b>    | <b>-10.1%</b>     |
| Net Position:             |                     |                     |                  |                  |                     |                     |                   |
| Net Investment in         |                     |                     |                  |                  |                     |                     |                   |
| Capital Assets            | 4,938,644           | 4,452,844           | 10,054           | 11,126           | 4,948,698           | 4,463,970           | 10.9%             |
| Restricted                | 863,702             | 606,979             | -                | -                | 863,702             | 606,979             | 42.3%             |
| Unrestricted              | 1,741,347           | 1,968,275           | 39,357           | 37,328           | 1,780,704           | 2,005,603           | -11.2%            |
| <b>Total Net Position</b> | <b>\$ 7,543,693</b> | <b>\$ 7,028,098</b> | <b>\$ 49,411</b> | <b>\$ 48,454</b> | <b>\$ 7,593,104</b> | <b>\$ 7,076,552</b> | <b>7.3%</b>       |

The District's combined net position increased 7.3%, or approximately \$516,000, from the prior year. The largest portion of the District's net position is net investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment, less the related debt). The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$256,000, or 42%, from the prior year. The increase was primarily a result of a larger school infrastructure balance to prepare for necessary future projects.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established debt covenants, enabling legislation or other legal requirements – decreased approximately \$225,000, or 11.2%. This decrease of unrestricted net position was simply a result of decreased revenue and increased expenditure in the general fund.

Figure A-4 shows the changes in net position.

**Figure A-4**  
**Changes in Net Position from Operations**

|                                       | Governmental<br>Activities |                     | Business-Type<br>Activity |                   | Total District    |                     | Total %<br>Change |
|---------------------------------------|----------------------------|---------------------|---------------------------|-------------------|-------------------|---------------------|-------------------|
|                                       | 2013                       | 2012                | 2013                      | 2012              | 2013              | 2012                |                   |
| Revenue:                              |                            |                     |                           |                   |                   |                     |                   |
| Program Revenue:                      |                            |                     |                           |                   |                   |                     |                   |
| Charges for Services                  | \$ 1,349,832               | \$ 1,446,824        | \$ 175,128                | \$ 172,515        | \$ 1,524,960      | \$ 1,619,339        | -5.83%            |
| Operating Grants and<br>Contributions | 931,357                    | 942,558             | 180,352                   | 168,943           | 1,111,709         | 1,111,501           | 0.02%             |
| General Revenues:                     |                            |                     |                           |                   |                   |                     |                   |
| Property Tax                          | 2,817,524                  | 2,910,647           | -                         | -                 | 2,817,524         | 2,910,647           | -3.20%            |
| SSSU Tax                              | 413,117                    | 404,516             | -                         | -                 | 413,117           | 404,516             | 2.13%             |
| State Grants                          | 1,801,882                  | 1,934,750           | -                         | -                 | 1,801,882         | 1,934,750           | -6.87%            |
| Interest Income                       | 10,836                     | 11,732              | 83                        | 141               | 10,919            | 11,873              | -8.04%            |
| Miscellaneous                         | 47,403                     | 61,425              | -                         | -                 | 47,403            | 61,425              | -22.83%           |
| Gain on Equipment Sales               | 2,692                      | -                   | -                         | -                 | 2,692             | -                   | 0.00%             |
| <b>Total Revenues</b>                 | <b>7,374,643</b>           | <b>7,712,452</b>    | <b>355,563</b>            | <b>341,599</b>    | <b>7,730,206</b>  | <b>8,054,051</b>    | <b>-4.02%</b>     |
| Expenses:                             |                            |                     |                           |                   |                   |                     |                   |
| Instruction                           | 4,510,209                  | 4,370,934           | -                         | -                 | 4,510,209         | 4,370,934           | 3.19%             |
| Support Services                      | 1,905,654                  | 1,868,712           | -                         | -                 | 1,905,654         | 1,868,712           | 1.98%             |
| Non-Instructional                     | -                          | -                   | 354,606                   | 345,461           | 354,606           | 345,461             | 2.65%             |
| Other Expenses                        | 443,185                    | 409,560             | -                         | -                 | 443,185           | 409,560             | 8.21%             |
| <b>Total Expenses</b>                 | <b>6,859,048</b>           | <b>6,649,206</b>    | <b>354,606</b>            | <b>345,461</b>    | <b>7,213,654</b>  | <b>6,994,667</b>    | <b>3.13%</b>      |
| <b>Change in Net Position</b>         | <b>\$ 515,595</b>          | <b>\$ 1,063,246</b> | <b>\$ 957</b>             | <b>\$ (3,862)</b> | <b>\$ 516,552</b> | <b>\$ 1,059,384</b> | <b>-51.24%</b>    |

Property tax and unrestricted state grants account for 60% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 89% of the total expenses.

The District's total revenues were approximately \$7.7 million, of which \$7.4 million was for governmental activities and \$355,000 was for business-type activities.

As shown in Figure A-4, the district as a whole experienced a 4.02% decrease in revenues and a 3.13% increase in expenses. The decrease in General fund revenues was attributable mainly to the decrease in property taxes received; specifically the absence of the cash reserve levy portion of the property taxes. The increase in expenditures was due primarily to the increase of costs for educating our students, particularly the increased costs of salaries and employee benefits.

### Governmental Activities

Revenues for governmental activities for the year ended June 30, 2013 were \$7,374,643 and expenses were \$6,859,048.

Figure A-5 presents the total and net cost of the District’s major governmental activities: instruction, support services, non-instructional programs, and other expenses, for the year ended June 30, 2013 compared to the year ended June 30, 2012.

**Figure A-5 - Net Cost of Governmental Activities**

|                  | Total Cost of Services |                     |              | Net Cost of Services |                     |              |
|------------------|------------------------|---------------------|--------------|----------------------|---------------------|--------------|
|                  | 2013                   | 2012                | % Change     | 2013                 | 2012                | % Change     |
| Instruction      | \$ 4,510,209           | \$ 4,370,934        | 3.19%        | \$ 2,436,381         | \$ 2,183,369        | 11.59%       |
| Support Services | 1,905,654              | 1,868,712           | 1.98%        | 1,888,458            | 1,854,565           | 1.83%        |
| Other Expenses   | 443,185                | 409,560             | 8.21%        | 253,020              | 221,890             | 14.03%       |
| <b>Total</b>     | <b>\$ 6,859,048</b>    | <b>\$ 6,649,206</b> | <b>3.16%</b> | <b>\$ 4,577,859</b>  | <b>\$ 4,259,824</b> | <b>7.47%</b> |

For the year ended June 30, 2013:

- The cost financed by users of the District’s programs was \$1,380,460 in 2013.
- Federal and state governments subsidized certain programs and grants and contributions totaling \$931,357 in 2013.
- The net cost of governmental activities was financed with \$3,230,641 in property taxes and other taxes and \$1,801,882 in unrestricted state grants.

**Business-Type Activities**

Revenues of the District’s business-type activities (school food and nutrition services) totaled \$355,480 representing a 4.1% increase from the prior year, while expenses totaled \$354,606, a 2.6% increase over the prior year. (Refer to Figure A-4.) The District’s business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

A slight increase in salaries, benefits, and food costs account for the increase in expenses, while an increase in federal assistance accounts for the increase in revenue.

**INDIVIDUAL FUND ANALYSIS**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,874,981, a 2.3% increase over last year’s ending fund balances of \$2,810,126. The reason for increase was mainly due to the increase in receivables and maintaining lower expenditures.

**Governmental Fund Highlights**

The District employed additional staff due to additional student needs.

The General Fund balance decreased from \$2,142,231 to \$1,884,258 due, mainly, to the decrease in property taxes received; specifically the absence of the cash reserve levy portion of the property taxes. The increase in expenditures was due primarily to the increase of costs for educating our students, particularly the increased costs of salaries and employee benefits.

The Management Fund balance increased from \$254,673 at the end of fiscal year 2012 to \$364,721 at the end of fiscal year 2013. This was due to an increased tax levy to offset future early retirement and equipment breakdown insurance costs.

**Proprietary Fund Highlights**

The School Nutrition Fund balance maintained a balance similar to fiscal year 2012.

**Budgetary Highlights**

On May 28, 2013, an amendment to the fiscal year 2013 budget was approved in the amount of \$201,000 for instruction and \$30,000 for other expenditures.

The District’s revenues were \$34,486 more than budgeted, primarily due to the increase of sales tax revenue received.

Total expenditures were less than budgeted expenses primarily due to maintaining control over expenditures.

**CAPITAL AND DEBT ADMINISTRATION**

At June 30, 2013, the District had invested \$5.2 million, net of accumulated depreciation, in a broad range of assets, including land, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment. This represents a net decrease of 3.5% from last year. More detailed information about the District’s capital assets is presented in Note 3 to the financial statements. Total depreciation expense for the year was \$261,469.

