

SIGOURNEY COMMUNITY SCHOOL DISTRICT  
SIGOURNEY, IOWA

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

JUNE 30, 2014

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SIGOURNEY COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
(Before September 2013 election)		
Bill Rees	President	2013
Mark O' Rourke	Vice President	2015
Teresa Dawson	Board Member	2013
Ruth Manchester	Board Member	2013
Denise Conrad	Board Member	2015
Terry Hollingsworth	Board Member	2015
Marsha Steinhart	Board Member	2015
(After September 2013 election)		
Mark O' Rourke	President	2015
Denise Conrad	Vice President	2015
Marsha Steinhart	Board Member	2015
Terry Hollingsworth	Board Member (Resigned October 1, 2013)	
Shellie Striegel	Board Member (Appointed October 22, 2013)	2015
Ruth Manchester	Board Member	2017
Anne Arduser	Board Member	2017
Tom Hadley	Board Member	2017
<u>School Officials</u>		
Craig Scott	Superintendent	2014
Susan Huls	District Secretary/Treasurer and Business Manager	2014
Lynch Dallas, P.C.	Attorney	2014

DOUGLAS T. HUNT, CPA  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Sigourney Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sigourney Community School District, Sigourney Iowa, as of and for the year ended June 30, 2014 and the related notes to 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 11 of the Code of Iowa. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other*Required Supplementary Information*

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

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sigourney Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the four years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2014 on our consideration of Sigourney Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Sigourney Community School District's internal control over financial reporting and compliance.

Oskaloosa, Iowa  
November 4, 2014

*Hunt & Associates, P.C.*

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## Basic Financial Statements

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 3,490,872	\$ 53,589	\$ 3,544,461
Receivables:			
Property tax:			
Current year	48,081	-	48,081
Succeeding year	2,310,272	-	2,310,272
Income surtax	136,324	-	136,324
Accounts	91,719	-	91,719
Due from other governments	327,411	59	327,470
Inventories	-	3,559	3,559
Capital assets, net of accumulated depreciation (note 4)	4,426,983	88,242	4,515,225
<b>Total assets</b>	<b>10,831,662</b>	<b>145,449</b>	<b>10,977,111</b>
<b>Liabilities</b>			
Accounts payable	51,861	785	52,646
Advances from grantors	9,260	-	9,260
Unearned revenue	-	3,571	3,571
Accrued interest payable	72,859	-	72,859
Long-term liabilities (note 5):			
Portion due within one year:			
Capital lease purchase agreements	122,258	-	122,258
Promissory note payable	31,587	-	31,587
Lighting capital lease	25,015	-	25,015
Portion due after one year:			
Capital lease purchase agreements	253,657	-	253,657
Promissory note payable	1,581,287	-	1,581,287
Lighting capital lease	48,390	-	48,390
Net OPEB liability	200,000	-	200,000
<b>Total liabilities</b>	<b>2,396,174</b>	<b>4,356</b>	<b>2,400,530</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	2,310,272	-	2,310,272

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$ 2,740,704	\$ 88,242	\$ 2,828,946
Restricted for:			
Categorical funding	108,060	-	108,060
Capital projects	152,995	-	152,995
Physical plant and equipment levy purposes	108,486	-	108,486
Management levy purposes	530,597	-	530,597
Student activities	68,351	-	68,351
Unrestricted	<u>2,416,023</u>	<u>52,851</u>	<u>2,468,874</u>
 Total net position	 <u>\$ 6,125,216</u>	 <u>\$ 141,093</u>	 <u>\$ 6,266,309</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 4,053,049	\$ 467,117	\$ 740,883	\$ -
Support services:				
Student	103,648	23,388	170	-
Instructional staff	232,626	42,626	5,200	-
Administration	681,420	24,039	-	-
Operation and maintenance of plant	510,040	-	-	-
Transportation	314,744	63,848	-	-
	<u>1,842,478</u>	<u>153,901</u>	<u>5,370</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	24,516	-	-	66,602
Long-term debt interest and fiscal charges	92,826	-	-	-
AEA flowthrough	214,958	-	214,958	-
Depreciation (unallocated) *	143,723	-	-	-
	<u>476,023</u>	<u>-</u>	<u>214,958</u>	<u>66,602</u>
Total governmental activities	<u>6,371,550</u>	<u>621,018</u>	<u>961,211</u>	<u>66,602</u>

