

SOUTH PAGE COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

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South Page Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Ron Peterman	President	2015
Darin McClarnon	Vice President	2013
Kenny Jackson	Board Member	2013
Jackie Autry	Board Member	2015
Chris Drennen	Board Member	2015
School Officials		
Gregg Cruickshank	Superintendent	2013
Sherri Ruzek	District Secretary	2013
Rick Franck	Attorney	2013

SOUTH PAGE COMMUNITY SCHOOL DISTRICT

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Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 16 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Page Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 8 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2014 on our consideration of South Page 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 South Page Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

South Page Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 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 \$2,871,483 in fiscal 2012 to \$2,724,425 in fiscal 2013, while General Fund expenditures increased from \$2,588,120 in fiscal 2012 to \$2,692,240 in fiscal 2013. This resulted in an increase in the District's General Fund balance from \$223,752 in fiscal 2012 to a balance of \$255,937 at the end of fiscal 2013, a 14.38% increase from the prior year.
- Despite a decrease in revenues and an increase in expenses in the General Fund, revenues still exceeded expenditures causing an increase in fund balance. The decrease in General Fund revenues was attributable to decreases in local sources in fiscal 2013. The increase in expenditures was due primarily to increases in the instruction functional area.

USING THIS ANNUAL REPORT

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

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

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

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report South Page Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which South Page Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

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

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

Supplementary Information provides detailed information about the nonmajor governmental funds.

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

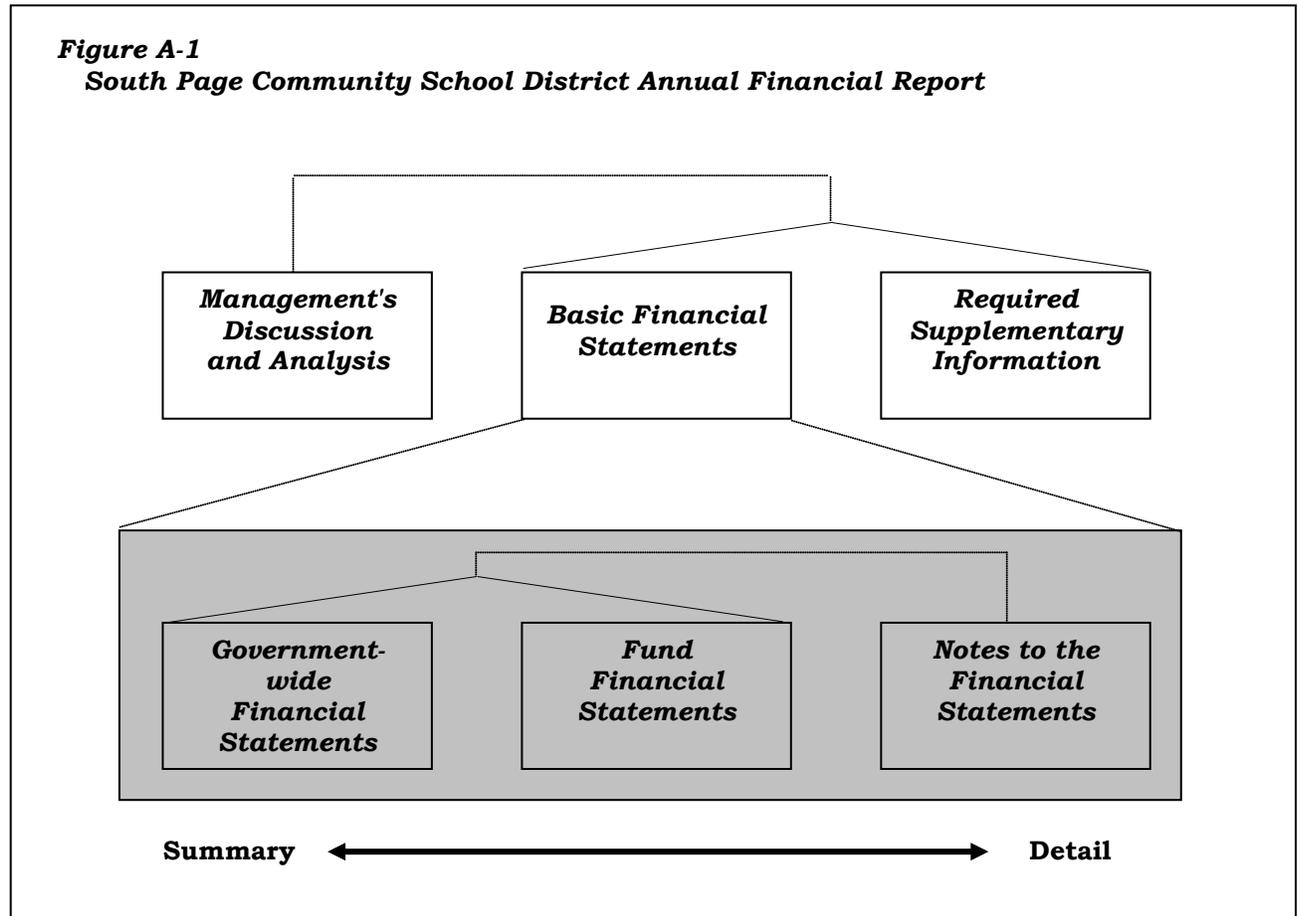


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets 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 it has changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