The original cost of the District’s capital assets was \$9,290,606. Governmental funds account for \$9,214,682 with the remainder of \$75,924 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity was due to sale of several vehicles and other smaller items that were no longer in use.

**Figure A-6 - Capital Assets**

|                                 | Governmental Activities |                     | Business-Type Activity |                  | Total District      |                     | Total % Change |
|---------------------------------|-------------------------|---------------------|------------------------|------------------|---------------------|---------------------|----------------|
|                                 | 2013                    | 2012                | 2013                   | 2012             | 2013                | 2012                |                |
| Land                            | \$ 125,495              | \$ 125,495          | \$ -                   | \$ -             | \$ 125,495          | \$ 125,495          | 0.00%          |
| Buildings & Improvements        | 4,551,478               | 4,685,215           | -                      | -                | 4,551,478           | 4,685,215           | -2.85%         |
| Equipment, Furniture & Vehicles | 520,223                 | 563,329             | 10,054                 | 11,126           | 530,277             | 574,455             | -7.69%         |
| <b>Total</b>                    | <b>\$ 5,197,196</b>     | <b>\$ 5,374,039</b> | <b>\$ 10,054</b>       | <b>\$ 11,126</b> | <b>\$ 5,207,250</b> | <b>\$ 5,385,165</b> | <b>-3.30%</b>  |

**Long-Term Debt**

At year-end, the District had \$258,551 of long-term debt outstanding. This represents a decrease of approximately 72% from last year. See Figure A-7 below. Additional information about the District’s long-term debt is presented in Note 4 to the financial statements.

The Lease Payable is for a copier lease. In 2013, the District paid \$179,000 to pay off the Laptop Initiative lease.

**Figure A-7 - Long-Term Debt**

|                          | Total District    |                   | Total % Change |
|--------------------------|-------------------|-------------------|----------------|
|                          | 2013              | 2012              |                |
| General Obligation Bonds | \$ 245,000        | \$ 720,000        | -65.97%        |
| Lease Payable            | 13,552            | 201,195           | -93.26%        |
| <b>Total</b>             | <b>\$ 258,552</b> | <b>\$ 921,195</b> | <b>-71.93%</b> |

**FACTORS BEARING ON THE DISTRICT’S FUTURE**

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

- The District continues its sharing agreement with Albert City – Truesdale Community School District for academics. The agreement is going well. The administration is keeping communication lines open with other neighboring districts for the possibility of future sharing.
- The Sioux Central district continues to expand our one to one laptop initiative. The staff continues to work hard to use the technology as a tool for educating our students. All students in grades 3-12 are 1:1 with MacBooks, while our kindergarten through 2<sup>nd</sup> grade are 1:2 with iPads, with plans to create a 1:1 environment for those students within the next year .
- The District enrollment showed a slight decrease this year. However, we continue to be a district of educational choice for students from neighboring districts. We continue to see a three to one ratio for students open enrolling into our district, versus open enrolling out to another district.
- With the current General Obligation Bond set to be paid in full within one year, the Board of Directors is looking at financial indebtedness options to fund future facility upgrades and a roof replacement.

- Health insurance continues to be a very costly item to the District. The rates are continuing to increase and are extremely high. Even though concessions have been made by employees in regard to deductibles, and coinsurance, other solutions need to be found. The skyrocketing cost of health care and the insurance to cover the cost could become a factor in hiring and retaining employees.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District with mandates such as the “No Child Left Behind” and “Student Achievement and Teacher Quality Act”.

### **CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District’s citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability of the money it receives. If you have questions about this report or need additional information, contact Angie Smith, Business Manager, Sioux Central Community School District, 4440 US Hwy 71, Sioux Rapids, IA 50585.

## **BASIC FINANCIAL STATEMENTS**

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

|  | Primary Government<br>Governmental<br>Activities | Business<br>Type<br>Activities | Total               |
|--|--|--------------------------------|---------------------|
| <b>Assets</b>  |  |                                |                     |
| Cash and Cash Equivalents  | \$ 2,100,173                                     | \$ 34,917                      | \$ 2,135,090        |
| Pooled Investments   | 453,852  | -                              | 453,852             |
| Receivables:   |  |                                |                     |
| Property Tax   | 113,275  | -                              | 113,275             |
| Property Tax - Succeeding Year   | 2,900,586  | -                              | 2,900,586           |
| Accounts   | 104  | -                              | 104                 |
| Due from Other Governmental Agencies                                       | 617,701  | -                              | 617,701             |
| Internal Balances  | 5,483  | (5,483)                        | -                   |
| Accrued Interest   | 1,128  | -                              | 1,128               |
| Inventories  | -  | 9,923                          | 9,923               |
| Prepaid Expenses   | 43,324   | -                              | 43,324              |
| Unamortized Bond Issuance Costs  | 7,379  | -                              | 7,379               |
| Land   | 125,495  | -                              | 125,495             |
| Infrastructure, Property and Equipment, Net<br>of Accumulated Depreciation | 5,071,701  | 10,054                         | 5,081,755           |
| Total Assets   | <u>11,440,201</u>                                | <u>49,411</u>                  | <u>11,489,612</u>   |
| <b>Liabilities</b>   |  |                                |                     |
| Accounts Payable   | 138,873  | -                              | 138,873             |
| Accrued Wages and Payroll Liabilities                                      | 89,635   | -                              | 89,635              |
| Accrued Interest Payable   | 1,152  | -                              | 1,152               |
| Deferred Revenue - Succeeding Year Taxes                                   | 2,900,586  | -                              | 2,900,586           |
| Unearned Revenue   | 141,234  | -                              | 141,234             |
| Long-Term Liabilities:   |  |                                |                     |
| Debt Due Within One Year:  |  |                                |                     |
| Bonds Payable  | 245,000  | -                              | 245,000             |
| Lease Payable  | 9,392  | -                              | 9,392               |
| Early Retirement Payable   | 90,317   | -                              | 90,317              |
| Debt Due in More Than One Year:  |  |                                |                     |
| Lease Payable  | 4,160  | -                              | 4,160               |
| Early Retirement Payable   | 269,457  | -                              | 269,457             |
| Net OPEB Liability   | 6,702  | -                              | 6,702               |
| Total Liabilities  | <u>3,896,508</u>                                 | <u>-</u>                       | <u>3,896,508</u>    |
| <b>Net Position</b>  |  |                                |                     |
| Net Investment in Capital Assets   | 4,938,644  | 10,054                         | 4,948,698           |
| Restricted for:  |  |                                |                     |
| Physical Plant and Equipment Levy  | 61,453   | -                              | 61,453              |
| Categorical Funding  | 143,588  | -                              | 143,588             |
| Debt Service   | 55,511   | -                              | 55,511              |
| Student Activities   | 99,841   | -                              | 99,841              |
| School Infrastructure  | 408,045  | -                              | 408,045             |
| Management Levy  | 95,264   | -                              | 95,264              |
| Unrestricted   | 1,741,347  | 39,357                         | 1,780,704           |
| Total Net Position   | <u>\$ 7,543,693</u>                              | <u>\$ 49,411</u>               | <u>\$ 7,593,104</u> |

See Accompanying Notes to Financial Statements

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

| <b>Functions/Programs</b>                  | <b>Expenses</b>            | <b>Program Revenues</b>     |   |   |
|--|----------------------------|-----------------------------|---|---|
|  |                            | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Primary Government:</b>                 |                            |                             |   |   |
| <b>Governmental Activities:</b>            |                            |                             |   |   |
| Instruction:                               |                            |                             |   |   |
| Regular Instruction                        | \$ 2,464,805               | \$ 853,181                  | \$ 584,483                                | \$ -                                    |
| Special Instruction                        | 1,126,781                  | 342,992                     | 25,898                                    | -                                       |
| Other Instruction                          | 918,623                    | 153,659                     | 113,615                                   | -                                       |
| Support Services:                          |                            |                             |   |   |
| Student Services                           | 150,719                    | -                           | -   | -                                       |
| Instructional Staff Services               | 181,719                    | -                           | 15,868                                    | -                                       |
| Administration Services                    | 517,220                    | -                           | -   | -                                       |
| Operations and Maintenance                 | 566,504                    | -                           | -   | -                                       |
| Transportation Services                    | 336,192                    | -                           | 1,328                                     | -                                       |
| Central Support Services                   | 153,300                    | -                           | -   | -                                       |
| Other Expenditures:                        |                            |                             |   |   |
| Structural Improvements                    | 49,757                     | -                           | -   | -                                       |
| Facilities Acquisition                     | 12,921                     | -                           | -   | -                                       |
| Long-term Debt Interest and Fiscal Charges | 24,813                     | -                           | -   | -                                       |
| AEA Flow-Through                           | 190,165                    | -                           | 190,165                                   | -                                       |
| Unallocated Depreciation*                  | 165,529                    | -                           | -   | -                                       |
| Total Governmental Activities              | <u>6,859,048</u>           | <u>1,349,832</u>            | <u>931,357</u>                            | <u>-</u>                                |
| <b>Business-Type Activities:</b>           |                            |                             |   |   |
| School Nutrition Fund                      | 354,606                    | 175,128                     | 180,352                                   | -                                       |
| <b>Total School District</b>               | <u><u>\$ 7,213,654</u></u> | <u><u>\$ 1,524,960</u></u>  | <u><u>\$ 1,111,709</u></u>                | <u><u>\$ -</u></u>                      |

