

STANTON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2013

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Stanton Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jeff Magneson	President	2015
Mark Lindgren	Vice President	2013
Brian Bates	Board Member	2013
Paul Vanderholm	Board Member	2015
Jeff Sorenson	Board Member	2013
School Officials		
Terry Christie	Superintendent	2013
Tammy Boyer	District Secretary	2013
Shirley Maxwell	Business Manager	2013
Ahlers & Cooney	Attorney	2013
Swanson Law Firm	Attorney	2013

STANTON COMMUNITY SCHOOL DISTRICT

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Stanton 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 the Stanton Community School District, Stanton, 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 Stanton 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.

Members American Institute & Iowa Society of Certified Public Accountants

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 Stanton 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. Audits of States, Local Governments, and Non-Profit Organizations, 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 January 15, 2014 on our consideration of Stanton 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 Stanton Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

January 15, 2014
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Stanton Community School District annual financial report presents its discussion and analysis of its financial performance during the fiscal year ended June 30, 2013. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$2,627,533 in fiscal 2012 to \$2,589,225 in fiscal 2013, while General Fund expenditures decreased from \$2,598,066 in fiscal 2012 to \$2,499,822 in fiscal 2013. This resulted in an increase in the General Fund balance from \$267,883 in fiscal 2012 to \$357,286 which was a 33.37% increase from the prior year.
- The decrease in General Fund revenues is attributable in part to a decrease in state sources and federal sources received. The decrease in expenditures is attributable in part to a decrease in administration and total instruction costs.

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 Stanton 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 Stanton 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 Stanton 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.

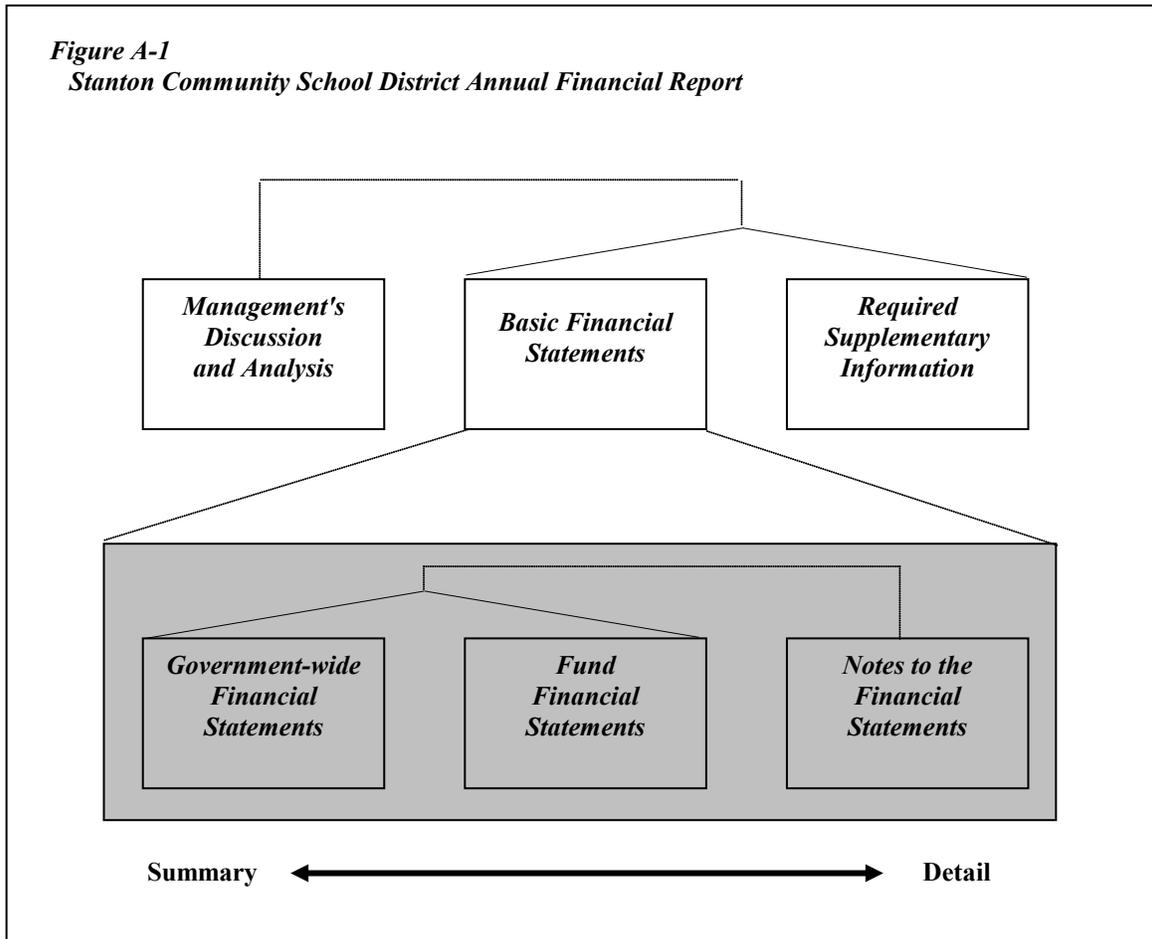


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement 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 statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