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

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

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

The required financial statements for fiduciary funds include a Statement Fiduciary Net Position and a Statement of Changes 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 total net position at June 30, 2013 compared to June 30, 2012.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 2,143,549	2,056,438	5,446	9,221	2,148,995	2,065,659	4.03%
Capital assets	1,389,454	1,425,201	13,608	10,522	1,403,062	1,435,723	-2.27%
Total assets	3,533,003	3,481,639	19,054	19,743	3,552,057	3,501,382	1.45%
Long-term obligations	79,620	134,359	4,993	-	84,613	134,359	-37.02%
Other liabilities	1,437,989	1,405,407	6,568	5,409	1,444,557	1,410,816	2.39%
Total liabilities	1,517,609	1,539,766	11,561	5,409	1,529,170	1,545,175	-1.04%
Net position:							
Invested in capital assets, net of related debt	1,389,454	1,366,300	13,608	10,522	1,403,062	1,376,822	1.91%
Restricted	441,139	437,577	-	-	441,139	437,577	0.81%
Unrestricted	184,801	137,996	(6,115)	3,812	178,686	141,808	26.01%
Total net position	\$ 2,015,394	1,941,873	7,493	14,334	2,022,887	1,956,207	3.41%

The District's combined net position increased by 3.41%, or \$66,680, from the prior year. The largest portion of the District's net position is the invested in capital assets, net of related debt category. The debt related to the invested in capital assets is liquidated with sources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$3,562, or 0.81% from the prior year. The increase in restricted net position is primarily the result of the increases in the Management Levy and Capital Projects Fund balances.

Unrestricted net position - is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased approximately \$36,878 or 26.01%. The increase in unrestricted net position is primarily the result of the increase in fund balance for the General Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4 Changes of Net Position							
	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Revenues & transfers:							
Program revenues:							
Charges for services	\$ 201,492	196,011	30,951	30,766	232,443	226,777	2.50%
Operating grants and contributions and restricted interest	343,763	255,964	57,523	57,916	401,286	313,880	27.85%
Capital grants and contributions and restricted interest	-	-	-	2,000	-	2,000	-100.00%
General revenues:							
Property tax	1,070,428	1,285,255	-	-	1,070,428	1,285,255	-16.71%
Income surtax	109,011	111,672	-	-	109,011	111,672	-2.38%
Statewide sales, services and use tax	182,772	158,557	-	-	182,772	158,557	15.27%
Unrestricted state grants	1,136,084	1,101,977	-	-	1,136,084	1,101,977	3.10%
Nonspecific program federal grants	-	776	-	-	-	776	-100.00%
Unrestricted investment earnings	344	458	-	-	344	458	-24.89%
Other	50,817	10,432	867	-	51,684	10,432	395.44%
Transfers	(5,340)	-	5,340	-	-	-	0.00%
Total revenues & transfers	3,089,371	3,121,102	94,681	90,682	3,184,052	3,211,784	-0.86%
Program expenses:							
Governmental activities:							
Instructional	2,019,094	1,934,564	-	-	2,019,094	1,934,564	4.37%
Support services	833,253	767,343	-	-	833,253	767,343	8.59%
Non-instructional programs	-	-	101,522	82,346	101,522	82,346	23.29%
Other expenses	163,503	154,998	-	-	163,503	154,998	5.49%
Total expenses	3,015,850	2,856,905	101,522	82,346	3,117,372	2,939,251	6.06%
Change in net position	73,521	264,197	(6,841)	8,336	66,680	272,533	75.53%
Net position beginning of year	1,941,873	1,677,676	14,334	5,998	1,956,207	1,683,674	16.19%
Net position end of year	\$ 2,015,394	1,941,873	7,493	14,334	2,022,887	1,956,207	3.41%

In fiscal year 2013, property tax, income surtax, statewide sales, services and use tax, and unrestricted state grants accounted for 80.87% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 93.44% of the revenues from business type activities.

The District's total revenues were approximately \$3.18 million of which approximately \$3.09 million was for governmental activities and approximately \$0.09 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a decrease of 0.86% in revenues and a 6.06% increase in expenses. The increase in expenses was caused by increased expenses in the instruction, support services, and other expenses functional areas during the year.

Governmental Activities

Revenues for governmental activities were \$3,089,371 and expenses were \$3,015,850 for the year ended June 30, 2013.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses for the year ended June 30, 2013 as compared to the year ended June 30, 2012.

	Total Cost of Services			Net Cost of Services		
	June 30,		Change	June 30,		Change
	2013	2012	2012-13	2013	2012	2012-13
Instruction	\$ 2,019,094	1,934,564	4.37%	1,607,048	1,573,900	2.11%
Support services	833,253	767,343	8.59%	791,069	766,329	3.23%
Other expenses	163,503	154,998	5.49%	72,478	64,701	12.02%
Totals	\$ 3,015,850	2,856,905	5.56%	2,470,595	2,404,930	2.73%

For the year ended June 30, 2013

- The cost financed by users of the District's programs was \$201,492.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$343,763.
- The net cost of governmental activities was financed with \$1,070,428 in property tax, \$109,011 in income surtax, \$182,772 in statewide sales, services and use tax, \$1,136,084 in unrestricted state grants, \$344 in unrestricted investment earnings and \$45,477 in other general revenues net of transfers.

Business type Activities

Revenues of the District's business type activities were \$94,681 and expenses were \$101,522. The District's business type activities include the School Nutrition Fund and the Bradyville Little League Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and capital contributions.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$541,658, above last year's ending fund balance of \$598,929. The primary reason for the increase in combined fund balance in fiscal 2013 is due to the increase in the fund balance of the General Fund.

Governmental Fund Highlights

- The District's General Fund balance increased from \$223,752 on June 30, 2012 to a balance of \$255,937 on June 30, 2013. The fluctuation in the District's General Fund financial position is the product of many factors. Decreases in local revenue sources led to a decrease in revenues. Despite this decrease, revenues still exceeded expenditures during the year. Expenditures primarily increased due to increased expenditures in the instruction function.
- The Capital Projects Fund balance increased from \$183,956 in fiscal 2012 to \$195,077 in fiscal 2013. The Statewide Sales, Services and Use Tax Fund balance increased from \$177,857 at June 30, 2012 to \$181,356 at June 30, 2013. The Physical Plant and Equipment Levy Fund balance increased from \$6,099 at June 30, 2012 to \$13,721 at June 30, 2013.