**General Revenues:**

Property Tax Levied For:  
    General Purposes  
    Debt Service  
    Capital Outlay  
    Management Levy  
Statewide Sales and Services Tax  
Unrestricted State Grants  
Interest on Investments  
Miscellaneous  
Gain on Equipment Sales  
Total General Revenues

**Change in Net Position**

**Net Position - Beginning**  
**Prior Period Adjustment**  
**Net Position - Beginning, as Restated**  
  
**Net Position - Ending**

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

| <b>Net (Expense) Revenue<br/>and Changes in Net Position</b> |                                     |                     |
|--|-------------------------------------|---------------------|
| <b>Governmental<br/>Activities</b>                           | <b>Business-Type<br/>Activities</b> | <b>Total</b>        |
| \$ (1,027,141)   |                                     | \$ (1,027,141)      |
| (757,891)  |                                     | (757,891)           |
| (651,349)  |                                     | (651,349)           |
| (150,719)  |                                     | (150,719)           |
| (165,851)  |                                     | (165,851)           |
| (517,220)  |                                     | (517,220)           |
| (566,504)  |                                     | (566,504)           |
| (334,864)  |                                     | (334,864)           |
| (153,300)  |                                     | (153,300)           |
| (49,757)   |                                     | (49,757)            |
| (12,921)   |                                     | (12,921)            |
| (24,813)   |                                     | (24,813)            |
| -  |                                     | -                   |
| (165,529)  |                                     | (165,529)           |
| <u>(4,577,859)</u>   |                                     | <u>(4,577,859)</u>  |
| -  | \$ 874                              | 874                 |
| <u>(4,577,859)</u>   | <u>874</u>                          | <u>(4,576,985)</u>  |
| 1,918,613  | -                                   | 1,918,613           |
| 493,754  | -                                   | 493,754             |
| 74,903   | -                                   | 74,903              |
| 330,254  | -                                   | 330,254             |
| 413,117  | -                                   | 413,117             |
| 1,801,882  | -                                   | 1,801,882           |
| 10,836   | 83                                  | 10,919              |
| 47,403   | -                                   | 47,403              |
| 2,692  | -                                   | 2,692               |
| <u>5,093,454</u>   | <u>83</u>                           | <u>5,093,537</u>    |
| 515,595  | 957                                 | 516,552             |
| 6,967,596  | 48,454                              | 7,016,050           |
| 60,502   | -                                   | 60,502              |
| <u>7,028,098</u>   | <u>48,454</u>                       | <u>7,076,552</u>    |
| <u>\$ 7,543,693</u>  | <u>\$ 49,411</u>                    | <u>\$ 7,593,104</u> |

See Accompanying Notes to Financial Statements

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

|  | General             | Management          | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                              |                     |                     |                                |                                |
| Cash and Cash Equivalents                  | \$ 1,102,560        | \$ 459,393          | \$ 538,220                     | \$ 2,100,173                   |
| Pooled Investments                         | 453,852             | -                   | -                              | 453,852                        |
| Receivables:                               |                     |                     |                                |                                |
| Property Taxes                             | 18,419              | 3,171               | 91,685                         | 113,275                        |
| Property Taxes - Succeeding Year           | 2,020,466           | 549,999             | 330,121                        | 2,900,586                      |
| Other Accounts Receivable                  | 104                 | -                   | -                              | 104                            |
| Accrued Interest                           | 1,128               | -                   | -                              | 1,128                          |
| Due from Other Governmental Agencies       | 590,698             | -                   | 27,003                         | 617,701                        |
| Due from Other Funds                       | 5,483               | -                   | -                              | 5,483                          |
| Prepaid Expenses                           | 43,324              | -                   | -                              | 43,324                         |
| <b>Total Assets</b>                        | <u>4,236,034</u>    | <u>1,012,563</u>    | <u>987,029</u>                 | <u>6,235,626</u>               |
| <b>Liabilities and Fund Balances</b>       |                     |                     |                                |                                |
| <b>Liabilities</b>                         |                     |                     |                                |                                |
| Accounts Payable                           | 100,441             | 7,526               | 30,906                         | 138,873                        |
| Accrued Wages and Payroll Liabilities      | 89,635              | -                   | -                              | 89,635                         |
| Early Retirement Payable                   | -                   | 90,317              | -                              | 90,317                         |
| Succeeding Year Taxes                      | 2,020,466           | 549,999             | 330,121                        | 2,900,586                      |
| Unearned Revenue                           | 141,234             | -                   | -                              | 141,234                        |
| <b>Total Liabilities</b>                   | <u>2,351,776</u>    | <u>647,842</u>      | <u>361,027</u>                 | <u>3,360,645</u>               |
| <b>Fund Balances</b>                       |                     |                     |                                |                                |
| Nonspendable:                              |                     |                     |                                |                                |
| Prepaid Expenses                           | 43,324              | -                   | -                              | 43,324                         |
| Restricted for:                            |                     |                     |                                |                                |
| Categorical Funding                        | 143,588             | -                   | -                              | 143,588                        |
| Debt Service                               | -                   | -                   | 56,663                         | 56,663                         |
| Student Activities                         | -                   | -                   | 99,841                         | 99,841                         |
| Management Levy                            | -                   | 364,721             | -                              | 364,721                        |
| School Infrastructure                      | -                   | -                   | 408,045                        | 408,045                        |
| Physical Plant and Equipment               | -                   | -                   | 61,453                         | 61,453                         |
| Unassigned                                 | 1,697,346           | -                   | -                              | 1,697,346                      |
| <b>Total Fund Balances</b>                 | <u>1,884,258</u>    | <u>364,721</u>      | <u>626,002</u>                 | <u>2,874,981</u>               |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 4,236,034</u> | <u>\$ 1,012,563</u> | <u>\$ 987,029</u>              | <u>\$ 6,235,626</u>            |