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,845,049)	\$ -	\$ (2,845,049)
(80,090)	-	(80,090)
(184,800)	-	(184,800)
(657,381)	-	(657,381)
(510,040)	-	(510,040)
(250,896)	-	(250,896)
(1,683,207)	-	(1,683,207)
42,086	-	42,086
(92,826)	-	(92,826)
-	-	-
(143,723)	-	(143,723)
(194,463)	-	(194,463)
(4,722,719)	-	(4,722,719)

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Operation and maintenance of plant	\$ 1,627	\$ -	\$ -	\$ -
Non-instructional programs:				
Food service operations	277,681	135,840	133,648	-
Total business-type activities	279,308	135,840	133,648	-
Total	\$ 6,650,858	\$ 756,858	\$ 1,094,859	\$ 66,602

General revenues:

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

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

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

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ -	\$ (1,627)	\$ (1,627)
-	(8,193)	(8,193)
-	(9,820)	(9,820)
(4,722,719)	(9,820)	(4,732,539)
\$ 2,222,487	\$ -	\$ 2,222,487
52,498	-	52,498
168,389	-	168,389
465,007	-	465,007
2,369,125	-	2,369,125
5,254	43	5,297
20,554	-	20,554
5,303,314	43	5,303,357
580,595	(9,777)	570,818
5,544,621	150,870	5,695,491
\$ 6,125,216	\$ 141,093	\$ 6,266,309

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 2,442,202	\$ 519,995	\$ 458,611	\$ 70,064	\$ 3,490,872
Receivables:					
Property tax:					
Current year	36,375	10,602	1,104	-	48,081
Succeeding year	1,706,597	550,000	53,675	-	2,310,272
Income surtax	136,324	-	-	-	136,324
Accounts	91,719	-	-	-	91,719
Due from other governments	76,871	-	250,540	-	327,411
 Total assets	 <u>\$ 4,490,088</u>	 <u>\$ 1,080,597</u>	 <u>\$ 763,930</u>	 <u>\$ 70,064</u>	 <u>\$ 6,404,679</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 50,148	\$ -	\$ -	\$ 1,713	\$ 51,861
Advances from grantors	9,260	-	-	-	9,260
Total liabilities	<u>59,408</u>	<u>-</u>	<u>-</u>	<u>1,713</u>	<u>61,121</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,706,597	550,000	53,675	-	2,310,272
Other	136,324	-	-	-	136,324
Total deferred inflows of resources	<u>1,842,921</u>	<u>550,000</u>	<u>53,675</u>	<u>-</u>	<u>2,446,596</u>
Fund balances:					
Restricted for:					
Categorical funding (note 10)	108,060	-	-	-	108,060
School infrastructure	-	-	601,769	-	601,769
Physical plant and equipment	-	-	108,486	-	108,486
Management levy purposes	-	530,597	-	-	530,597
Student activities	-	-	-	68,351	68,351
Assigned for specific instructional purposes	12,914	-	-	-	12,914
Unassigned	2,466,785	-	-	-	2,466,785
Total fund balances	<u>2,587,759</u>	<u>530,597</u>	<u>710,255</u>	<u>68,351</u>	<u>3,896,962</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,490,088</u>	<u>\$ 1,080,597</u>	<u>\$ 763,930</u>	<u>\$ 70,064</u>	<u>\$ 6,404,679</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2014