Proprietary Fund Highlights

The Proprietary Funds' net position decreased from \$14,334 at June 30, 2012 to a balance of \$7,493 at June 30, 2013, representing a decrease of 47.73%. Revenues from these activities were comprised of charges for service, federal and state reimbursements, and capital contributions.

BUDGETARY HIGHLIGHTS

The District's revenues were \$66,052 more than budgeted revenues, a variance of 2.12%. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

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

In spite of the District's budgetary practice, the certified budget was exceeded in the instruction, support services, non-instructional programs, other expenditures functional areas and in total.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$1,403,062, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.27% from the prior year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$153,173.

The original cost of the District's capital assets was \$4,626,874. Governmental funds account for \$4,537,044 with the remainder of \$89,830 in the Proprietary funds.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress decreased from \$26,563 at June 30, 2012, to \$0 at June 30, 2013 as a result of the completion of construction of a metal roof for the gymnasium.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 52,000	52,000	-	-	52,000	52,000	0.00%
Construction in progress	-	26,563	-	-	-	26,563	-100.00%
Buildings	1,066,461	1,001,512	-	-	1,066,461	1,001,512	6.49%
Land improvements	131,511	154,302	-	-	131,511	154,302	-14.77%
Machinery and equipment	139,482	190,824	13,608	10,522	153,090	201,346	-23.97%
Total	\$ 1,389,454	1,425,201	13,608	10,522	1,403,062	1,435,723	-2.27%

Long-Term Debt

At June 30, 2013, the District had \$84,613 in long-term indebtedness outstanding. This represents a decrease of 37.02% from the prior year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

The District had \$2,225 payable on a dishwasher lease at June 30, 2013.

The District had a net OPEB liability payable of \$82,388 at June 30, 2013.

	Total School District		Business Type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Computer lease	\$ -	58,901	-	-	-	58,901	-100.00%
Dishwasher lease	2,225	-	-	-	2,225	-	100.00%
Net OPEB liability	77,395	75,458	4,993	-	82,388	75,458	9.18%
Total	\$ 79,620	134,359	4,993	-	84,613	134,359	-37.02%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business type Activities	Total
Assets			
Cash and pooled investments	\$ 716,762	3,100	719,862
Receivables:			
Property tax:			
Delinquent	20,840	-	20,840
Succeeding year	1,101,583	-	1,101,583
Income surtax	106,631	-	106,631
Other	810	-	810
Accounts	2,815	1,998	4,813
Due from other governments	194,108	-	194,108
Inventories	-	348	348
Capital assets, net of accumulated depreciation	1,389,454	13,608	1,403,062
Total assets	3,533,003	19,054	3,552,057
Liabilities			
Accounts payable	108,472	-	108,472
Salaries and benefits payable	227,934	5,651	233,585
Deferred revenue:			
Succeeding year property tax	1,101,583	-	1,101,583
Unearned revenue	-	917	917
Long-term liabilities:			
Portion due within one year:			
Dishwasher lease payable	1,068	-	1,068
Portion due after one year:			
Dishwasher lease payable	1,157	-	1,157
Net OPEB liability	77,395	4,993	82,388
Total liabilities	1,517,609	11,561	1,529,170
Net position			
Invested in capital assets, net of related debt	1,389,454	13,608	1,403,062
Restricted for:			
Categorical funding	98,147	-	98,147
Management levy	80,515	-	80,515
Student activities	67,400	-	67,400
School infrastructure	181,356	-	181,356
Physical plant and equipment	13,721	-	13,721
Unrestricted	184,801	(6,115)	178,686
Total net position	\$ 2,015,394	7,493	2,022,887

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 1,249,924	42,767	40,059	(1,167,098)	-	(1,167,098)
Special	562,760	12,328	90,826	(459,606)	-	(459,606)
Other	206,410	135,003	91,063	19,656	-	19,656
	<u>2,019,094</u>	<u>190,098</u>	<u>221,948</u>	<u>(1,607,048)</u>	<u>-</u>	<u>(1,607,048)</u>
Support services:						
Student	66,363	-	29,665	(36,698)	-	(36,698)
Instructional staff	64,337	-	-	(64,337)	-	(64,337)
Administration	269,146	-	-	(269,146)	-	(269,146)
Operation and maintenance of plant	256,220	11,394	-	(244,826)	-	(244,826)
Transportation	177,187	-	1,125	(176,062)	-	(176,062)
	<u>833,253</u>	<u>11,394</u>	<u>30,790</u>	<u>(791,069)</u>	<u>-</u>	<u>(791,069)</u>
Other expenses:						
AEA flowthrough	91,025	-	91,025	-	-	-
Depreciation(unallocated)*	72,478	-	-	(72,478)	-	(72,478)
	<u>163,503</u>	<u>-</u>	<u>91,025</u>	<u>(72,478)</u>	<u>-</u>	<u>(72,478)</u>
Total governmental activities	3,015,850	201,492	343,763	(2,470,595)	-	(2,470,595)
Business type activities:						
Non-instructional programs:						
Nutrition services	98,949	28,132	57,523	-	(13,294)	(13,294)
Community services	2,573	2,819	-	-	246	246
Total business type activities	<u>101,522</u>	<u>30,951</u>	<u>57,523</u>	<u>-</u>	<u>(13,048)</u>	<u>(13,048)</u>
Total	\$ <u>3,117,372</u>	<u>232,443</u>	<u>401,286</u>	<u>(2,470,595)</u>	<u>(13,048)</u>	<u>(2,483,643)</u>
General Revenues and Transfers:						
Property tax for:						
General purposes				\$ 1,041,711	-	1,041,711
Capital outlay				28,717	-	28,717
Income surtax				109,011	-	109,011
Statewide sales, service and use tax				182,772	-	182,772
Unrestricted state grants				1,136,084	-	1,136,084
Unrestricted investment earnings				344	-	344
Other				50,817	867	51,684
Transfers				(5,340)	5,340	-
Total general revenues and transfers				<u>2,544,116</u>	<u>6,207</u>	<u>2,550,323</u>
Changes in net position				73,521	(6,841)	66,680
Net position beginning of year				<u>1,941,873</u>	<u>14,334</u>	<u>1,956,207</u>
Net position end of year				\$ <u>2,015,394</u>	<u>7,493</u>	<u>2,022,887</u>