See Accompanying Notes to Financial Statements

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

|   |                     |
|---|---------------------|
| Total Fund Balance - Governmental Funds (page 17)   | \$ 2,874,981        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.  | 5,197,196           |
| 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.  | (1,152)             |
| Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources  | 7,379               |
| Long-term liabilities, including bonds and notes payable, capital leases, compensated absences and other postemployment benefits payable, are not due and payable in the current period and therefore are not reported in the governmental funds. | <u>(534,711)</u>    |
| Total Net Position - Governmental Activities (page 14)  | <u>\$ 7,543,693</u> |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | General             | Management        | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                     |                   |                                |                                |
| Local Sources:   |                     |                   |                                |                                |
| Local Tax  | \$ 1,918,613        | \$ 330,254        | \$ 981,774                     | \$ 3,230,641                   |
| Tuition  | 1,085,095           | -                 | -                              | 1,085,095                      |
| Other  | 127,460             | 5,255             | 200,322                        | 333,037                        |
| State Sources  | 2,411,562           | -                 | -                              | 2,411,562                      |
| Federal Sources  | 317,903             | -                 | -                              | 317,903                        |
| <b>Total Revenues</b>  | <u>5,860,633</u>    | <u>335,509</u>    | <u>1,182,096</u>               | <u>7,378,238</u>               |
| <b>Expenditures</b>  |                     |                   |                                |                                |
| Instruction:   |                     |                   |                                |                                |
| Regular Instruction  | 2,280,405           | 108,790           | 31,887                         | 2,421,082                      |
| Special Instruction  | 1,126,781           | -                 | -                              | 1,126,781                      |
| Other Instruction  | 777,247             | -                 | 141,376                        | 918,623                        |
| Support Services:  |                     |                   |                                |                                |
| Student Services   | 150,719             | -                 | -                              | 150,719                        |
| Instructional Staff Services   | 179,715             | -                 | 2,004                          | 181,719                        |
| Administration Services  | 512,657             | 4,063             | 500                            | 517,220                        |
| Operations and Maintenance   | 458,045             | 105,496           | 16,119                         | 579,660                        |
| Transportation Services  | 289,572             | 7,112             | 19,976                         | 316,660                        |
| Central Support Services   | 153,300             | -                 | -                              | 153,300                        |
| Other Expenditures:  |                     |                   |                                |                                |
| Structural Improvements  | -                   | -                 | 49,757                         | 49,757                         |
| Facilities Acquisition   | -                   | -                 | 25,094                         | 25,094                         |
| Long-Term Debt:  |                     |                   |                                |                                |
| Principal  | -                   | -                 | 662,643                        | 662,643                        |
| Interest and Fiscal Charges  | -                   | -                 | 19,960                         | 19,960                         |
| AEA Flow-Through   | 190,165             | -                 | -                              | 190,165                        |
| <b>Total Expenditures</b>  | <u>6,118,606</u>    | <u>225,461</u>    | <u>969,316</u>                 | <u>7,313,383</u>               |
| <b>Excess (Deficiency) of Revenues Over<br/>(Under) Expenditures</b> | <u>(257,973)</u>    | <u>110,048</u>    | <u>212,780</u>                 | <u>64,855</u>                  |
| <b>Other Financing Sources (Uses)</b>                                |                     |                   |                                |                                |
| Transfers In   | -                   | -                 | 189,229                        | 189,229                        |
| Transfers Out  | -                   | -                 | (189,229)                      | (189,229)                      |
| <b>Total Other Financing Sources</b>                                 | <u>-</u>            | <u>-</u>          | <u>-</u>                       | <u>-</u>                       |
| <b>Net Change in Fund Balance</b>                                    | <u>(257,973)</u>    | <u>110,048</u>    | <u>212,780</u>                 | <u>64,855</u>                  |
| <b>Fund Balances at Beginning of Year</b>                            | 2,081,729           | 254,673           | 413,222                        | 2,749,624                      |
| <b>Prior Period Adjustment</b>                                       | 60,502              | -                 | -                              | 60,502                         |
| <b>Fund Balances - Beginning of Year, Restated</b>                   | <u>2,142,231</u>    | <u>254,673</u>    | <u>413,222</u>                 | <u>2,810,126</u>               |
| <b>Fund Balances at End of Year</b>                                  | <u>\$ 1,884,258</u> | <u>\$ 364,721</u> | <u>\$ 626,002</u>              | <u>\$ 2,874,981</u>            |

See Accompanying Notes to Financial Statements

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net Change in Fund Balances - Total Governmental funds (page 19) \$ 64,855

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlays in the current year as follows:

|                                 |                  |           |
|---------------------------------|------------------|-----------|
| Expenditures for capital assets | 88,222           |           |
| Depreciation expense            | <u>(261,469)</u> | (173,247) |

Bond issuance costs, premiums, discounts and similar items are deferred and amortized in the Statements of Activities. (6,812)

Accrued interest expense that does not require current financial resources. 1,958

Governmental funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the sale or disposal of fixed assets. This is the effect on the change in net position on the statement of activities (3,595)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds without affecting the net position. The Statement of Activities does not reflect the payment of principal on long-term debt. The principal paid on long-term debt during the current year was: 662,643

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              | (30,207) |                 |
| Other Postemployment Benefits | <u>-</u> | <u>(30,207)</u> |

Change in Net Position of Governmental Activities (page 16) \$ 515,595

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2013**

|  | School Nutrition<br>Fund |
|--|--------------------------|
| <b>Assets</b>  |                          |
| Current Assets:  |                          |
| Cash and Cash Equivalents  | \$ 34,917                |
| Inventories  | 9,923                    |
| Total Current Assets   | 44,840                   |
| Noncurrent Assets:   |                          |
| Infrastructure, Property and Equipment, Net of<br>Accumulated Depreciation | 10,054                   |
| <b>Total Assets</b>  | <b>54,894</b>            |
| <br><b>Liabilities</b>   |                          |
| Due to Other Funds   | 5,483                    |
| <b>Total Liabilities</b>   | <b>5,483</b>             |
| <br><b>Net Position</b>  |                          |
| Net Investment in Capital Assets   | 10,054                   |
| Unrestricted   | 39,357                   |
| <b>Total Net Position</b>  | <b>\$ 49,411</b>         |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

|                                   | School Nutrition<br>Fund |
|-----------------------------------|--------------------------|
| <b>Operating Revenues:</b>        |                          |
| Charges for Services              | \$ 159,411               |
| Miscellaneous                     | 15,717                   |
| Total Operating Revenue           | 175,128                  |
| <b>Operating Expenses:</b>        |                          |
| Non-Instructional Programs:       |                          |
| Food Service Operations:          |                          |
| Salaries                          | 113,146                  |
| Benefits                          | 45,791                   |
| Food                              | 180,830                  |
| Supplies                          | 10,817                   |
| Other Expense                     | 1,639                    |
| Depreciation                      | 2,383                    |
| Total Operating Expenses          | 354,606                  |
| <b>Operating (Loss)</b>           | (179,478)                |
| <b>Non-Operating Revenue:</b>     |                          |
| Interest Income                   | 83                       |
| State Lunch Reimbursements        | 3,200                    |
| National School Lunch Program     | 153,151                  |
| Federal Food Commodities Received | 24,001                   |
| Total Non-Operating Revenue       | 180,435                  |
| <b>Change in Net Position</b>     | 957                      |
| <b>Net Position - Beginning</b>   | 48,454                   |
| <b>Net Position - Ending</b>      | \$ 49,411                |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | School Nutrition<br>Fund |
|---|--------------------------|
| <hr/>   |                          |
| <b>Cash Flows from Operating Activities</b>   |                          |
| Cash Received from Customers  | \$ 175,128               |
| Cash Payments for Salaries and Benefits   | (158,939)                |
| Cash Payments for Goods and Services  | (171,229)                |
| Net Cash (Used) by Operating Activities   | <u>(155,040)</u>         |
| <b>Cash Flows from Non-Capital Financing Activities</b>                                   |                          |
| Federal and State Appropriations Received   | 156,351                  |
| Cash Paid to General Fund   | 5,483                    |
| Net Cash Provided by Non-Capital Financing Activities                                     | <u>161,834</u>           |
| <b>Cash Flows from Capital and Related Financing Activities</b>                           |                          |
| Acquisition of Capital Assets   | (1,310)                  |
| Net Cash (Used) by Capital and Related Financing Activities                               | <u>(1,310)</u>           |
| <b>Cash Flows from Investing Activities</b>   |                          |
| Interest on Investments   | <u>83</u>                |
| <b>Net Increase in Cash and Cash Equivalents</b>  | 5,567                    |
| <b>Cash and Cash Equivalents at Beginning of Year</b>                                     | <u>29,350</u>            |
| <b>Cash and Cash Equivalents at End of Year</b>   | <u>\$ 34,917</u>         |
| <br>  |                          |
| <b>Reconciliation of Operating (Loss) to Net Cash<br/>(Used) in Operating Activities:</b> |                          |
| Operating (Loss)  | \$ (179,478)             |
| Adjustments to Reconcile Operating (Loss) to<br>Net Cash (Used) in Operating Activities:  |                          |
| Depreciation Expense  | 2,383                    |
| Commodities Used  | 24,001                   |
| (Increase) Decrease in Assets and Increase (Decrease) in Liabilities:                     |                          |
| Inventory   | <u>(1,946)</u>           |
| <b>Net Cash (Used) by Operating Activities</b>  | <u>\$ (155,040)</u>      |
| <br>  |                          |
| <b>Supplemental Schedule of Noncash Noncapital Financial Activities:</b>                  |                          |
| Federal Food Commodities Received   | <u>\$ 24,001</u>         |

See Accompanying Notes to Financial Statements

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Private Purpose<br>Trust<br>Scholarship |
|--|---|
| <b>Additions</b>                       |   |
| Local Sources: Contributions           | \$ 500                                  |
| <b>Deductions</b>                      |   |
| Support Services: Scholarships Awarded | 500                                     |
| <b>Change in Net Position</b>          | -                                       |
| <b>Net Position- Beginning</b>         | -                                       |
| <b>Net Position - Ending</b>           | \$ -                                    |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Sioux Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades preschool through twelve. The geographic area served includes the Cities of Sioux Rapids, Rembrandt, Linn Grove, Webb, Gillett Grove, and Peterson, Iowa, and agricultural area in Buena Vista, Clay, Cherokee and O'Brien Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

**A. Reporting Entity**

For financial reporting purposes, Sioux Central Community School District has included all funds, organizations, account groups, 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 Sioux Central 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 Buena Vista and Clay Counties Assessor's Conference Boards.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statements of Net Position and the Statement of Activities report information on all of the non-fiduciary 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.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- ***Net Investment in Capital Assets***, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- ***Restricted Net Position*** results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position*** consists of net position that does not meet the definition of the two preceding categories. Unrestricted Net Position often has constraints on resources that are imposed which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of 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 nonmajor governmental funds.