Total fund balances of governmental funds	\$ 3,896,962
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	4,426,983
Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	136,324
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(72,859)
Long-term liabilities, including capital lease purchase agreements, promissory notes, lighting capital leases, and net OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(2,262,194)</u>
Net position of governmental activities	<u>\$ 6,125,216</u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 1,883,985	\$ 500,426	\$ 52,498	\$ -	\$ 2,436,909
Tuition	228,595	-	-	-	228,595
Other	274,884	5,615	66,832	186,250	533,581
State sources	3,059,133	-	465,007	-	3,524,140
Federal sources	209,926	-	-	-	209,926
Total revenues	<u>5,656,523</u>	<u>506,041</u>	<u>584,337</u>	<u>186,250</u>	<u>6,933,151</u>
<b>Expenditures:</b>					
Current:					
Instruction	3,750,071	47,444	-	197,693	3,995,208
Support services:					
Student	101,894	-	-	-	101,894
Instructional staff	231,257	-	-	-	231,257
Administration	653,708	4,371	23,870	-	681,949
Operation and maintenance of plant	474,094	25,766	20,262	945	521,067
Transportation	264,184	5,816	-	-	270,000
	<u>1,725,137</u>	<u>35,953</u>	<u>44,132</u>	<u>945</u>	<u>1,806,167</u>
Other expenditures:					
Facilities acquisition	-	-	154,482	-	154,482
Long term debt:					
Principal	-	-	-	216,267	216,267
Interest and fiscal charges	-	-	-	95,199	95,199
AEA flowthrough	214,958	-	-	-	214,958
	<u>214,958</u>	<u>-</u>	<u>154,482</u>	<u>311,466</u>	<u>680,906</u>
Total expenditures	<u>5,690,166</u>	<u>83,397</u>	<u>198,614</u>	<u>510,104</u>	<u>6,482,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,643)</u>	<u>422,644</u>	<u>385,723</u>	<u>(323,854)</u>	<u>450,870</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2014

	General	Special Revenue Management Levy	Capital Projects	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 13,279	\$ -	\$ -	\$ -	\$ 13,279
Compensation for loss of capital assets	4,426	-	-	-	4,426
Interfund transfers in (note 3)	-	-	-	311,466	311,466
Interfund transfers out (note 3)	-	-	(311,466)	-	(311,466)
Total other financing sources (uses)	<u>17,705</u>	<u>-</u>	<u>(311,466)</u>	<u>311,466</u>	<u>17,705</u>
Net change in fund balances	(15,938)	422,644	74,257	(12,388)	468,575
Fund balances beginning of year	<u>2,603,697</u>	<u>107,953</u>	<u>635,998</u>	<u>80,739</u>	<u>3,428,387</u>
Fund balances end of year	<u>\$ 2,587,759</u>	<u>\$ 530,597</u>	<u>\$ 710,255</u>	<u>\$ 68,351</u>	<u>\$ 3,896,962</u>

See notes to financial statements.

## SIGOURNEY COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 468,575

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

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

	Capital outlays	\$ 154,571	
	Depreciation expense	<u>(228,480)</u>	(73,909)

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 1,289

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. 216,267

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 2,373

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:

	Net OPEB liability	<u>(34,000)</u>	<u>(34,000)</u>
--	--------------------	-----------------	-----------------

Change in net position of governmental activities \$ 580,595

See notes to financial statements.

## SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUND

June 30, 2014

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 53,589
Due from other governments	59
Inventories	3,559
Capital assets, net of accumulated depreciation (note 4)	<u>88,242</u>
Total assets	<u>145,449</u>
Liabilities	
Accounts payable	785
Unearned revenue	<u>3,571</u>
Total liabilities	<u>4,356</u>
Fund Net Position	
Net investment in capital assets	88,242
Unrestricted	<u>52,851</u>
Total fund net position	<u>\$ 141,093</u>

See notes to financial statements.

## SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
Year Ended June 30, 2014

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>135,840</u>
Operating expenses:	
Support services:	
Operation and maintenance of plant	1,627
Non-instructional programs:	
Food service operations:	
Salaries	111,800
Benefits	32,450
Supplies	120,072
Depreciation	11,342
Other	<u>732</u>
Total operating expenses	<u>278,023</u>
Operating loss	(142,183)
Non-operating revenues/expenses:	
Interest on investments	43
State sources	2,386
Federal sources	131,262
Loss on disposal of equipment	<u>(1,285)</u>
Total non-operating revenues/expenses	<u>132,406</u>
Change in fund net position	(9,777)
Fund net position beginning of year	<u>150,870</u>
Fund net position end of year	\$ <u><u>141,093</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2014