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

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments	\$ 431,054	139,657	146,051	716,762
Receivables:				
Property tax:				
Delinquent	20,269	571	-	20,840
Succeeding year	972,223	29,360	100,000	1,101,583
Income surtax	106,631	-	-	106,631
Other	-	-	810	810
Accounts	278	-	2,537	2,815
Due from other governments	136,256	57,852	-	194,108
Total assets	\$ 1,666,711	227,440	249,398	2,143,549
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 103,986	3,003	1,483	108,472
Salaries and benefits payable	227,934	-	-	227,934
Deferred revenue:				
Succeeding year property tax	972,223	29,360	100,000	1,101,583
Income surtax	106,631	-	-	106,631
Total liabilities	1,410,774	32,363	101,483	1,544,620
Fund balances:				
Reserved for:				
Categorical funding	98,147	-	-	98,147
Management levy purposes	-	-	80,515	80,515
Student activities	-	-	67,400	67,400
School infrastructure	-	181,356	-	181,356
Physical plant and equipment	-	13,721	-	13,721
Unassigned:				
General	157,790	-	-	157,790
Total fund balances	255,937	195,077	147,915	598,929
Total Liabilities and fund balances	\$ 1,666,711	227,440	249,398	2,143,549

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances of governmental funds(page 20)	\$	598,929
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		1,389,454
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		106,631
Long-term liabilities, including computer lease payable and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(79,620)</u>
Net position of governmental activities(page 18)		<u><u>\$ 2,015,394</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 1,113,948	210,989	40,016	1,364,953
Tuition	51,055	-	-	51,055
Other	84,538	42,101	79,922	206,561
State sources	1,285,716	-	-	1,285,716
Federal sources	189,168	-	-	189,168
Total revenues	2,724,425	253,090	119,938	3,097,453
Expenditures:				
Current:				
Instruction:				
Regular	1,190,570	4,865	24,057	1,219,492
Special	560,558	-	-	560,558
Other	149,923	-	58,051	207,974
	1,901,051	4,865	82,108	1,988,024
Support services:				
Student	64,663	-	-	64,663
Instructional staff	32,079	30,000	-	62,079
Administration	267,674	-	267	267,941
Operation and maintenance of plant	190,441	12,966	18,509	221,916
Transportation	145,307	-	5,089	150,396
	700,164	42,966	23,865	766,995
Capital outlays	-	137,640	-	137,640
Long-term debt:				
Principal	-	-	58,901	58,901
Other expenditures:				
AEA flowthrough	91,025	-	-	91,025
Total expenditures	2,692,240	185,471	164,874	3,042,585
Excess(Deficiency) of revenues over(under) expenditures	32,185	67,619	(44,936)	54,868
Other financing sources(uses):				
Transfers in	-	-	58,901	58,901
Transfers out	-	(58,901)	-	(58,901)
Proceeds from lease	-	2,403	-	2,403
Total other financing sources(uses)	-	(56,498)	58,901	2,403
Net change in fund balances	32,185	11,121	13,965	57,271
Fund balance beginning of year	223,752	183,956	133,950	541,658
Fund balance end of year	\$ 255,937	195,077	147,915	598,929

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds(page 22) \$ 57,271

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

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

Capital outlays	\$ 76,718	
Depreciation expense	<u>(112,465)</u>	(35,747)

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

Repaid	56,676
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Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (2,742)

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

Other postemployment benefits	<u>(1,937)</u>
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Changes in net position of governmental activities(page 19) \$ 73,521

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	Bradyville		
	School Nutrition	Little League	Total
Assets			
Cash and pooled investments	\$ 357	2,743	3,100
Accounts receivable	1,998	-	1,998
Inventories	348	-	348
Capital assets, net of accumulated depreciation	13,608	-	13,608
Total assets	16,311	2,743	19,054
Liabilities			
Salaries and benefits payable	5,651	-	5,651
Unearned revenue	917	-	917
Net OPEB liability	4,993	-	4,993
Total liabilities	11,561	-	11,561
Net position			
Invested in capital assets	13,608	-	13,608
Unrestricted	(8,858)	2,743	(6,115)
Total net position	\$ 4,750	2,743	7,493

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	Bradyville		
	School Nutrition	Little League	Total
Operating revenue:			
Local sources:			
Charges for services	\$ 28,132	2,819	30,951
Miscellaneous	867	-	867
Total operating revenues	<u>28,999</u>	<u>2,819</u>	<u>31,818</u>
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	31,820	-	31,820
Benefits	9,992	-	9,992
Services	897	-	897
Supplies	53,986	-	53,986
Depreciation	2,254	-	2,254
	<u>98,949</u>	<u>-</u>	<u>98,949</u>
Community Service operations:			
Supplies	-	2,573	2,573
Total operating expenses	<u>98,949</u>	<u>2,573</u>	<u>101,522</u>
Operating income(loss)	<u>(69,950)</u>	<u>246</u>	<u>(69,704)</u>
Non-operating revenues:			
State sources	867	-	867
Federal sources	56,656	-	56,656
Total non-operating revenues	<u>57,523</u>	<u>-</u>	<u>57,523</u>
Changed in net position before other financing sources:	(12,427)	246	(12,181)
Other financing sources:			
Capital contributions	5,340	-	5,340
Change in net position	(7,087)	246	(6,841)
Net position beginning of year	<u>11,837</u>	<u>2,497</u>	<u>14,334</u>
Net position end of year	<u>\$ 4,750</u>	<u>2,743</u>	<u>7,493</u>