2. *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

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

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

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

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

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

Figure A-3							
Condensed Statement of Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 2,227,345	2,159,888	27,824	35,632	2,255,169	2,195,520	2.72%
Capital assets	1,267,706	1,324,363	13,233	16,199	1,280,939	1,340,562	-4.45%
Total assets	3,495,051	3,484,251	41,057	51,831	3,536,108	3,536,082	0.00%
Long-term liabilities	124,518	127,283	-	-	124,518	127,283	-2.17%
Other liabilities	1,349,656	1,331,877	1,767	1,670	1,351,423	1,333,547	1.34%
Total liabilities	1,474,174	1,459,160	1,767	1,670	1,475,941	1,460,830	1.03%
Net position:							
Investment in capital assets	1,267,706	1,324,363	13,233	16,199	1,280,939	1,340,562	-4.45%
Restricted	509,958	495,764	-	-	509,958	495,764	2.86%
Unrestricted	243,213	204,964	26,057	33,962	269,270	238,926	12.70%
Total net position	\$ 2,020,877	2,025,091	39,290	50,161	2,060,167	2,075,252	-0.73%

The District's combined net position decreased by 0.73%, or \$15,085, over the prior year. The largest portion of the District's net position is the investment in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$14,194, or 2.86%, from the prior year. The majority of the increase in restricted net position was due to increase in carryover balances of the categorical funds.

Unrestricted net position - the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$30,344 or 12.70% over the prior year. The majority of the increase in unrestricted net position was due to an increase in the fund balance of the General Fund.

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

	Figure A-4 Changes of Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for services	\$ 573,625	574,240	54,749	61,308	628,374	635,548	-1.13%
Operating grants, contributions and restricted interest	347,189	335,730	47,012	41,034	394,201	376,764	4.63%
Capital grants, contributions and restricted interest	-	-	-	1,000	-	1,000	-100.00%
General revenues:							
Property tax	997,956	872,473	-	-	997,956	872,473	14.38%
Income surtax	89,186	88,878	-	-	89,186	88,878	0.35%
Statewide sales, services and use tax	152,597	148,959	-	-	152,597	148,959	2.44%
Unrestricted state grants	728,109	879,643	-	-	728,109	879,643	-17.23%
Nonspecific program federal grants	-	602	-	-	-	602	-100.00%
Unrestricted investment earnings	1,109	2,329	-	-	1,109	2,329	-52.38%
Other	20,417	35,800	24	28	20,441	35,828	-42.95%
Total revenues	<u>2,910,188</u>	<u>2,938,654</u>	<u>101,785</u>	<u>103,370</u>	<u>3,011,973</u>	<u>3,042,024</u>	<u>-0.99%</u>
Program expenses:							
Governmental activities:							
Instruction	1,916,752	1,857,425	-	-	1,916,752	1,857,425	3.19%
Support services	870,592	876,820	-	-	870,592	876,820	-0.71%
Non-instructional programs	1,563	1,704	112,656	104,492	114,219	106,196	7.55%
Other expenses	125,495	126,956	-	-	125,495	126,956	-1.15%
Total expenses	<u>2,914,402</u>	<u>2,862,905</u>	<u>112,656</u>	<u>104,492</u>	<u>3,027,058</u>	<u>2,967,397</u>	<u>2.01%</u>
Increase (Decrease) in net position	(4,214)	75,749	(10,871)	(1,122)	(15,085)	74,627	-120.21%
Net position beginning of year	<u>2,025,091</u>	<u>1,949,342</u>	<u>50,161</u>	<u>51,283</u>	<u>2,075,252</u>	<u>2,000,625</u>	<u>3.73%</u>
Net position end of year	<u>\$ 2,020,877</u>	<u>2,025,091</u>	<u>39,290</u>	<u>50,161</u>	<u>2,060,167</u>	<u>2,075,252</u>	<u>-0.73%</u>

In fiscal 2013, property tax and unrestricted state grants accounted for 59.31% of the revenue from governmental activities while charges for services and operating grants, contributions, and restricted interest account for 99.98% of the revenue from business type activities.

The District's total revenues were approximately \$3.01 million, of which approximately \$2.91 million was for governmental activities and approximately \$0.10 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.99% decrease in revenues and a 2.01% increase in expenses. Property tax increased \$125,483 to fund the increase in expenses. The increase in expenses is related to increases in negotiated salaries and benefits received by employees of the District.

Governmental Activities

Revenues for governmental activities were \$2,910,188 and expenses were \$2,914,402 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, non-instructional programs and other expenses, for the year ended June 30, 2013 compared to the year ended June 30, 2012.

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 1,916,752	1,857,425	3.19%	1,068,431	1,029,930	3.74%
Support services	870,592	876,820	-0.71%	870,592	868,299	0.26%
Non-instructional programs	1,563	1,704	-8.27%	1,563	1,704	-8.27%
Other expenses	125,495	126,956	-1.15%	53,002	53,002	0.00%
Totals	<u>\$ 2,914,402</u>	<u>2,862,905</u>	<u>1.80%</u>	<u>1,993,588</u>	<u>1,952,935</u>	<u>2.08%</u>

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$573,625.
- The federal and state government subsidized certain programs with operating grants and contributions totaling \$347,189.
- The net cost portion of governmental activities was financed with \$997,956 in property tax, \$89,186 in income surtax, \$152,597 in statewide sales, services and use tax, \$728,109 in unrestricted state grants, \$1,109 in unrestricted investment earnings, and \$20,417 in other general revenues.

Business Type Activities

The District's only business type activity is the School Nutrition Fund. Revenues of the District's business type activities totaled \$101,785 in 2013, which is a decrease of 1.53% from the prior year. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income. Expenses increased 7.81% to \$112,656 for business type activities in 2013.