The District reports the following major governmental funds:

- The **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the General Fund consists primarily of local property taxes and state government aid.
- The **Management Fund** is used to account for a property tax levy per thousand dollars of assessed valuation in the District for insurance premiums, unemployment compensation insurance claims, and early retirement.

**SIOUX CENTRAL 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

The government-wide financial statements and the proprietary 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 financial 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.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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 Equity**

The following accounting policies are followed in preparing the balance sheet:

Cash, Cash Equivalents, and Pooled Investments– The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for 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. Cash investments not meeting the definition of cash equivalents at June 30, 2013 included certificates of deposits of \$453,852 with original maturity dates longer than three months.

Property Tax Receivable – Property tax in 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 the 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, 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.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

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

|                                   |           |
|-----------------------------------|-----------|
| Land                              | \$ 1,000  |
| Buildings                         | \$ 10,000 |
| Improvements other than Buildings | \$ 10,000 |
| Furniture and Equipment:          |           |
| School Nutrition Fund Equipment   | \$ 500    |
| Other Furniture and Equipment     | \$ 2,500  |

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

|                                   |               |
|-----------------------------------|---------------|
| Buildings                         | 50 years      |
| Improvements other than Buildings | 20 – 50 years |
| Furniture and Equipment           | 5 – 15 years  |

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

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

Restricted Net Position – In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position 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 Accounting**

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 and the District did not exceed its General Fund unspent authorized budget.

**Note 2 – CASH, CASH EQUIVALENTS, 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.

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.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 2 – CASH, CASH EQUIVALENTS, AND POOLED INVESTMENTS (Continued)**

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less. The District’s investments consist of certificates of deposit that have original maturities of less than 397 days.

**Note 3 – CAPITAL ASSETS**

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

|   | <b>Balance<br/>June 30, 2012</b> | <b>Additions</b>  | <b>Deletions</b> | <b>Balance<br/>June 30, 2013</b> |
|---|----------------------------------|-------------------|------------------|----------------------------------|
| <b>Governmental Activities:</b>             |                                  |                   |                  |                                  |
| Capital assets not being depreciated:       |                                  |                   |                  |                                  |
| Land  | \$ 125,495                       | \$ -              | \$ -             | \$ 125,495                       |
| Total assets not being depreciated          | <u>125,495</u>                   | <u>-</u>          | <u>-</u>         | <u>125,495</u>                   |
| Capital assets being depreciated:           |                                  |                   |                  |                                  |
| Buildings and Improvements                  | 7,106,287                        | 4,500             | -                | 7,110,787                        |
| Furniture and Equipment                     | 2,011,286                        | 83,721            | 116,607          | 1,978,400                        |
| Total capital assets being depreciated      | <u>9,117,573</u>                 | <u>88,221</u>     | <u>116,607</u>   | <u>9,089,187</u>                 |
| Less: Accumulated Depreciation for:         |                                  |                   |                  |                                  |
| Buildings and Improvements                  | 2,421,072                        | 138,237           | -                | 2,559,309                        |
| Furniture and Equipment                     | 1,447,957                        | 123,232           | 113,012          | 1,458,177                        |
| Total Accumulated Depreciation              | <u>3,869,029</u>                 | <u>261,469</u>    | <u>113,012</u>   | <u>4,017,486</u>                 |
| Total capital assets being depreciated, net | <u>5,248,544</u>                 | <u>(173,248)</u>  | <u>3,595</u>     | <u>5,071,701</u>                 |
| Governmental activities capital assets, net | <u>5,374,039</u>                 | <u>(173,248)</u>  | <u>3,595</u>     | <u>5,197,196</u>                 |
| <b>Business-type Activity:</b>              |                                  |                   |                  |                                  |
| Furniture and Equipment                     | 74,613                           | 1,311             | -                | 75,924                           |
| Less Accumulated Depreciation               | 63,487                           | 2,383             | -                | 65,870                           |
| Business-type activity capital assets, net  | <u>\$ 11,126</u>                 | <u>\$ (1,072)</u> | <u>\$ -</u>      | <u>\$ 10,054</u>                 |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 3 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the following functions:

**Governmental Activities:**

|  |                   |
|--|-------------------|
| Transportation Services                              | \$ 56,569         |
| Regular Instruction                                  | 19,532            |
| Operation and Maintenance                            | 19,839            |
| Unallocated  | 165,529           |
| Total depreciation expense - governmental activities | <u>\$ 261,469</u> |

**Business-type Activities:**

|                         |                 |
|-------------------------|-----------------|
| Food Service Operations | <u>\$ 2,383</u> |
|-------------------------|-----------------|

**Reconciliation of Net Investment in Capital Assets:**

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activity</u> |
|--|------------------------------------|-----------------------------------|
| Land   | \$ 125,495                         | \$ -                              |
| Capital Assets (net of accumulated depreciation) | 5,071,701                          | 10,054                            |
| Less:  |                                    |                                   |
| Bonds Payable                                    | (245,000)                          | -                                 |
| Lease Payable                                    | (13,552)                           | -                                 |
| Net Investment in Capital Assets                 | <u>\$ 4,938,644</u>                | <u>\$ 10,054</u>                  |

**Note 4 – LONG-TERM LIABILITIES**

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

|                                 | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---------------------------------|------------------------------|-------------------|-------------------|---------------------------|--------------------------------|
| <b>Governmental Activities:</b> |                              |                   |                   |                           |                                |
| General Obligation Bonds        | \$ 720,000                   | \$ -              | \$ 475,000        | \$ 245,000                | \$ 245,000                     |
| Capital Lease Payable           | 201,195                      | -                 | 187,643           | 13,552                    | 9,392                          |
| Early Retirement                | 305,045                      | 129,279           | 74,550            | 359,774                   | 90,317                         |
| Net OPEB Liability              | 6,702                        | -                 | -                 | 6,702                     | -                              |
| Long-Term Liabilities           | <u>\$ 1,232,942</u>          | <u>\$ 129,279</u> | <u>\$ 737,193</u> | <u>\$ 625,028</u>         | <u>\$ 344,709</u>              |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

Note 4 – **LONG-TERM LIABILITIES (Continued)**

**General Obligation Bonds**

The District adopted a resolution on July 29, 2009, providing for the refunding of \$2.11 million in General Obligation School Bonds, Series 2009. Details of the District's June 30, 2013 general obligation bonded indebtedness are as follows:

| <u>Year<br/>Ending<br/>June 30</u> | <u>Interest<br/>Rates</u> | <u>Refunding Bond Issue<br/>of July 29, 2009</u> |                 |
|------------------------------------|---------------------------|--|-----------------|
|                                    |                           | <u>Principal</u>                                 | <u>Interest</u> |
| 2014                               | 2.45%                     | \$ 245,000                                       | \$ 6,737        |
|                                    | Total                     | <u>\$ 245,000</u>                                | <u>\$ 6,737</u> |

**Capital Leases**

As of June 30, 2013, equipment under a capital lease consists of multiple copiers. The copier had a capitalized cost of \$41,262. Accumulated depreciation in the statement of net position and depreciation reported in the statement of activities in the amount of \$4,126 was recorded in 2013 relating to the copiers. Future lease payments are summarized as follows:

| <u>Year<br/>Ending<br/>June 30</u> | <u>Governmental Activities</u> |                 |
|------------------------------------|--------------------------------|-----------------|
|                                    | <u>Principal</u>               | <u>Interest</u> |
| 2014                               | \$ 9,392                       | \$ 808          |
| 2015                               | 4,160                          | 91              |
|                                    | <u>\$ 13,552</u>               | <u>\$ 899</u>   |

**Early Retirement**

The District has offered a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of service as a full-time licensed employee to the District. Employees must complete an application which is required to be approved by the Board of Education. The District will provide insurance premium assistance to age 65 for the retiree. The amount of the assistance is the single insurance premium rate at the time of the retiree's last year of employment. Early retirement benefits paid during the year ended June 30, 2013, totaled \$65,795. There were eleven retired individuals receiving benefits at June 30, 2013.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 5 – 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 salary and the District is required to contribute 8.67% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$331,002, \$284,301, and \$232,796, respectively, equal to the required contributions for each year.

**Note 6 – OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description.* An employee who has a minimum of 10 years of service and age 55 are provided single coverage health insurance until they reach the age of 65. Premiums are based on the full active employee premium rate.

*Funding Policy.* 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 other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 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 thirty years.