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	Bradyville		Total
	School Nutrition	Little League	
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 26,684	-	26,684
Cash received from miscellaneous	367	2,819	3,186
Cash payments to employees for services	(35,547)	-	(35,547)
Cash payments to suppliers for goods or services	(46,613)	(2,736)	(49,349)
Net cash proceeds by(used in) operating activities	(55,109)	83	(55,026)
Cash flows from non-capital financing activities:			
State grants received	867	-	867
Federal grants received	51,392	-	51,392
Net cash provided by non-capital financing activities	52,259	-	52,259
Net increase(decrease) in cash and cash equivalents	(2,850)	83	(2,767)
Cash and cash equivalents at beginning of year	3,207	2,660	5,867
Cash and cash equivalents at end of year	\$ 357	2,743	3,100
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:			
Operating income(loss)	\$ (69,950)	246	(69,704)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:			
Commodities consumed	5,264	-	5,264
Depreciation	2,254	-	2,254
Decrease in inventories	3,006	-	3,006
Increase in accounts receivable	(1,998)	-	(1,998)
Decrease in accounts payable	-	(163)	(163)
Increase in salaries and benefits payable	1,272	-	1,272
Increase in unearned revenue	50	-	50
Increase in OPEB liability	4,993	-	4,993
Net cash provided by(used in) operating activities	\$ (55,109)	83	(60,019)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2013, the District received Federal commodities valued at \$5,264.

During the year ended June 30, 2013, the Nutrition Fund received contributed capital of \$5,340 from the Capital Projects: Physical Plant and Equipment Levy Fund.

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Cash and pooled investments	\$ 4,666	987
Liabilities		
Due to other groups	-	987
Net position		
Restricted for scholarships	4,666	-
Total net position	\$ 4,666	-

SEE NOTES TO FINANCIAL STATEMENTS

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Contributions	\$ 2,600
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	1,150
Change in net position	1,450
Net position beginning of year	3,216
Net position end of year	\$ 4,666

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

Restricted net 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 by management, but can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The District reports the following non-major proprietary funds:

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute,

the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

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

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Furniture and equipment	5-20 years

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

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

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

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

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

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

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

Unassigned - All amounts not included in other spendable classifications.

Restricted Net 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 Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures exceeded the amounts budgeted in the instruction, support services, non-instructional, and other expenditures functions. District expenditures also exceeded the total certified budgeted expenditures.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2013 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2013 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$740,344 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAA by Standard & Poor's Financial Services.

(3) **Transfers**

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

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

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

(4) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Furniture and equipment	\$ 84,490	5,340	0	89,830
Less accumulated depreciation	73,968	2,254	0	76,222
Business type activities capital assets, net	<u>\$ 10,522</u>	<u>3,086</u>	<u>0</u>	<u>13,608</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 52,000	-	-	52,000
Construction in progress	26,563	75,638	102,201	-
Total capital assets not being depreciated	78,563	75,638	102,201	52,000
Capital assets being depreciated:				
Buildings	2,554,139	114,636	-	2,668,775
Land improvements	419,149	-	-	419,149
Furniture and equipment	1,408,475	27,099	38,454	1,397,120
Total capital assets being depreciated	4,381,763	141,735	38,454	4,485,044
Less accumulated depreciation for:				
Buildings	1,552,627	49,687	-	1,602,314
Land improvements	264,847	22,791	-	287,638
Furniture and equipment	1,217,651	78,441	38,454	1,257,638
Total accumulated depreciation	3,035,125	150,919	38,454	3,147,590
Total capital assets being depreciated, net	1,346,638	(9,184)	-	1,337,454
Governmental activities capital assets, net	\$ 1,425,201	66,454	102,201	1,389,454

Depreciation expense was charged by the District as follows:

Business type activities:	
Food service	\$ 2,254
Governmental activities:	
Instruction:	
Regular	\$ 52,513
Support services:	
Operation and maintenance of plant	1,600
Transportation	24,328
	78,441
Unallocated depreciation	72,478
Total governmental activities depreciation expense	\$ 150,919

(5) **Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental Activities:					
Computer lease	\$ 58,901	-	58,901	-	-
Dishwasher lease	-	3,293	1,068	2,225	1,068
Net OPEB liability	75,458	1,937	-	77,395	-
Total	<u>\$ 134,359</u>	<u>5,230</u>	<u>59,969</u>	<u>79,620</u>	<u>1,068</u>
Business Type Activities:					
Net OPEB liability	\$ -	4,993	-	4,993	-

Dishwasher Lease

On September 8, 2010, the District entered into a 60 month lease agreement for a dishwasher, with monthly payments of \$89. As of June 30, 2013 25 months remained on the lease agreement.

(6) **Pension and Retirement Benefits**

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

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$107,483, \$97,661, and \$83,904, respectively, equal to the required contributions for each year.

(7) **Other Postemployment Benefits**

Plan Description - The District operates a single-employer health plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 22 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

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

Annual required contribution	\$ 8,561
Interest on net OPEB obligation	1,886
Adjustment to annual required contribution	(3,517)
Annual OPEB cost	<u>6,930</u>
Contributions made	<u>0</u>
Increase in net OPEB obligation	6,930
Net OPEB obligation beginning of year	<u>75,458</u>
Net OPEB obligation end of year	<u><u>\$ 82,388</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 43,154	41.71%	\$ 51,154
2012	43,304	43.88%	75,458
2013	6,930	0.00%	82,388

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$75,982, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$75,982. The covered payroll (annual payroll of active employees covered by the plan) was \$921,459, and the ratio of the UAAL to covered payroll was 8.25%. As of June 30, 2013 there were no trust fund assets.