INDIVIDUAL FUND ANALYSIS

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

As the District completed the year, its governmental funds reported combined net position of \$791,463, an increase of \$51,169 from last year's ending fund balances of \$740,294. The majority of the increase in combined net position was due to an increased fund balance of the General Fund.

Governmental Fund Highlights

- The General Fund balance increased from \$267,883 in fiscal 2012 to \$357,286 in fiscal 2013. The majority of the increase in fund balance was due to the increase in General Fund local taxes received.
- The Management Levy Fund balance decreased from \$161,836 in fiscal 2012 to \$128,436 in fiscal 2013. The decrease in fund balance is due the District paying out termination benefits during the year that the District had not had to the year before.
- The Capital Projects Fund balance decreased from \$214,993 in fiscal 2012 to \$213,326 in fiscal 2013. The decrease in fund balance was due to increased regular instruction expenditures and a decreased amount of insurance proceeds received.

Proprietary Fund Highlights

- The School Nutrition Fund net position decreased from \$50,161 in fiscal 2012 to \$39,290 in fiscal 2013, representing a decrease of approximately 21.67%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$52,567 less than budgeted revenues, a variance of 1.71%. The most significant variance resulted from the District receiving less in local source revenue than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2013, the District had invested \$1,280,939, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers and audio-visual equipment, and transportation equipment. (See Figure A-6). More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$97,290.

The original cost of the District's capital assets was \$2,872,745. Governmental funds account for \$2,827,851 with the remainder of \$44,894 in the Proprietary, School Nutrition Fund.

In comparing fiscal 2013 to fiscal 2012, the largest percentage change in capital assets activity occurred in the land improvements category. The District's land improvements totaled \$53,527 at June 30, 2013 compared to \$58,373 at June 30, 2012. The decrease was mainly attributable to an increase in accumulated depreciation.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 52,726	52,726	-	-	52,726	52,726	0.00%
Buildings	1,006,099	1,054,255	-	-	1,006,099	1,054,255	-4.79%
Land improvements	53,527	58,373	-	-	53,527	58,373	-9.05%
Machinery and equipment	155,354	159,009	13,233	16,199	168,587	175,208	-3.93%
Total	\$ 1,267,706	1,324,363	13,233	16,199	1,280,939	1,340,562	-4.45%

Long-Term Debt

At June 30, 2013, the District had \$124,518 in total long-term debt outstanding. This represents a decrease of 2.17% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

	Total District		Total Change
	June 30,		June 30,
	2013	2012	2012-13
Termination benefits	\$ 23,942	45,847	-47.78%
Net OPEB liability	100,576	81,436	23.50%
Totals	\$ 124,518	127,283	-2.17%

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:

- It is a concern of this District, as well as every District in the state, that certain costs will continue to increase, such as those associated with negotiated agreements with unions, i.e. salaries and benefits. The District continues to approve an Early Retirement Plan in an effort to achieve cost savings through higher paid teachers retiring early and hiring less experienced teachers as replacements that typically will be paid less, thus resulting in a cost savings to the General Fund. Other uncontrolled costs such as fuel also continue to be watched. With the legislature's hesitancy to fully fund and increase funding, knowing that these costs will continue to rise, the District remains vigilant to use completely and efficiently all the resources it has at its disposal.

- The state's economy is showing limited signs of economic recovery. A weaker economy adversely impacts the amount of new general fund money available to the District. Also continued budget concerns at state level will affect future projections. The District will continue to be forced to shift funding to property taxes.
- At this time the District's certified enrollment is holding steady. Increasing or at least maintaining enrollment in upcoming years will be necessary to help maintain the District's financial health. Another very important enrollment factor in this district is the number of open enrolled in students from neighboring districts.

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 Shirley Maxwell, Business Manager, Stanton Community School District, 605 Elliott Street, Stanton, IA 51573.

BASIC FINANCIAL STATEMENTS

STANTON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 966,622	22,661	989,283
Receivables:			
Property tax:			
Delinquent	14,355	-	14,355
Succeeding year	1,006,857	-	1,006,857
Income surtax	86,226	-	86,226
Accounts	1,496	478	1,974
Due from other governments	151,789	-	151,789
Inventories	-	4,685	4,685
Capital assets, net of accumulated depreciation	1,267,706	13,233	1,280,939
TOTAL ASSETS	3,495,051	41,057	3,536,108
LIABILITIES			
Accounts payable	92,014	-	92,014
Salaries and benefits payable	250,785	-	250,785
Deferred revenue:			
Succeeding year property tax	1,006,857	-	1,006,857
Unearned revenue	-	1,767	1,767
Long-term liabilities:			
Portion due within one year:			
Termination benefits payable	23,942	-	23,942
Portion due after one year:			
Net OPEB liability	100,576	-	100,576
TOTAL LIABILITIES	1,474,174	1,767	1,475,941
NET POSITION			
Investment in capital assets	1,267,706	13,233	1,280,939
Restricted for:			
Categorical funding	99,723	-	99,723
Management levy purposes	104,494	-	104,494
Student activities	92,415	-	92,415
School infrastructure	195,077	-	195,077
Physical plant and equipment	18,249	-	18,249
Unrestricted	243,213	26,057	269,270
TOTAL NET POSITION	\$ 2,020,877	39,290	2,060,167

SEE NOTES TO FINANCIAL STATEMENTS.