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

|  |           |
|--|-----------|
| Annual required contribution               | \$ 58,850 |
| Interest on net OPEB obligation            | -         |
| Adjustment to annual required contribution | -         |
| Annual OPEB cost (Expense)                 | 58,850    |
| Contributions made                         | (58,850)  |
| Increase in net OPEB obligation            | -         |
| Net OPEB obligation - beginning of year    | 6,702     |
| Net OPEB obligation - end of year          | \$ 6,702  |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

| <b>Fiscal Year Ended</b> | <b>Annual OPEB Cost</b> | <b>Percentage of Annual OPEB Cost Contributed</b> | <b>Net OPEB Obligation</b> |
|--------------------------|-------------------------|---|----------------------------|
| 2010                     | \$ 45,347               | 95.07%  | \$ 2,234                   |
| 2011                     | \$ 45,347               | 95.07%  | \$ 4,468                   |
| 2012                     | \$ 45,347               | 95.07%  | \$ 6,702                   |
| 2013                     | \$ 58,850               | 100.00%   | \$ 6,702                   |

*Funded Status and Funding Progress.* The funded status of the plan as of December 31, 2009 was as follows:

|   |                   |
|---|-------------------|
| Actuarial accrued liability (AAL)                 | \$ 575,580        |
| Actuarial value of plan assets                    | -                 |
| Unfunded actuarial accrued liability (UAAL)       | <u>\$ 575,580</u> |
| Funded ratio (actuarial value of plan assets/AAL) | -                 |
| Covered payroll (active members)                  | \$3,055,590       |
| UAAL as a percentage of covered payroll           | 18.84%            |

*Actuarial Methods and Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan 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 and do not explicitly reflect the potential effect of legal or contractual funding limitation. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 7 – 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 \$190,165 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 8 – RISK MANAGEMENT**

Sioux Central Community School District is a member in the Iowa School Employees Benefit Association, an Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed in July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: medical, dental, vision and prescription drugs. Sioux Central Community School District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 9- CATEGORICAL FUNDING**

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

| <b>Program</b>                           | <b>Amount</b>     |
|--|-------------------|
| At Risk                                  | \$ 6,155          |
| Talented and Gifted                      | 36,296            |
| Early Intervention                       | 21,788            |
| Model Core Curriculum                    | 37,873            |
| Teacher Quality Professional Development | 39,355            |
| Market Factor                            | 2,121             |
| <b>Total</b>                             | <b>\$ 143,588</b> |

**Note 10 – INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2013, short-term interfund borrowings were as follows:

| <b>Fund Due To</b> | <b>Fund Due From</b> | <b>Amount</b>   |
|--------------------|----------------------|-----------------|
| General Fund       | Nutrition Fund       | \$ 5,483        |
|                    |                      | <u>\$ 5,483</u> |

The purpose of the interfund balance from the Nutrition Fund to the General Fund is reimbursement for insurance benefits that were paid out of the General Fund that are related to the Nutrition Fund.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Note 13 – PRIOR PERIOD ADJUSTMENTS**

In the financial statements for prior years, an error was made in accounting for a prepaid account within the District’s books. This error has been corrected and has the following effect on the beginning fund balances during fiscal year June 30, 2013:

**Government Fund Financial Statements**

|  | General<br>Fund |
|--|-----------------|
| Beginning Fund Balance, As Previously Reported | \$ 2,081,729    |
| Prior Period Adjustments                       | 60,502          |
| Beginning Fund Balance, As Restated            | \$ 2,142,231    |

**Government-Wide Financial Statements**

|  | Statement<br>of Activities |
|--|----------------------------|
| Beginning Net Position, As Previously Reported | \$ 6,967,596               |
| Prior Period Adjustments                       | 60,502                     |
| Beginning Net Position, As Restated            | \$ 7,028,098               |

- General Fund: Prepaid health insurance was understated in the prior year by \$60,502.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|   | Governmental<br>Funds<br>Actual | Proprietary<br>Fund<br>Actual | Total<br>Actual     | Budgeted<br>Amounts<br>Original | Budgeted<br>Amounts<br>Amended | Final to<br>Actual<br>Variance |
|---|---------------------------------|-------------------------------|---------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>Revenue</b>  |                                 |                               |                     |                                 |                                |                                |
| Local Sources:  |                                 |                               |                     |                                 |                                |                                |
| Local Taxes   | \$ 3,230,641                    | \$ -                          | \$ 3,230,641        | \$ 2,826,174                    | \$ 2,826,174                   | \$ 404,467                     |
| Tuition   | 1,085,095                       | -                             | 1,085,095           | 1,350,000                       | 1,350,000                      | (264,905)                      |
| Other   | 333,037                         | 175,211                       | 508,248             | 720,250                         | 720,250                        | (212,002)                      |
| State Sources   | 2,411,562                       | 3,200                         | 2,414,762           | 2,393,062                       | 2,393,062                      | 21,700                         |
| Federal Sources   | 317,903                         | 177,152                       | 495,055             | 409,829                         | 409,829                        | 85,226                         |
| Total Revenue   | <u>7,378,238</u>                | <u>355,563</u>                | <u>7,733,801</u>    | <u>7,699,315</u>                | <u>7,699,315</u>               | <u>34,486</u>                  |
| <b>Expenditures/Expenses</b>  |                                 |                               |                     |                                 |                                |                                |
| Instruction   | 4,466,486                       | -                             | 4,466,486           | 4,419,000                       | 4,620,000                      | 153,514                        |
| Support Services  | 1,899,278                       | -                             | 1,899,278           | 2,465,700                       | 2,465,700                      | 566,422                        |
| Non-Instructional Programs  | -                               | 354,606                       | 354,606             | 370,000                         | 370,000                        | 15,394                         |
| Other Expenditures  | 947,619                         | -                             | 947,619             | 925,623                         | 955,623                        | 8,004                          |
| Total Expenditures  | <u>7,313,383</u>                | <u>354,606</u>                | <u>7,667,989</u>    | <u>8,180,323</u>                | <u>8,411,323</u>               | <u>743,334</u>                 |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures/Expenses</b> | 64,855                          | 957                           | 65,812              | (481,008)                       | (712,008)                      | 777,820                        |
| <b>Other Financing Sources (Uses)</b>                                 |                                 |                               |                     |                                 |                                |                                |
| Operating Transfers From Other Funds                                  | 189,229                         | -                             | 189,229             | 189,229                         | 189,229                        | -                              |
| Operating Transfers to Other Funds                                    | (189,229)                       | -                             | (189,229)           | (189,229)                       | (189,229)                      | -                              |
| Total Other Financing Sources (Uses)                                  | <u>-</u>                        | <u>-</u>                      | <u>-</u>            | <u>-</u>                        | <u>-</u>                       | <u>-</u>                       |
| <b>Change in Fund Balance</b>   | 64,855                          | 957                           | 65,812              | (481,008)                       | (712,008)                      | 777,820                        |
| <b>Fund Balance at Beginning of Year</b>                              | 2,749,624                       | 48,454                        | 2,798,078           | 2,352,523                       | 2,352,523                      | -                              |
| <b>Prior Period Adjustment</b>  | 60,502                          | -                             | 60,502              | -                               | -                              | -                              |
| <b>Fund Balance- Beginning of Year, Restated</b>                      | <u>2,810,126</u>                | <u>48,454</u>                 | <u>2,858,580</u>    | <u>2,352,523</u>                | <u>2,352,523</u>               | <u>-</u>                       |
| <b>Fund Balance at End of Year</b>                                    | <u>\$ 2,874,981</u>             | <u>\$ 49,411</u>              | <u>\$ 2,924,392</u> | <u>\$ 1,871,515</u>             | <u>\$ 1,640,515</u>            | <u>\$ 777,820</u>              |

**SIOUX CENTRAL 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 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. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted a budget amendment, increasing budgeted expenditures by \$231,000.