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 135,656
Cash received from miscellaneous operating activities	761
Cash payments to employees for services	(144,250)
Cash payments to suppliers for goods or services	<u>(96,476)</u>
Net cash used by operating activities	<u>(104,309)</u>
Cash flows from non-capital financing activities:	
State grants received	2,386
Federal grants received	<u>109,510</u>
Net cash provided by non-capital financing activities	<u>111,896</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(58,714)</u>
Cash flows from investing activities:	
Interest on investments	<u>43</u>
Net decrease in cash and cash equivalents	(51,084)
Cash and cash equivalents beginning of year	<u>104,673</u>
Cash and cash equivalents end of year	<u>\$ 53,589</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2014

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (142,183)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	11,342
Commodities used	21,752
(Increase) in due from other governments	(59)
Decrease in inventories	3,453
Increase in accounts payable	750
Increase in unearned revenue	<u>636</u>
Net cash used by operating activities	<u>\$ (104,309)</u>

Non-cash financing activities:

During the year ended June 30, 2014, the District received \$21,752 of federal commodities.

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2014

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Assets:	
Cash and pooled investments	\$ <u>35,984</u>
Fiduciary Net Position:	
Restricted for scholarships	\$ <u><u>35,984</u></u>

See notes to financial statements.

SIGOURNEY COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2014

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
Additions:		
Local sources:		
Gifts and contributions	\$ 11,677	
Interest	<u>25</u>	
Total additions	<u>11,702</u>	
Deductions:		
Instruction:		
Scholarships awarded		<u>2,500</u>
Change in fiduciary net position	9,202	
Fiduciary net position beginning of year		<u>26,782</u>
Fiduciary net position end of year	\$	<u><u>35,984</u></u>
See notes to financial statements.		

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Sigourney Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Sigourney, Iowa, and agricultural territory in Keokuk County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

For financial reporting purposes, Sigourney Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Sigourney Community School District has 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 does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Keokuk County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following proprietary fund:

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

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

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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

Property Tax Receivable – Property tax receivable is recognized in the governmental funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Income Surtax Receivable – Income surtax receivable budgeted for the fiscal year ended June 30, 2014 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred inflows of resources on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

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

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Purchased capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair 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 one year.

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

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

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

Advances from grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year have been accrued as liabilities.

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.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and sick leave. The District’s policy is not to reimburse for sick leave or vacation. Vacation can only be used by the employee in the year that it is earned. The District has no compensated absences liability at June 30, 2014.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Deferred Inflows of Resources – Although certain revenues are measurable, they are not available.

Available means collectible within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures/expenses did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure 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.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ <u>311,466</u>

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 147,865	\$ -	\$ -	\$ 147,865
Capital assets being depreciated:				
Buildings	6,416,865	58,280	-	6,475,145
Improvements other than buildings	641,907	15,190	-	657,097
Furniture and equipment	1,060,178	81,101	28,075	1,113,204
Total capital assets being depreciated	<u>8,118,950</u>	<u>154,571</u>	<u>28,075</u>	<u>8,245,446</u>
Less accumulated depreciation for:				
Buildings	2,587,074	120,971	-	2,708,045
Improvements other than buildings	364,147	24,759	-	388,906
Furniture and equipment	814,702	82,750	28,075	869,377
Total accumulated depreciation	<u>3,765,923</u>	<u>228,480</u>	<u>28,075</u>	<u>3,966,328</u>
Total capital assets being depreciated, net	<u>4,353,027</u>	<u>(73,909)</u>	<u>-</u>	<u>4,279,118</u>
Governmental activities capital assets, net	<u>\$ 4,500,892</u>	<u>\$ (73,909)</u>	<u>\$ -</u>	<u>\$ 4,426,983</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Furniture and equipment	\$ 185,884	\$ 58,714	\$ 1,402	\$ 243,196
Less accumulated depreciation	<u>143,729</u>	<u>11,342</u>	<u>117</u>	<u>154,954</u>
Business-type activities capital assets, net	<u>\$ 42,155</u>	<u>\$ 47,372</u>	<u>\$ 1,285</u>	<u>\$ 88,242</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets (continued)

Depreciation expense was charged to the following functions:

Governmental activities:	
Instruction	\$ 34,148
Support services:	
Administration	4,483
Operation and maintenance of plant	1,864
Transportation	<u>44,262</u>
	84,757
Unallocated depreciation	<u>143,723</u>
Total depreciation expense - governmental activities	<u>\$ 228,480</u>
Business-type activities:	
Food service operations	<u>\$ 11,342</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Capital lease purchase agreements	\$ 525,418	\$ -	\$ 149,503	\$ 375,915	\$ 122,258
Promissory note	1,643,083	-	30,209	1,612,874	31,587
Bank loan	9,537	-	9,537	-	-
Lighting capital lease	100,423	-	27,018	73,405	25,015
Net OPEB liability	166,000	34,000	-	200,000	-
Total	<u>\$ 2,444,461</u>	<u>\$ 34,000</u>	<u>\$ 216,267</u>	<u>\$ 2,262,194</u>	<u>\$ 178,860</u>

Capital Lease Purchase Agreements

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

Details of the District's June 30, 2014 capital lease purchase agreement indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 122,258	\$ 8,490	\$ 130,748
2016	125,280	5,468	130,748
2017	128,377	2,370	130,747
	<u>\$ 375,915</u>	<u>\$ 16,328</u>	<u>\$ 392,243</u>

The total payments on capital lease purchase agreements for the year ended June 30, 2014 were \$160,976.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 5. Long-Term Liabilities (continued)

Promissory Note

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

Details of the District's June 30, 2014 promissory note indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 31,587	\$ 73,587	\$ 105,174
2016	33,028	72,146	105,174
2017	34,342	70,832	105,174
2018	36,102	69,072	105,174
2019	37,749	67,425	105,174
2020	39,471	65,703	105,174
2021	41,097	64,077	105,174
2022	43,147	62,027	105,174
2023	45,116	60,058	105,174
2024	47,174	58,000	105,174
2025	49,174	56,000	105,174
2026	1,174,887	53,604	1,228,491
	<u>\$ 1,612,874</u>	<u>\$ 772,531</u>	<u>\$ 2,385,405</u>

Lighting Capital Lease

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

Details of the District's June 30, 2014 capital lease indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 25,015	\$ 5,161	\$ 30,176
2016	29,754	3,165	32,919
2017	18,636	566	19,202
	<u>\$ 73,405</u>	<u>\$ 8,892</u>	<u>\$ 82,297</u>

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 76 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 61,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	<u>(16,000)</u>
Annual OPEB cost	49,000
Contributions made	<u>(15,000)</u>
Increase in net OPEB obligation	34,000
Net OPEB obligation beginning of year	<u>166,000</u>
 Net OPEB obligation end of year	 <u><u>\$ 200,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$15,000 to the medical plan.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2012	\$ 51,000	7.8%	\$ 131,000
2013	51,000	31.4%	166,000
2014	49,000	30.6%	200,000

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$339,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$339,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,376,000, and the ratio of the UAAL to covered payroll was 10.0%. As of June 30, 2014, 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 events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2012 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

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

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

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$295,603, \$285,471, and \$264,673, respectively, equal to the required contributions for each year.

Note 8. Risk Management

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

Note 9. 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 \$214,958 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 5,284
Beginning teacher mentoring and induction	10,568
Teacher salary supplement	16,348
Successful progression for early readers	11,847
Professional development for model core curriculum	21,182
Professional development	34,475
Market factor incentives	850
Teacher leadership grants	6,956
Project Lead The Way	550
Total	\$ 108,060

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 11. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