STANTON 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	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
			Interest	Interest			
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 1,338,659	376,530	168,074	-	(794,055)	-	(794,055)
Special	304,090	97,884	17,033	-	(189,173)	-	(189,173)
Other	274,003	99,211	89,589	-	(85,203)	-	(85,203)
	<u>1,916,752</u>	<u>573,625</u>	<u>274,696</u>	<u>-</u>	<u>(1,068,431)</u>	<u>-</u>	<u>(1,068,431)</u>
Support services:							
Student	97,954	-	-	-	(97,954)	-	(97,954)
Instructional staff	16,415	-	-	-	(16,415)	-	(16,415)
Administration	369,680	-	-	-	(369,680)	-	(369,680)
Operation and maintenance of plant	223,389	-	-	-	(223,389)	-	(223,389)
Transportation	163,154	-	-	-	(163,154)	-	(163,154)
	<u>870,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(870,592)</u>	<u>-</u>	<u>(870,592)</u>
Non-instructional programs:							
Food service operations	1,563	-	-	-	(1,563)	-	(1,563)
Other expenditures:							
AEA flowthrough	72,493	-	72,493	-	-	-	-
Depreciation (unallocated) *	53,002	-	-	-	(53,002)	-	(53,002)
	<u>125,495</u>	<u>-</u>	<u>72,493</u>	<u>-</u>	<u>(53,002)</u>	<u>-</u>	<u>(53,002)</u>
Total governmental activities	<u>2,914,402</u>	<u>573,625</u>	<u>347,189</u>	<u>-</u>	<u>(1,993,588)</u>	<u>-</u>	<u>(1,993,588)</u>
Business type activities:							
Non-instructional programs:							
Nutrition services	112,656	54,749	47,012	-	-	(10,895)	(10,895)
Total business type activities	<u>112,656</u>	<u>54,749</u>	<u>47,012</u>	<u>-</u>	<u>-</u>	<u>(10,895)</u>	<u>(10,895)</u>
Total	<u>\$ 3,027,058</u>	<u>628,374</u>	<u>394,201</u>	<u>-</u>	<u>(1,993,588)</u>	<u>(10,895)</u>	<u>(2,004,483)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 977,348	-	977,348
Capital outlay					20,608	-	20,608
Income surtax					89,186	-	89,186
Statewide sales, services and use tax					152,597	-	152,597
Unrestricted state grants					728,109	-	728,109
Unrestricted investment earnings					1,109	24	1,133
Other					20,417	-	20,417
Total general revenues					<u>1,989,374</u>	<u>24</u>	<u>1,989,398</u>
Change in net position					(4,214)	(10,871)	(15,085)
Net position beginning of year					<u>2,025,091</u>	<u>50,161</u>	<u>2,075,252</u>
Net position end of year					<u>\$ 2,020,877</u>	<u>39,290</u>	<u>2,060,167</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

STANTON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Management	Capital Projects	Nonmajor Student Activity	Total
ASSETS					
Cash and pooled investments:	\$ 576,644	129,112	168,705	92,162	966,623
Receivables:					
Property tax:					
Delinquent	13,282	776	296	-	14,354
Succeeding year	875,225	110,000	21,632	-	1,006,857
Income surtax	86,226	-	-	-	86,226
Accounts	728	-	-	768	1,496
Due from other governments	107,464	-	44,325	-	151,789
TOTAL ASSETS	\$ 1,659,569	239,888	234,958	92,930	2,227,345
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 90,047	1,452	-	515	92,014
Salaries and benefits payable	250,785	-	-	-	250,785
Deferred revenue:					
Succeeding year property tax	875,225	110,000	21,632	-	1,006,857
Income surtax	86,226	-	-	-	86,226
Total liabilities	1,302,283	111,452	21,632	515	1,435,882
Fund balances:					
Restricted for:					
Categorical funding	99,723	-	-	-	99,723
Management levy purposes	-	128,436	-	-	128,436
Student activities	-	-	-	92,415	92,415
School infrastructure	-	-	195,077	-	195,077
Physical plant and equipment	-	-	18,249	-	18,249
Unassigned	257,563	-	-	-	257,563
Total fund balances	357,286	128,436	213,326	92,415	791,463
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,659,569	239,888	234,958	92,930	2,227,345

SEE NOTES TO FINANCIAL STATEMENTS.