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

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

As of July 1, 2012 actuarial valuation date, the Entry Age Actuarial Cost Method was used. The actuarial assumption includes a 2.5% discount rate based on the District's funding policy. The health cost trend rate is 6% per year.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon national termination studies performed by the Society of Actuaries.

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

	Single	Family
\$	463	1,476

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$91,025 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.

(10) Categorical Funding

The District's ending restricted balances for categorical funding at June 30, 2013 are comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Dropout and dropout prevention programs	\$ 32,282
Teacher salary supplement	27,044
Professional development	27,072
Market factor incentives	2,019
Empowerment	9,730
Total	<u>\$ 98,147</u>

(11) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position are as follows:

	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ 157,790
Income surtax	106,631
Capital assets, net of accumulated depreciation	-
Dishwasher lease payable	(2,225)
Net OPEB liability	(77,395)
Net position (Exhibit A)	<u>\$ 184,801</u>

(12) Budget Overexpenditure

During the year ended June 30, 2013, the District's expenditures in the instruction, support services, non-instruction, and other expenditures functions exceeded the amounts budgeted. District expenditures also exceeded the total certified budgeted expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to
	Funds	Fund		Original	Final	Actual
	Actual	Actual				Variance
Revenues:						
Local sources	\$ 1,622,569	31,818	1,654,387	1,557,873	1,557,873	96,514
Intermediate sources	0	0	0	500	500	(500)
State sources	1,285,716	867	1,286,583	1,336,369	1,336,369	(49,786)
Federal sources	189,168	56,656	245,824	226,000	226,000	19,824
Total revenues	<u>3,097,453</u>	<u>89,341</u>	<u>3,186,794</u>	<u>3,120,742</u>	<u>3,120,742</u>	<u>66,052</u>
Expenditures/Expenses:						
Instruction	1,988,024	0	1,988,024	1,844,000	1,844,000	(144,024)
Support services	766,995	0	766,995	643,000	643,000	(123,995)
Non-instructional programs	0	101,522	101,522	80,000	80,000	(21,522)
Other expenditures	287,566	0	287,566	207,913	207,913	(79,653)
Total expenditures/expenses	<u>3,042,585</u>	<u>101,522</u>	<u>3,144,107</u>	<u>2,774,913</u>	<u>2,774,913</u>	<u>(369,194)</u>
Excess(Deficiency) of revenues over(under) expenditures	54,868	(12,181)	42,687	345,829	345,829	(303,142)
Other financing sources, net	<u>2,403</u>	<u>5,340</u>	<u>7,743</u>	<u>9,000</u>	<u>9,000</u>	<u>(1,257)</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	57,271	(6,841)	50,430	354,829	354,829	(304,399)
Balance beginning of year	<u>541,658</u>	<u>14,334</u>	<u>555,992</u>	<u>816,793</u>	<u>816,793</u>	<u>(260,801)</u>
Balance end of year	<u>\$ 598,929</u>	<u>7,493</u>	<u>606,422</u>	<u>1,171,622</u>	<u>1,171,622</u>	<u>(565,200)</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE 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 comparison for the General Fund and each major Special Revenue Fund.

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

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

During the year ended June 30, 2013, expenditures in the instruction, support services, non-instruction, and other expenditures functions exceeded the amounts budgeted. District expenditures also exceeded the total certified budgeted expenditures.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2013

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 256,000	\$ 256,000	0.00%	\$ 865,640	29.57%
2011	July 1, 2009	-	256,000	256,000	0.00%	1,270,361	20.15%
2012	July 1, 2009	-	256,000	256,000	0.00%	916,228	27.94%
2013	July 1, 2012	-	75,982	75,982	0.00%	921,459	8.25%

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

SUPPLEMENTARY INFORMATION

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue		
	Management	Student	Total
	Levy	Activity	
Assets			
Cash and pooled investments	\$ 79,705	66,346	146,051
Receivables:			
Property tax:			
Succeeding year	100,000	-	100,000
Other	810	-	810
Accounts	-	2,537	2,537
Total Assets	\$ 180,515	68,883	249,398
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	1,483	1,483
Deferred revenue:			
Succeeding year property tax	100,000	-	100,000
Total liabilities	100,000	1,483	101,483
Fund balances:			
Restricted for:			
Management levy purposes	80,515	-	80,515
Student activities	-	67,400	67,400
Total fund balances	80,515	67,400	147,915
Liabilities and Fund Balances	\$ 180,515	68,883	249,398

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013

	Special Revenue				
	Management Levy	Student Activity	Total		Total
			Special Revenue	Debt Service	
Revenues:					
Local sources:					
Local tax	\$ 40,016	-	40,016	-	40,016
Other	1,463	78,459	79,922	-	79,922
Total revenues	41,479	78,459	119,938	-	119,938
Expenditures:					
Current:					
Instruction:					
Regular instruction	24,057	-	24,057	-	24,057
Other	-	58,051	58,051	-	58,051
Support services:					
Administration services	267	-	267	-	267
Operation and maintenance of plant	18,509	-	18,509	-	18,509
Transportation	5,089	-	5,089	-	5,089
Long-term debt:					
Principal	-	-	-	58,901	58,901
Total expenditures	47,922	58,051	105,973	58,901	164,874
Excess(Deficiency) of revenues over(under) expenditures	(6,443)	20,408	13,965	(58,901)	(44,936)
Other financing sources:					
Transfer in	-	-	-	58,901	58,901
Net change in fund balances	(6,443)	20,408	13,965	-	13,965
Fund balance beginning of year	86,958	46,992	133,950	-	133,950
Fund balance end of year	\$ 80,515	67,400	147,915	-	147,915