SIGOURNEY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information

Year Ended June 30, 2014

	Governmental	Proprietary	Total	Budgeted Amounts		Final to Actual Variance
	Funds - Actual	Fund - Actual		Original	Final	
<b>REVENUES:</b>						
Local sources	\$ 3,199,085	\$ 135,883	\$ 3,334,968	\$ 3,560,908	\$ 3,560,908	\$ (225,940)
State sources	3,524,140	2,386	3,526,526	3,766,437	3,766,437	(239,911)
Federal sources	209,926	131,262	341,188	313,491	313,491	27,697
<b>Total revenues</b>	<b>6,933,151</b>	<b>269,531</b>	<b>7,202,682</b>	<b>7,640,836</b>	<b>7,640,836</b>	<b>(438,154)</b>
<b>EXPENDITURES/EXPENSES:</b>						
Instruction	3,995,208	-	3,995,208	4,958,667	4,958,667	963,459
Support services	1,806,167	1,627	1,807,794	2,206,000	2,206,000	398,206
Non-instructional programs	-	277,681	277,681	300,000	300,000	22,319
Other expenditures	680,906	-	680,906	619,281	700,967	20,061
<b>Total expenditures/expenses</b>	<b>6,482,281</b>	<b>279,308</b>	<b>6,761,589</b>	<b>8,083,948</b>	<b>8,165,634</b>	<b>1,404,045</b>
Excess (deficiency) of revenues over (under) expenditures/ expenses	450,870	(9,777)	441,093	(443,112)	(524,798)	965,891
Other financing sources, net	17,705	-	17,705	-	-	17,705
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	468,575	(9,777)	458,798	(443,112)	(524,798)	983,596
Balance beginning of year	3,428,387	150,870	3,579,257	2,584,602	2,584,602	994,655
Balance end of year	<u>\$ 3,896,962</u>	<u>\$ 141,093</u>	<u>\$ 4,038,055</u>	<u>\$ 2,141,490</u>	<u>\$ 2,059,804</u>	<u>\$ 1,978,251</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
Year Ended June 30, 2014

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment increasing budgeted expenditures/expenses by \$81,686.

During the year ended June 30, 2014, expenditures/expenses did not exceed the amounts budgeted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

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

Required Supplementary Information  
Year Ended June 30, 2014

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ( (b-a)/c )
2010	July 1, 2009	\$ -	\$ 372	\$ 372	0.0%	\$ 3,660	10.2%
2011	July 1, 2009	-	362	362	0.0%	3,758	9.6%
2012	July 1, 2009	-	338	338	0.0%	3,391	10.0%
2013	July 1, 2012	-	363	363	0.0%	3,431	10.6%
2014	July 1, 2012	-	339	339	0.0%	3,376	10.0%

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

See accompanying independent auditor's report.

Supplementary Information

## SIGOURNEY COMMUNITY SCHOOL DISTRICT

BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2014

	<u>Special Revenue</u> <u>Student Activity</u>
Assets	
Cash and pooled investments	\$ <u>70,064</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ <u>1,713</u>
Fund balances:	
Restricted for:	
Student activities	<u>68,351</u>
Total liabilities and fund balances	\$ <u>70,064</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2014

	Special Revenue		
	<u>Student</u>	Debt	<u>Total</u>
	<u>Activity</u>	<u>Service</u>	
Revenues:			
Local sources:			
Other	\$ 186,250	\$ -	\$ 186,250
Expenditures:			
Current:			
Instruction	197,693	-	197,693
Support services:			
Operation and maintenance of plant	945	-	945
Other expenditures:			
Long term debt:			
Principal	-	216,267	216,267
Interest and fiscal charges	-	95,199	95,199
Total expenditures	<u>198,638</u>	<u>311,466</u>	<u>510,104</u>
Deficiency of revenues under expenditures	(12,388)	(311,466)	(323,854)
Other financing sources:			
Interfund transfers in	-	311,466	311,466
Net change in fund balances	(12,388)	-	(12,388)
Fund balances beginning of year	<u>80,739</u>	-	<u>80,739</u>
Fund balances end of year	<u>\$ 68,351</u>	<u>\$ -</u>	<u>\$ 68,351</u>

See accompanying independent auditor's report.

## SIGOURNEY COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
CAPITAL PROJECTS ACCOUNTS

June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 351,229	\$ 107,382	\$ 458,611
Receivables:			
Property tax:			
Current year	-	1,104	1,104
Succeeding year	-	53,675	53,675
Due from other governments	250,540	-	250,540
 Total assets	 <u>\$ 601,769</u>	 <u>\$ 162,161</u>	 <u>\$ 763,930</u>
 Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	\$ -	\$ 53,675	\$ 53,675
 Fund balances:			
Restricted for:			
School infrastructure	601,769	-	601,769
Physical plant and equipment	-	108,486	108,486
Total fund balances	<u>601,769</u>	<u>108,486</u>	<u>710,255</u>
 Total deferred inflows of resources and fund balances	 <u>\$ 601,769</u>	 <u>\$ 162,161</u>	 <u>\$ 763,930</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS ACCOUNTS  
 Year Ended June 30, 2014