STANTON 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)	\$ 791,463
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,267,706
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	86,226
Long-term liabilities, including other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(124,518)</u>
Net position of governmental activities (page 18)	<u><u>\$ 2,020,877</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	General	Management Levy	Capital Projects	Nonmajor Student Activity	Total
Revenues:					
Local sources:					
Local tax	\$ 1,014,067	53,957	173,206	-	1,241,230
Tuition	474,414	-	-	-	474,414
Other	29,201	1,419	1,425	92,409	124,454
State sources	1,013,947	27	11	-	1,013,985
Federal sources	57,596	-	-	-	57,596
Total revenues	<u>2,589,225</u>	<u>55,403</u>	<u>174,642</u>	<u>92,409</u>	<u>2,911,679</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,210,811	62,790	67,723	-	1,341,324
Special	301,252	-	-	-	301,252
Other	177,783	-	-	95,070	272,853
	<u>1,689,846</u>	<u>62,790</u>	<u>67,723</u>	<u>95,070</u>	<u>1,915,429</u>
Support services:					
Student	84,171	287	-	-	84,458
Instructional staff	11,829	287	2,119	-	14,235
Administration	339,385	8,807	-	-	348,192
Operation and maintenance of plant	187,404	8,223	-	506	196,133
Transportation	114,694	6,846	-	-	121,540
	<u>737,483</u>	<u>24,450</u>	<u>2,119</u>	<u>506</u>	<u>764,558</u>
Non-instructional programs:					
Food service operations	-	1,563	-	-	1,563
Capital outlays	-	-	109,023	-	109,023
Other expenditures:					
AEA flowthrough	72,493	-	-	-	72,493
Total expenditures	<u>2,499,822</u>	<u>88,803</u>	<u>178,865</u>	<u>95,576</u>	<u>2,863,066</u>
Excess(Deficiency) of revenues over(under) expenditures	89,403	(33,400)	(4,223)	(3,167)	48,613
Other financing sources:					
Insurance proceeds	-	-	2,556	-	2,556
Change in fund balances	89,403	(33,400)	(1,667)	(3,167)	51,169
Fund balance beginning of year	267,883	161,836	214,993	95,582	740,294
Fund balance end of year	<u>\$ 357,286</u>	<u>128,436</u>	<u>213,326</u>	<u>92,415</u>	<u>791,463</u>

SEE NOTES TO FINANCIAL STATEMENTS.

STANTON 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

Change in fund balances - total governmental funds (page 22) \$ 51,169

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

Capital outlays	\$ 31,450	
Depreciation expense	(88,107)	(56,657)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (1,491)

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

Early retirement payable	21,905	
Other postemployment benefits	(19,140)	2,765

Change in net position of governmental activities (page 19) \$ (4,214)

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 22,660
Accounts receivable	478
Inventories	4,686
Capital assets, net of accumulated depreciation	13,233
TOTAL ASSETS	<u>41,057</u>
LIABILITIES	
Unearned revenue	<u>1,767</u>
NET POSITION	
Investment in capital assets	13,233
Unrestricted	26,057
TOTAL NET POSITION	<u>\$ 39,290</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

	<u>School</u> <u>Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ 54,749
Non-instructional programs:	
Food service operations:	
Salaries	41,350
Benefits	6,559
Services	1,758
Supplies	60,023
Depreciation	2,966
Total operating expenses	<u>112,656</u>
Operating loss	<u>(57,907)</u>
Non-operating revenues:	
State sources	1,121
Federal sources	45,891
Interest on investments	24
Total non-operating revenues	<u>47,036</u>
Change in net position	(10,871)
Net position beginning of year	<u>50,161</u>
Net position end of year	<u>\$ 39,290</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Exhibit I

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 54,414
Cash payments to employees for services	(47,909)
Cash payments to suppliers for goods or services	(53,773)
Net cash used in operating activities	(47,268)
Cash flows from non-capital financing activities:	
State grants received	1,121
Federal grants received	37,677
Net cash provided by non-capital financing activities	38,798
Cash flows from investing activities:	
Interest on investments	24
Net decrease in cash and cash equivalents	(8,446)
Cash and cash equivalents at beginning of year	31,106
Cash and cash equivalents at end of year	\$ 22,660
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (57,907)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	8,214
Depreciation	2,966
Increase in inventories	(206)
Increase in accounts receivable	(432)
Increase in unearned revenue	97
Net cash used in operating activities	\$ (47,268)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received Federal commodities valued at \$8,214.

SEE NOTES TO FINANCIAL STATEMENTS.

STANTON COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 51,291
LIABILITIES	
	-
NET POSITION	
Restricted for scholarships	\$ 51,291

SEE NOTES TO FINANCIAL STATEMENTS.

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

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,450
Interest income	869
Total additions	<u>2,319</u>
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>1,470</u>
Change in net position	849
Net position beginning of year	<u>50,442</u>
Net position end of year	<u><u>\$ 51,291</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

STANTON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) Summary of Significant Accounting Policies

The Stanton 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 Stanton, Iowa, and the predominate agricultural territory in Page and Montgomery Counties. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Stanton 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 Stanton 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 Montgomery and Page County Assessors' Conference Board.

B. Basis of Presentation

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

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

Investment 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 are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest 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.

The District reports the following major governmental funds:

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

The Management Levy Fund is utilized to account for the revenues and expenses of unemployment benefits, early retirement benefits, and insurance agreements relating to such liabilities.

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

The District reports the following nonmajor proprietary fund:

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

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund includes 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.

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

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

D. Assets, Liabilities and Fund Balances

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

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested.

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

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

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

Salaries and Benefits Payable - Payroll and related expenditures for teachers with 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 Revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Position in the Proprietary, School Nutrition Fund.

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

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

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

Unassigned - All amounts not included in 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.

(2) Cash and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The District had no investments at June 30, 2013.