During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
YEAR ENDED JUNE 30, 2013**

| Year<br>Ended<br>June 30, | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|---------------------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2010                      | 7/1/2009                       | \$ -                                   | \$ 375,987  | \$ 375,987                         | 0%                       | \$ 2,778,746              | 13.5%   |
| 2011                      | 7/1/2009                       | \$ -                                   | \$ 375,987  | \$ 375,987                         | 0%                       | \$ 2,778,746              | 13.5%   |
| 2012                      | 7/1/2009                       | \$ -                                   | \$ 375,987  | \$ 375,987                         | 0%                       | \$ 2,778,746              | 13.5%   |
| 2013                      | 7/1/2012                       | \$ -                                   | \$ 575,580  | \$ 575,580                         | 0%                       | \$ 3,055,590              | 18.8%   |

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**OTHER SUPPLEMENTARY  
INFORMATION**

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
GOVERNMENTAL NONMAJOR FUNDS  
JUNE 30, 2013**

**SCHEDULE 1**

|   | Special           |                     | Capital Project Funds                   |   | Total             |
|---|-------------------|---------------------|---|---|-------------------|
|   | Debt Service      | Revenue Fund        | Physical Plant<br>and Equipment<br>Levy | Statewide<br>Sales, Services<br>and Use Tax |                   |
|   | Debt<br>Service   | Student<br>Activity |   |   |                   |
| <b>Assets</b>                             |                   |                     |   |   |                   |
| Cash and Cash Equivalents                 | \$ 51,921         | \$ 107,731          | \$ 66,543                               | \$ 312,025                                  | \$ 538,220        |
| Receivables:                              |                   |                     |   |   |                   |
| Property Tax                              | 4,742             | -                   | 719                                     | 86,224                                      | 91,685            |
| Succeeding Year Property Tax              | 251,739           | -                   | 78,382                                  | -   | 330,121           |
| Due from Other Governmental Agencies      | -                 | -                   |   | 27,003                                      | 27,003            |
| <b>Total Assets</b>                       | <u>308,402</u>    | <u>107,731</u>      | <u>145,644</u>                          | <u>425,252</u>                              | <u>987,029</u>    |
| <b>Liabilities and Fund Balances</b>      |                   |                     |   |   |                   |
| <b>Liabilities</b>                        |                   |                     |   |   |                   |
| Accounts Payable                          | -                 | 7,890               | 5,809                                   | 17,207                                      | 30,906            |
| Deferred Revenue - Succeeding Year Taxes  | 251,739           | -                   | 78,382                                  | -   | 330,121           |
| <b>Total Liabilities</b>                  | <u>251,739</u>    | <u>7,890</u>        | <u>84,191</u>                           | <u>17,207</u>                               | <u>361,027</u>    |
| <b>Fund Balances</b>                      |                   |                     |   |   |                   |
| Restricted for:                           |                   |                     |   |   |                   |
| Debt Service                              | 56,663            | -                   | -                                       | -   | 56,663            |
| Student Activities                        | -                 | 99,841              | -                                       | -   | 99,841            |
| Physical Plant and Equipment              | -                 | -                   | 61,453                                  | -   | 61,453            |
| School Infrastructure                     | -                 | -                   | -                                       | 408,045                                     | 408,045           |
| <b>Total Fund Balances</b>                | <u>56,663</u>     | <u>99,841</u>       | <u>61,453</u>                           | <u>408,045</u>                              | <u>626,002</u>    |
| <b>Total Liabilities and Fund Balance</b> | <u>\$ 308,402</u> | <u>\$ 107,731</u>   | <u>\$ 145,644</u>                       | <u>\$ 425,252</u>                           | <u>\$ 987,029</u> |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT** **SCHEDULE 2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL NONMAJOR FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|  | Debt Service     | Special<br>Revenue Fund | Capital Project Funds                   |   | Total             |
|--|------------------|-------------------------|---|---|-------------------|
|  | Debt<br>Service  | Student<br>Activity     | Physical Plant<br>and Equipment<br>Levy | Statewide<br>Sales, Services<br>and Use Tax |                   |
| <b>Revenues</b>  |                  |                         |   |   |                   |
| Local Sources  |                  |                         |   |   |                   |
| Local Tax  | \$ 493,754       | \$ -                    | \$ 74,903                               | \$ 413,117                                  | \$ 981,774        |
| Other  | -                | 153,659                 | 7,654                                   | 37,768                                      | 199,081           |
| Interest   | 347              | 200                     | 347                                     | 347   | 1,241             |
| <b>Total Revenues</b>                                    | <u>494,101</u>   | <u>153,859</u>          | <u>82,904</u>                           | <u>451,232</u>                              | <u>1,182,096</u>  |
| <b>Expenditures</b>                                      |                  |                         |   |   |                   |
| Instruction:   |                  |                         |   |   |                   |
| Regular Instruction                                      | -                | -                       | 22,535                                  | 9,352                                       | 31,887            |
| Other Instruction  | -                | 141,376                 | -                                       | -   | 141,376           |
| Support Services:  |                  |                         |   |   |                   |
| Instructional Staff Services                             | -                | 2,004                   | -                                       | -   | 2,004             |
| Administration Services                                  | 500              | -                       | -                                       | -   | 500               |
| Operation and Maintenance                                | -                | -                       | -                                       | 16,119                                      | 16,119            |
| Transportation Services                                  | -                | -                       | -                                       | 19,976                                      | 19,976            |
| Other Expenditures:                                      |                  |                         |   |   |                   |
| Structural Improvements                                  | -                | -                       | 49,757                                  | -   | 49,757            |
| Facilities Acquisition                                   | -                | -                       | -                                       | 25,094                                      | 25,094            |
| Long-Term Debt   |                  |                         |   |   |                   |
| Principal  | 662,643          | -                       | -                                       | -   | 662,643           |
| Interest   | 19,960           | -                       | -                                       | -   | 19,960            |
| <b>Total Expenditures</b>                                | <u>683,103</u>   | <u>143,380</u>          | <u>72,292</u>                           | <u>70,541</u>                               | <u>969,316</u>    |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | (189,002)        | 10,479                  | 10,612                                  | 380,691                                     | 212,780           |
| <b>Other Financing Sources (Uses)</b>                    |                  |                         |   |   |                   |
| Transfers In   | 189,229          | -                       | -                                       | -   | 189,229           |
| Transfers Out  | -                | -                       | -                                       | (189,229)                                   | (189,229)         |
| <b>Total Other Financing Sources</b>                     | <u>189,229</u>   | <u>-</u>                | <u>-</u>                                | <u>(189,229)</u>                            | <u>-</u>          |
| <b>Net Change in Fund Balances</b>                       | 227              | 10,479                  | 10,612                                  | 191,462                                     | 212,780           |
| <b>Fund Balances at Beginning of Year</b>                | <u>56,436</u>    | <u>89,362</u>           | <u>50,841</u>                           | <u>216,583</u>                              | <u>413,222</u>    |
| <b>Fund Balances at End of Year</b>                      | <u>\$ 56,663</u> | <u>\$ 99,841</u>        | <u>\$ 61,453</u>                        | <u>\$ 408,045</u>                           | <u>\$ 626,002</u> |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF INDIVIDUAL STUDENT ACTIVITY ACCOUNT ACTIVITY  
 FOR THE YEAR ENDED JUNE 30, 2013**

**SCHEDULE 3**

|                          | Balance<br>June 30, 2012 | Revenues<br>and Interfund<br>Transfers | Expenditures      | Balance<br>June 30, 2013 |
|--------------------------|--------------------------|--|-------------------|--------------------------|
| Senior High/Junior High  | \$ 48,355                | \$ 96,355                              | \$ 90,428         | \$ 54,282                |
| Athletics                | 36,562                   | 53,333                                 | 50,496            | 39,399                   |
| Elementary               | 4,445                    | 4,171                                  | 2,456             | 6,160                    |
| Total for Activity Funds | <u>\$ 89,362</u>         | <u>\$ 153,859</u>                      | <u>\$ 143,380</u> | <u>\$ 99,841</u>         |