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 126,507	13,150	139,657
Receivables:			
Property tax:			
Delinquent	-	571	571
Succeeding year	-	29,360	29,360
Due from other governments	57,852	-	57,852
Total Assets	\$ 184,359	43,081	227,440
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 3,003	-	3,003
Deferred revenue:			
Succeeding year property tax	-	29,360	29,360
Total liabilities	3,003	29,360	32,363
Fund balances:			
Restricted for:			
School infrastructure	181,356	-	181,356
Physical plant and equipment	-	13,721	13,721
Total fund balances	181,356	13,721	195,077
Liabilities and Fund Balances	\$ 184,359	43,081	227,440

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 182,772	28,217	210,989
Other	42,100	1	42,101
Total revenues	224,872	28,218	253,090
Expenditures:			
Current:			
Instruction:			
Regular	4,865	-	4,865
Support services:			
Instructional staff	24,604	5,396	30,000
Operation and maintenance of plant	8,305	4,661	12,966
Capital outlays	124,698	12,942	137,640
Total expenditures	162,472	22,999	185,471
Excess of revenues over expenditures	62,400	5,219	67,619
Other financing sources(uses):			
Transfer out	(58,901)	-	(58,901)
Proceeds from lease	-	2,403	2,403
Total other financing sources(uses)	(58,901)	2,403	(56,498)
Net change in fund balances	3,499	7,622	11,121
Fund balance beginning of year	177,857	6,099	183,956
Fund balance end of year	\$ 181,356	13,721	195,077

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund			
	Ron Warren Scholarship	Joy Jones Scholarship	Corner Conference Scholarship	Total
Assets				
Cash and pooled investments	\$ 1,488	500	2,678	4,666
Liabilities	-	-	-	-
Net position				
Restricted for scholarships	\$ 1,488	500	2,678	4,666

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FIDUCIARY FUND, PRIVATE PURPOSE TRUST
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund			
	Ron Warren Scholarship	Joy Jones Scholarship	Corner Conference Scholarship	Total
Additions:				
Local sources:				
Contributions	\$ 1,000	500	1,100	2,600
Deductions:				
Instruction:				
Regular:				
Scholarships awarded	-	750	400	1,150
Changes in net position	1,000	(250)	700	1,450
Net position beginning of year	488	750	1,978	3,216
Net position end of year	\$ 1,488	500	2,678	4,666

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
Drama	\$ 680	1,214	1,411	(22)	461
Vocal	5	-	-	-	5
Instrumental	(676)	-	(1)	675	-
Football	(458)	-	-	458	-
Girls Basketball	(217)	-	-	217	-
HS Track	(35)	-	-	35	-
Baseball	(125)	-	-	125	-
Athletics	491	12,013	10,138	22	2,388
Weightlifting Club	1,955	129	1	-	2,083
Girls Softball Club	318	-	-	-	318
Elementary Carnival	8,246	4,864	2,963	(1,400)	8,747
Class of 2007	(18)	-	-	18	-
Class of 2013	1,820	1,649	2,331	-	1,138
Class of 2014	650	4,091	2,951	-	1,790
Class of 2015	40	405	22	-	423
Class of 2016	160	105	-	-	265
Class of 2017	141	50	54	-	137
Class of 2018	56	65	-	-	121
Yearbook	468	3,848	5,705	1,400	11
Corner Conference	1,632	-	251	-	1,381
National Honor Society	1,262	354	209	-	1,407
Concession Stand	2,319	7,155	6,110	(390)	2,974
Cheerleaders	63	1,246	842	128	595
Drill Team	1,256	3,525	2,488	-	2,293
Student Council	273	571	643	-	201
FCCLA	185	-	-	-	185
BPA	(1,395)	5,397	3,133	-	869
FFA	11,570	11,214	7,028	-	15,756
MS Student Council	1,397	3,371	2,704	-	2,064
Spanish Club	329	-	-	-	329
Trips and Activities	(227)	-	-	227	-
Booster Club	13,538	15,586	9,069	(128)	19,927
Music Booster Club	-	1,500	-	-	1,500
Gate Change	(390)	-	-	390	-
Activity interest	1,774	107	(1)	(1,850)	32
Pop Machine	(95)	-	-	95	-
Total	\$ 46,992	78,459	58,051	-	67,400

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 1,364,953	1,558,072	1,280,190	1,191,552	1,214,460	1,073,491	1,122,128	1,053,799	1,167,875	1,159,197
Tuition	51,055	110,191	84,420	61,577	57,010	56,415	66,354	65,691	65,477	51,912
Other	206,651	98,949	117,242	124,293	150,121	124,501	164,487	171,058	139,346	166,910
Intermediate sources	-	-	-	-	-	-	85,000	3,797	-	-
State sources	1,285,716	1,226,980	1,293,489	1,024,714	1,269,665	1,348,724	1,198,545	1,191,256	1,253,081	1,302,959
Federal sources	189,168	129,498	252,144	355,308	147,298	146,570	183,652	137,597	129,141	489,953
Total	\$ 3,097,543	3,123,690	3,027,485	2,757,444	2,838,554	2,749,701	2,820,166	2,623,198	2,754,920	3,170,931
Expenditures:										
Instruction:										
Regular	\$ 1,219,492	1,094,785	1,054,141	1,119,005	1,121,478	1,201,674	1,067,806	1,092,910	1,047,608	1,015,036
Special	560,558	566,593	494,007	497,362	359,356	390,752	475,750	358,508	319,517	325,089
Other	207,974	209,970	287,082	304,895	285,572	247,985	190,477	322,403	330,026	282,762
Support services:										
Student	64,663	36,495	39,647	77,316	44,213	16,800	7,716	3,615	4,178	21,669
Instructional staff	62,079	49,218	25,787	32,743	39,499	89,522	136,776	69,140	52,201	21,005
Administration	267,941	252,920	277,594	315,668	331,525	306,779	410,434	334,274	318,601	348,487
Operation and maintenance of plant	221,916	245,575	235,358	275,301	286,422	270,375	267,555	244,677	257,790	213,837
Transportation	150,396	194,585	117,055	195,407	125,611	114,221	138,947	111,292	156,367	84,470
Capital outlays	137,640	140,073	101,449	285,792	64,835	91,740	76,661	165,545	161,259	534,691
Long-term debt:										
Principal	58,901	58,901	58,900	150,019	40,000	35,000	35,000	35,000	30,000	30,000
Interest	-	-	-	1,175	4,400	5,660	6,719	7,579	9,393	10,598
Other expenditures:										
AEA flow-through	91,025	90,297	105,573	103,857	97,571	94,850	91,837	90,274	92,612	94,165
Total	\$ 3,042,585	2,939,412	2,796,593	3,358,540	2,800,482	2,865,358	2,905,678	2,835,217	2,779,552	2,981,809