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 52,726	-	-	52,726
Total capital assets not being depreciated	52,726	-	-	52,726
Capital assets being depreciated:				
Buildings	1,949,979	-	-	1,949,979
Land improvements	99,060	-	-	99,060
Machinery and equipment	694,636	37,667	6,217	726,086
Total capital assets being depreciated	2,743,675	37,667	6,217	2,775,125
Less accumulated depreciation for:				
Buildings	895,724	48,156	-	943,880
Land improvements	40,687	4,846	-	45,533
Machinery and equipment	535,627	41,322	6,217	570,732
Total accumulated depreciation	1,472,038	94,324	6,217	1,560,145
Total capital assets being depreciated, net	1,271,637	(56,657)	-	1,214,980
Governmental activities capital assets, net	\$ 1,324,363	(56,657)	-	1,267,706
Business type activities:				
Machinery and equipment	\$ 53,991	-	9,097	44,894
Less accumulated depreciation	37,792	2,966	9,097	31,661
Business type activities capital assets, net	\$ 16,199	(2,966)	-	13,233

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 14,583
Other		2,115
Support services:		
Administration		2,634
Transportation		21,990
		41,322
Unallocated depreciation		53,002
Total depreciation expense - governmental activities		\$ 94,324
Business type activities:		
Food service operations		\$ 2,966

(4) 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	Reductions	Balance End of Year	Due Within One Year
Termination benefits	\$ 45,847	23,942	45,847	23,942	23,942
Net OPEB liability	81,436	19,140	-	100,576	-
	\$ 127,283	43,082	45,847	124,518	23,942

Termination Benefits (Early Retirement)

During the year ended June 30, 2013, the District offered a voluntary termination benefit plan to its full-time licensed employees that also included licensed administrators.

Eligible employees must be at least age fifty-five and must have completed at least fifteen years of full-time service to the District including the last year of employment. Employees must complete an application which is required to be approved by the Board of Education.

Termination benefits equal 25% of the employee's regular contractual salary in effect during the employee's last year of employment (not including extended contract and extra duty pay amounts). Benefits may be paid to employees in cash or applied to the cost of health insurance offered through the District's group health insurance plan.

At June 30, 2013, the District has obligations to two participants with a total liability of \$23,942. Termination benefit expenditures for the year ended June 30, 2013 totaled \$45,847.

(5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS

provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual salary and the District is required to contribute 8.67% of annual 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 \$122,925, \$120,714, and \$101,168 respectively equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 21 active members and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with ISEBA. Retirees under age 65 pay the same premium for the medical/prescription drug benefit 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	\$ 29,388
Interest on net OPEB obligation	2,036
Adjustment to annual required contribution	(6,651)
Annual OPEB cost	<u>24,773</u>
Contributions made	(5,633)
Increase in net OPEB obligation	<u>19,140</u>
Net OPEB obligation beginning of year	<u>81,436</u>
Net OPEB obligation end of year	<u><u>\$ 100,576</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.

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, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 38,150	20.97%	\$ 57,150
2012	38,286	28.73%	81,436
2013	24,773	22.74%	100,576

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 \$213,117, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$213,117. The covered payroll (annual payroll of active employees covered by the plan) was \$1,138,330, and the ratio of the UAAL to covered payroll was 18.72%. 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 unit credit actuarial cost method was used. The actuarial assumptions includes a 2.50% discount rate based on the District's funding policy.

Mortality rates are from the RP2000 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.

Projected claim costs of the medical plan are \$571 per employee. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(7) Risk Management

The Stanton Community School District is a member in the Iowa School Employees Benefits Association, fully insured pool covered by Wellmark Blue Cross Blue Shield of Iowa. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: health and dental.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2013 were \$356,402.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw.

Stanton 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.

(8) 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 \$72,493 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.

(9) Categorical Funding

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

Project	Amount
Gifted and talented	\$ 53,852
Educator quality, basic salary	10,549
Educator quality, core curriculum	3,517
Educator quality, professional development	4,259
Preschool Grant	27,546
Total reserved for categorical funding	\$ 99,723

STANTON COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 1,840,098	54,773	1,894,871	1,947,671	1,947,671	(52,800)
State sources	1,013,985	1,121	1,015,106	1,026,190	1,026,190	(11,084)
Federal sources	57,596	45,891	103,487	92,170	92,170	11,317
Total revenues	<u>2,911,679</u>	<u>101,785</u>	<u>3,013,464</u>	<u>3,066,031</u>	<u>3,066,031</u>	<u>(52,567)</u>
Expenditures/Expenses:						
Instruction	1,915,429	-	1,915,429	2,101,109	2,101,109	185,680
Support services	764,558	-	764,558	996,710	996,710	232,152
Non-instructional programs	1,563	112,656	114,219	135,000	135,000	20,781
Other expenditures	181,516	-	181,516	277,799	277,799	96,283
Total expenditures/expenses	<u>2,863,066</u>	<u>112,656</u>	<u>2,975,722</u>	<u>3,510,618</u>	<u>3,510,618</u>	<u>534,896</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	48,613	(10,871)	37,742	(444,587)	(444,587)	482,329
Other financing sources, net	<u>2,556</u>	<u>-</u>	<u>2,556</u>	<u>-</u>	<u>-</u>	<u>2,556</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	51,169	(10,871)	40,298	(444,587)	(444,587)	484,885
Balance beginning of year	<u>740,294</u>	<u>50,161</u>	<u>790,455</u>	<u>467,359</u>	<u>467,359</u>	<u>323,096</u>
Balance end of year	<u>\$ 791,463</u>	<u>39,290</u>	<u>830,753</u>	<u>22,772</u>	<u>22,772</u>	<u>807,981</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

STANTON 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 Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

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

STANTON 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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 175,000	\$ 175,000	0.00%	\$ 1,211,124	14.45%
2011	July 1, 2009	0	175,000	175,000	0.00%	987,440	17.72%
2012	July 1, 2009	0	175,000	175,000	0.00%	1,075,506	16.27%
2013	July 1, 2012	0	213,117	213,117	0.00%	1,138,330	18.72%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SUPPLEMENTARY INFORMATION