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS**

| Modified Accrual Basis of Accounting |                     |                     |                     |                     |                     |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                      | 2013                | 2012                | 2011                | 2010                | 2009                |
| <b>Revenues:</b>                     |                     |                     |                     |                     |                     |
| Local Sources:                       |                     |                     |                     |                     |                     |
| Local Tax                            | \$ 3,230,641        | \$ 3,315,163        | \$ 3,265,777        | \$ 2,591,183        | \$ 2,479,566        |
| Tuition                              | 1,085,095           | 1,253,756           | 1,155,335           | 1,453,296           | 1,386,709           |
| Other                                | 333,037             | 312,808             | 649,242             | 281,107             | 331,802             |
| State Sources                        | 2,411,562           | 2,545,097           | 2,243,327           | 1,760,473           | 2,033,568           |
| Federal Sources                      | 317,903             | 325,629             | 333,253             | 286,339             | 233,461             |
| <b>Total</b>                         | <b>\$ 7,378,238</b> | <b>\$ 7,752,453</b> | <b>\$ 7,646,934</b> | <b>\$ 6,372,398</b> | <b>\$ 6,465,106</b> |
| <b>Expenditures:</b>                 |                     |                     |                     |                     |                     |
| Instruction:                         |                     |                     |                     |                     |                     |
| Regular Instruction                  | \$ 2,421,082        | \$ 2,225,366        | \$ 2,277,927        | \$ 2,811,463        | \$ 2,230,833        |
| Special Instruction                  | 1,126,781           | 1,114,336           | 1,021,201           | 942,415             | 768,164             |
| Other Instruction                    | 918,623             | 1,122,083           | 727,608             | 825,001             | 855,769             |
| Support Services:                    |                     |                     |                     |                     |                     |
| Student Services                     | 150,719             | 103,514             | 155,029             | 112,565             | 67,669              |
| Instructional Staff Services         | 181,719             | 181,419             | 141,741             | 134,200             | 121,392             |
| Administration Services              | 517,220             | 549,537             | 505,791             | 530,641             | 474,403             |
| Operations and Maintenance           | 579,660             | 529,119             | 488,137             | 612,037             | 581,890             |
| Transportation Services              | 316,660             | 414,380             | 360,703             | 215,210             | 286,986             |
| Central Support Services             | 153,300             | 165,387             | 103,071             | 130,799             | 148,039             |
| Non-Instructional Programs           | -                   | -                   | -                   | -                   | -                   |
| Other Expenditures:                  |                     |                     |                     |                     |                     |
| Judgements from Court Decision       | -                   | -                   | -                   | -                   | -                   |
| Structural Improvements              | 49,757              | 3,509               | -                   | -                   | -                   |
| Facilities Acquisition               | 25,094              | 19,232              | 103,621             | -                   | -                   |
| Long-term Debt:                      |                     |                     |                     |                     |                     |
| Principal                            | 662,643             | 656,930             | 641,276             | 647,976             | 405,000             |
| Interest and Other Charges           | 19,960              | 30,543              | 38,478              | 56,865              | 106,610             |
| AEA Flowthrough                      | 190,165             | 187,670             | 200,352             | 177,644             | 162,232             |
| <b>Total</b>                         | <b>\$ 7,313,383</b> | <b>\$ 7,303,025</b> | <b>\$ 6,764,935</b> | <b>\$ 7,196,816</b> | <b>\$ 6,208,987</b> |

SCHEDULE 4

|    | 2008             | 2007                | 2006                | 2005                | 2004                |
|----|------------------|---------------------|---------------------|---------------------|---------------------|
| \$ | 2,459,303        | \$ 2,660,552        | \$ 2,441,883        | \$ 2,456,291        | \$ 2,298,569        |
|    | 1,371,175        | 874,283             | 1,084,802           | 965,960             | 455,715             |
|    | 333,626          | 440,522             | 257,772             | 236,111             | 197,783             |
|    | 1,890,883        | 1,783,152           | 1,776,118           | 1,642,643           | 1,668,404           |
|    | 261,894          | 266,668             | 579,219             | 724,543             | 452,558             |
| \$ | <u>6,316,881</u> | <u>\$ 6,025,177</u> | <u>\$ 6,139,794</u> | <u>\$ 6,025,548</u> | <u>\$ 5,073,029</u> |
| \$ | 2,410,734        | \$ 2,181,684        | \$ 2,025,004        | \$ 2,226,542        | \$ 2,310,179        |
|    | 696,382          | 697,452             | 602,269             | 719,023             | 766,178             |
|    | 708,080          | 661,804             | 626,805             | 550,065             | 296,798             |
|    | 126,873          | 121,965             | 123,217             | 96,495              | 138,816             |
|    | 129,937          | 97,055              | 288,543             | 99,138              | 56,183              |
|    | 490,359          | 431,054             | 613,163             | 662,386             | 430,562             |
|    | 664,229          | 691,900             | 520,064             | 513,389             | 428,161             |
|    | 236,172          | 235,680             | 257,341             | 214,250             | 140,968             |
|    | 121,399          | 136,057             | 115,021             | 93,214              | -                   |
|    | -                | -                   | -                   | 473                 | 1,479               |
|    | -                | 5,000               | -                   | -                   | -                   |
|    | -                | -                   | -                   | -                   | -                   |
|    | -                | -                   | 10,000              | 117,016             | 33,693              |
|    | 390,000          | 392,889             | 452,804             | 290,000             | 336,578             |
|    | 122,795          | 138,121             | 156,047             | 221,243             | 244,075             |
|    | 157,411          | 153,027             | 161,131             | 146,814             | 151,819             |
| \$ | <u>6,254,371</u> | <u>\$ 5,943,688</u> | <u>\$ 5,951,409</u> | <u>\$ 5,950,048</u> | <u>\$ 5,335,489</u> |



**Independent Auditors' 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  
Sioux Central Community School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of Sioux Central Community School District, 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, and have issued our report thereon dated February 6, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Sioux Central Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as item 13-II-B to be a material weakness in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 13-II-A to be a significant deficiency.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sioux Central 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 III of the accompanying Schedule of Findings.

## **Sioux Central Community School District's Response to Findings**

Sioux Central 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 Sioux Central Community School District's responses, and accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity'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 Sioux Central 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.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 6, 2014

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013**

**PART I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS**

- (A) An unmodified opinion was issued on the financial statements.
- (B) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (C) The audit did not disclose any non-compliance, which is material to the financial statements.

**PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**INSTANCES OF NON-COMPLIANCE:** No matters were reported.

**SIGNIFICANT DEFICIENCY:**

**13-II-A Segregation of Duties**

Observation – During our review of internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District’s financial statements. We noted that employees who handle cash receipts are also involved with the preparation of bank reconciliations and the posting of payments. Also, the same employee that is entering the payroll information is also processing the payroll.

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

Response – The District feels that additional personnel would not be cost effective. However, management and the school board will review procedures and investigate available alternatives.

Conclusion – Response accepted.

**MATERIAL WEAKNESS:**

**13-II-B Financial Reporting**

Observation – During our audit, we identified material and immaterial amounts of receivables, prepaid health insurance, capital assets, payables, fund balance, and expenses not properly recorded in the District’s financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables, capital assets, and payables are identified and included in the District’s financial statements.

**SIoux CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013**

**PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)**

Response – We will double check these in the future to avoid missing any receivable, prepaid, fixed asset and payable transactions.

Conclusion – Response accepted.

**PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

13-III-A: Certified Budget – Expenditures for the year ended June 30, 2013, did not exceed the certified budget amounts.

13-III-B: Questionable Disbursements – No expenditures that did not meet the requirement of public purpose as defined in an Attorney General’s opinion dated April 25, 1979, were noted.

13-III-C: Travel Expense – No expenditures of Sioux Central Community School District were for travel expenses of spouses of District officials or employees.

13-III-D: Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

| <u>Name, Title, and<br/>Business Connection</u>          | <u>Transaction<br/>Description</u>        | <u>Amount</u> |
|--|---|---------------|
| Randy Ripke, Board<br>Member, Owner of<br>Ripke Electric | Replacement lamps<br>for baseball fields. | \$ 568        |

This transaction does not appear to represent a conflict of interest since the total transaction was less than \$2,500 during the year, per Chapter 362.5(11) of the Code of Iowa.

13-III-E: Bond Coverage - Surety bond coverage of Sioux Central Community School District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

13-III-F: Board Minutes – No transactions were found that we believe should have been approved by the Board minutes but were not.

13-III-G: Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

13-III-H: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District’s investment policy were noted.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013**

**PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING  
(CONTINUED)**

13-III-I: Certified Enrollment – The number of resident students reported to the Iowa Department of Education in row 1 of the Certified Enrollment Certification Form for October of 2012 was understated. The District’s certified enrollment count did not include 1 student who was in attendance in the Fall of 2012. This resulted in understating the total actual enrollment in row 7 by 1 student.

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

Response – We will contact the Iowa Department of Education and the Department of Management.

Conclusion – Response accepted.

13-III-J: Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provision 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, 2013, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District’s CAR including adjustments identified during the fiscal year 2013 audit.

|  |         |            |
|--|---------|------------|
| Beginning Balance                        |         | \$ 216,583 |
| Statewide Sales and Services Tax Revenue | 413,117 |            |
| Other                                    | 38,115  | 451,232    |
|  |         | 667,815    |
| Expenditures/Transfers Out:              |         |            |
| School Infrastructure:                   |         |            |
| Equipment                                | 36,095  |            |
| Other Improvements                       | 34,446  |            |
| Transfers to other funds:                |         |            |
| Debt Service Fund                        | 189,229 | 259,770    |
| Ending Balance                           |         | \$ 408,045 |

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.

**SIOUX CENTRAL COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2013**

**PART III – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING  
(CONTINUED)**

- 13-III-K: Certified Annual Report – The Certified Annual Report was filed timely with the Department of Education.
- 13-III-L: Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 13-III-M: Deficit Balances – No funds had deficit balances at June 30, 2013.
- 13-III-N: Student Activity Fund: - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's education program. All moneys in Student Activity Fund appear to be extracurricular or co-curricular in nature.