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.
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117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

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

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

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of South Page Community School District as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 19, 2014.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-13 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-B-13 and I-C-13 to be significant deficiencies.

Compliance and Other Matters

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

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

South Page Community School District's Responses to Findings

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

Purpose of this Report

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

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 19, 2014
Newton, Iowa

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-13 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - collecting, recording, depositing, journalizing, posting and reconciling.

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

Response - The Administration will investigate possible alternatives and implement them as they see fit.

Conclusion - Response accepted.

I-B-13 Timesheets for Non-Certified Coaches - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked by non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - The District will develop procedures to track hours worked by non-certified staff and coaches.

Conclusion - Response accepted.

I-C-13 Purchase Orders - We noted that the District currently uses purchase orders in the purchasing process, however some purchase orders were filled out subsequent to purchases being made.

Recommendation - The advantage of using a purchase order system is that approvals of the items being purchased are noted prior to ordering items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation against the budget. When monitoring actual expenses, it can be helpful to know the outstanding

orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - The Administration will talk with staff about the purchasing policy at the school. The current system will be reviewed and the Administration will make the necessary adjustments to the policy.

Conclusion - Response accepted.

SOUTH PAGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - Expenditures for the year ended June 30, 2013 exceeded the amounts budgeted in the instruction, support services, non-instruction, and other expenditures functional areas. District expenditures also exceeded the total certified budgeted expenditures.

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

Response - The budget will be more closely monitored in the future, and amendments will be made when necessary.

Conclusion - Response accepted.

II-B-13 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-13 Business Transactions - No business transactions between the District and District officials were noted.

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

II-F-13 Board Minutes - We noted transactions requiring Board approval have not been approved by the Board.

II-G-13 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-H-13 Supplementary Weighting - We noted variances in the supplementary weighting data certified to the Department of Education. Supplementary weighting was overstated by 0.17 students.

Recommendation - The Iowa Department of Education and the Department of Management should be contacted to resolve this matter.

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

Conclusion - Response accepted.

II-I-13 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

- II-J-13 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- II-K-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-13 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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

Beginning Balance		\$ 177,857
Revenues:		
Sales tax revenues	\$ 182,772	
Other local revenues	42,100	224,872
	<u> </u>	<u>402,729</u>
Expenditures/transfers out:		
School infrastructure construction	\$ 104,296	
Equipment	53,756	
Other	4,420	
Transfers to other funds:		
Debt service fund	58,901	221,373
	<u> </u>	<u> </u>
Ending Balance		<u><u>\$ 181,356</u></u>

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

- II-M-13 Student Activity Fund - During our audit issues arose about the properness of certain receipts and expenditures collected/paid from the Student Activity Fund. In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for students. More specific examples of these instances of questioned items and recommendations are as follows:

Lifetouch Commissions: We noted during our audit that Lifetouch commissions were being receipted into the Elementary Carnival account within the Student Activity Fund.

Recommendation - According to Chapter 298A.2 of the Code of Iowa, all money received by a District must be accounted for in the General Fund except for money required by law to be accounted for in another fund. Commissions are not specifically identified as allowable revenue for the Student Activity Fund; therefore, Lifetouch commissions would be more appropriately receipted into the General Fund.

Response - Commissions will be placed in the General Fund as miscellaneous income.

Conclusion - Response accepted.

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

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

Response - Scholarships will not be paid out of the funds that were not fundraised for that purpose.

Conclusion - Response accepted.

II-N-13 Daycare - We noted during our audit that an individual operates Trishie's Little Rebels Daycare on the District's premises. The Daycare pays one dollar per month for rental of a portion of the District's building. One dollar for rent appears inappropriate considering utilities and janitorial costs to the District would be more than one dollar per month.

Recommendation - The District should charge a fair rent for the space provided for the Daycare.

Response - The District provides a needed service to the students and community. While \$1 per month may not be considered appropriate payment for rent, the service being provided is of high value to the school. At this time, the Administration and Board will continue as is.

Conclusion - Response acknowledged, the District should charge a fair rent for the space provided for the Daycare.

II-O-13 Payroll Authorization - We noted during our audit that the District does not have written authorization to mail employee's payroll checks. Chapter 91A.3 of the Code of Iowa requires that an employer have a written request from an employee before wages can be sent to an employee by mail.

Recommendation - The District should obtain written authorization from each employee who desires to receive a payroll check by mail.

Response - The Business Office will obtain payroll authorization from the staff.

Conclusion - Response accepted.

II-P-13 District and Regional Rents - We noted during our audit that the District received money for the use of facilities when hosting district and regional events. The District currently receipts district and regional rents into the Student Activity Fund.

Recommendation - Chapter 297.9 of the Code of Iowa requires rent to be receipted into the General Fund. The District should receipt rent collected for facility usage into the General Fund.

Response - The Board has decided to receipt 25% of district and regional rents in the General Fund, with the remaining 75% being receipted in the Student Activity Fund.

Conclusion - Response accepted.