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

	Capital Projects		
	Statwide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 150,752	17,953	168,705
Receivables:			
Property tax:			
Delinquent	-	296	296
Succeeding year	-	21,632	21,632
Due from other governments	44,325	-	44,325
TOTAL ASSETS	\$ 195,077	39,881	234,958
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	-	-
Deferred revenue:			
Succeeding year property tax	-	21,632	21,632
Total liabilities	-	21,632	21,632
Fund balances:			
Restricted for:			
School infrastructure	195,077	-	195,077
Physical plant and equipment	-	18,249	18,249
Total fund balances	195,077	18,249	213,326
TOTAL LIABILITIES AND FUND BALANCES	\$ 195,077	39,881	234,958

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

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

	Capital Projects		
	Statwide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 152,598	20,608	173,206
Other	175	1,250	1,425
State sources	-	11	11
Total revenues	<u>152,773</u>	<u>21,869</u>	<u>174,642</u>
Expenditures:			
Current:			
Instruction:			
Regular	67,723	-	67,723
Support services:			
Instructional staff	-	2,119	2,119
Capital outlays	32,658	76,365	109,023
Total expenditures	<u>100,381</u>	<u>78,484</u>	<u>178,865</u>
Excess(Deficiency) of revenues over(under) expenditures	52,392	(56,615)	(4,223)
Other financing sources:			
Insurance proceeds	-	2,556	2,556
Change in fund balances	52,392	(54,059)	(1,667)
Fund balances beginning of year	<u>142,685</u>	<u>72,308</u>	<u>214,993</u>
Fund balances end of year	<u>\$ 195,077</u>	<u>18,249</u>	<u>213,326</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

STANTON 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	Intrafund Transfers	Balance End of Year
Interest on Investments	\$ -	141	-	(141)	-
School Play	1,591	1,389	789	3	2,194
Speech	(1,044)	2,753	782	1	928
Musical Events	6,914	3,979	3,209	12	7,696
Elementary Music	3,972	2,224	1,751	7	4,452
Band Repair	73	545	506	-	112
Athletic Fundraisers	10,544	7,044	9,089	13	8,512
Cheerleaders	1,226	180	209	2	1,199
Drill Team	119	-	-	-	119
Athletics	35,227	31,922	37,150	46	30,045
Class of 2013	5,643	2,095	7,601	(137)	-
Class of 2014	951	11,264	7,110	(130)	4,975
Class of 2015	535	245	-	1	781
Class of 2016	400	280	-	1	681
Class of 2017	275	260	-	1	536
Class of 2018	65	40	-	-	105
Class of 2019	462	145	5	1	603
Class Gifts	1,368	-	-	2	1,370
Future Farmers	3,206	-	30	5	3,181
FCCLA	1,727	3,423	4,377	126	899
Math Club	253	-	14	-	239
National Honor Society	1,339	1,438	1,471	2	1,308
Pep Club	1,878	2,003	2,801	443	1,523
Spanish Club	149	-	-	-	149
Student Council	1,604	1,067	1,225	2	1,448
Yearbook	13,176	9,692	7,830	23	15,061
Student Projects	10	-	-	-	10
Commissary	3,264	6,563	5,840	(160)	3,827
Elementary Field Trip	30	-	-	-	30
Co-Curricular	501	3,717	3,787	1	432
FCCLA Fundraiser	120	-	-	(120)	-
FCS Student Project	4	-	-	(4)	-
Total	\$ 95,582	92,409	95,576	-	92,415

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

STANTON COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund				
	Irene Larmon Scholarship	PJ Larmon Scholarship	Steve Watson Scholarship	Girls Atheltic Union Scholarship	Total
ASSETS					
Cash and pooled investments	\$ 11,063	25,405	13,873	950	51,291
LIABILITIES	-	-	-	-	-
NET POSITION					
Restricted for scholarships	\$ 11,063	25,405	13,873	950	51,291

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

STANTON COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust - Scholarship Fund				
	Irene Larmon Scholarship	PJ Larmon Scholarship	Steve Watson Scholarship	Girls Athletic Union Scholarship	Total
Additions:					
Local sources:					
Gifts and contributions	\$ -	-	100	1,350	1,450
Interest income	47	275	547	-	869
Total additions	47	275	647	1,350	2,319
Deductions:					
Instruction:					
Regular:					
Scholarships awarded	200	20	600	650	1,470
Change in net position	(153)	255	47	700	849
Net position beginning of year	11,216	25,150	13,826	250	50,442
Net position end of year	\$ 11,063	25,405	13,873	950	51,291

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

STANTON 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	\$ 1,241,230	1,107,862	961,234	879,691	790,475	751,980	816,208	812,404	774,478	839,447
Tuition	474,414	436,720	434,974	456,250	412,210	380,232	372,449	416,239	363,162	288,017
Other	124,455	192,714	221,203	225,450	206,903	198,006	191,916	180,176	175,811	199,578
State sources	1,013,984	1,139,723	1,069,759	967,248	1,068,942	1,116,575	1,052,963	987,922	1,037,699	964,363
Federal sources	57,596	59,187	124,003	189,029	84,499	76,880	76,494	83,266	102,547	131,029
Total	\$ 2,911,679	2,936,206	2,811,173	2,717,668	2,563,029	2,523,673	2,510,030	2,480,007	2,453,697	2,422,434
Expenditures:										
Current:										
Instruction:										
Regular	\$ 1,341,324	1,190,482	1,087,372	1,193,260	1,145,466	1,056,816	1,012,520	978,668	914,534	892,927
Special	301,252	281,609	268,117	242,869	209,987	214,238	200,027	191,453	172,608	186,612
Other	272,853	430,193	410,149	405,000	403,357	367,851	383,075	365,349	372,540	349,119
Support services:										
Student	84,458	83,929	81,726	76,776	71,796	67,487	62,527	59,583	57,849	58,727
Instructional staff	14,235	14,249	36,489	10,259	18,769	18,386	17,688	9,940	6,294	9,633
Administration	348,192	401,107	381,712	371,848	356,386	344,131	353,439	352,493	336,369	291,741
Operation and maintenance of plant	196,133	209,600	219,536	196,258	192,832	190,929	182,726	184,976	164,924	173,358
Transportation	121,540	199,590	103,147	91,272	112,779	109,609	140,754	114,529	145,957	69,617
Central	-	-	-	-	-	-	-	-	-	9,162
Non-instructional programs	1,563	1,704	1,100	1,450	1,500	1,278	1,005	875	2,075	2,518
Capital outlay	109,023	242,774	97,950	122,838	105,565	98,372	33,880	21,018	6,844	49,206
Long-term debt:										
Principal	-	-	-	-	-	-	105,000	100,000	95,000	95,000
Interest and other charges	-	-	-	-	-	-	4,915	9,165	13,155	16,998
Other expenditures:										
AEA flow-through	72,493	73,954	84,934	84,897	77,648	75,545	73,735	71,333	72,446	72,998
Total	\$ 2,863,066	3,129,191	2,772,232	2,796,727	2,696,085	2,544,642	2,571,291	2,459,382	2,360,595	2,277,616

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

To the Board of Education of the Stanton 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 Stanton 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 January 15, 2014.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stanton 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.

Stanton Community School District's Responses to Findings

Stanton Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Stanton 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 Stanton 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.

January 15, 2014
Newton, Iowa

STANTON 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.
- 4) Wire transfers - processing and approving.
- 5) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 6) Transfers - preparing and approving.
- 7) Computer systems - performing all general accounting functions and controlling all data input and output.
- 8) School lunch program - collecting, recording, and depositing; journalizing, posting, and reconciling

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

Response - The District is always looking for ways to improve our internal controls and are willing to make changes that improve our situation.

Conclusion - Response accepted.

I-B-13 Negative Lunch Account Balances - It was noted during the audit that the Nutrition Fund is carrying numerous negative student and adult lunch account balances on the books.

Recommendation - The District should review their procedures and policies in regard to negative student lunch account balances. The District should try various collection techniques to collect the balances from the families or give these families a free/reduced lunch application to see if they qualify.

Response - The District will review the procedures and policies in regard to negative student lunch account balances. Families with negative balances will be encouraged to complete a free & reduced lunch application to see if they qualify.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-13 Certified Budget - District disbursements for the year ended June 30, 2013, did not exceed the amount budgeted.
- II-B-13 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined by 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 - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Brian Bates, Board member Owner Bates Garage	Vehicle service	\$ 13,423
Don Hicks, Athletic director Owner Hicks Painting	Painting/Mowing	1,882
Larry Watson, Bus driver	Snow removal service	745

The transactions between the District and the board member do not appear to create a conflict of interest according to Chapter 279.7A of the Code of Iowa due to the contract being competitively bid.

The transactions between the District and the athletic director and bus driver do not appear to represent a conflict of interest in accordance with the Attorney General’s opinion dated July 2, 1990.

- 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 no transactions requiring Board approval which 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 - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

- 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 the District using categorical funding to supplant rather than supplement other funds.
- II-L-13 Statewide Sales, Service and Use Tax - During our audit, there was no instances of non-compliance noted with the use of the statewide sales and services tax revenue provisions Chapter 423F.3 of the Code of Iowa.

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 and services tax. 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		\$ 142,685
Revenues:		
Sales tax revenues	\$ 152,598	
Other local revenues	175	152,773
		295,458
Expenditures:		
School infrastructure construction	22,421	
Equipment	67,723	
Other	10,237	100,381
		195,077
Ending balance		\$ 195,077

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

- II-M-13 Checks Outstanding - We noted during our audit that the District had checks included in the Nutrition and Activity fund bank reconciliations which have been outstanding for over a year.

Recommendation - The District should determine if the outstanding checks should be reissued, voided, or submitted to the State as unclaimed property. If the checks are submitted as unclaimed property, the District must do so annually before November 1st as required by Chapter 556.1(10) and 556.11 of the Code of Iowa.

Response - The District will determine if the outstanding checks should be reissued, voided, or submitted to the State of Iowa as unclaimed property.

Conclusion - Response accepted.

II-N-13 Student Activity Fund - During our audit concerns arose about the propriety of certain receipts, expenditures and accounts within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8).

Purchases of Instructional Supplies - We noted during our audit that the District fundraised for library books. Receipts and subsequent expenditures for the library books were from the Student Activity Fund.

Recommendation - Receipts and expenditures for library books should be handled in the General Fund in the future. It is inappropriate to use the Student Activity Fund as a clearing account for the General Fund.

Response - In the future, the District will properly handle receipts and expenditures for library books in the General Fund.

Conclusion - Response accepted.