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	\$ 52,498	\$ 52,498
Other	150	66,682	66,832
State sources	465,007	-	465,007
Total revenues	<u>465,157</u>	<u>119,180</u>	<u>584,337</u>
Expenditures:			
Current:			
Support services:			
Administration	14,455	9,415	23,870
Operation and maintenance of plant	-	20,262	20,262
Other expenditures:			
Facilities acquisition	-	154,482	154,482
Total expenditures	<u>14,455</u>	<u>184,159</u>	<u>198,614</u>
Excess (deficiency) of revenues over (under) expenditures	450,702	(64,979)	385,723
Other financing sources (uses):			
Intrafund transfers in	-	150,000	150,000
Intrafund transfers out	(150,000)	-	(150,000)
Interfund transfers out	(311,466)	-	(311,466)
Total other financing sources (uses)	<u>(461,466)</u>	<u>150,000</u>	<u>(311,466)</u>
Net change in fund balances	(10,764)	85,021	74,257
Fund balances beginning of year	<u>612,533</u>	<u>23,465</u>	<u>635,998</u>
Fund balances end of year	<u>\$ 601,769</u>	<u>\$ 108,486</u>	<u>\$ 710,255</u>

See accompanying independent auditor's report.

## SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year Ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Drama	\$ 6,022	\$ 8,675	\$ 10,960	\$ 3,737
Speech	421	223	24	620
Spanish Club	2,916	3	-	2,919
Band Trip	14,655	15,426	29,510	571
Girls Basketball Fundraising	341	433	431	343
Girls Golf Fundraising	297	1,513	1,026	784
Boys Basketball	844	213	100	957
Trapshooting	1,852	2,977	1,788	3,041
Girls Track Fundraising	590	1,018	1,015	593
Softball	1,871	663	1,019	1,515
Baseball Fundraising	1,045	2,280	2,789	536
Volleyball Fundraising	1,656	1,283	543	2,396
Wrestling Fundraising	3,699	3	2,157	1,545
Athletics	5,783	74,635	67,584	12,834
Athletic Concessions	2,165	16,971	17,296	1,840
Sigourney - Keota	94	4,072	3,851	315
Junior High Student Council	69	43	104	8
Honor Society	143	113	-	256
FCCLA	7,255	3	1,564	5,694
FFA	11,864	37,280	36,713	12,431
Student Council	2,524	3,636	4,210	1,950
Cheerleaders	5,342	4,340	5,051	4,631
Wrestling Cheerleaders	691	486	720	457
Class of 2013	1,014	1	1,015	-
Class of 2014	1,598	122	1,720	-
Class of 2015	2,744	785	1,824	1,705
Class of 2016	1,471	1,993	476	2,988
Class of 2017	1,441	128	-	1,569
Class of 2018	-	2,652	1,724	928
Class of 2019	-	2,667	1,724	943
Blood Drive	148	3	-	151
PBIS	184	1,610	1,700	94
	<u>\$ 80,739</u>	<u>\$ 186,250</u>	<u>\$ 198,638</u>	<u>\$ 68,351</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2014

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Assets				
Cash and investments	\$ <u>11,643</u>	\$ <u>88</u>	\$ <u>11,731</u>	\$ <u>-</u>
Liabilities				
Other payables	\$ <u>11,643</u>	\$ <u>88</u>	\$ <u>11,731</u>	\$ <u>-</u>

See accompanying independent auditor's report.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis Years Ended June 30,			
	2014	2013	2012	2011
Revenues:				
Local sources:				
Local tax	\$ 2,436,909	\$ 3,293,840	\$ 3,068,797	\$ 2,803,383
Tuition	228,595	190,397	128,854	172,705
Other	533,581	484,755	416,053	437,802
State sources	3,524,140	3,305,658	3,402,531	3,128,095
Federal sources	209,926	165,580	274,332	732,782
Total revenues	<u>\$ 6,933,151</u>	<u>\$ 7,440,230</u>	<u>\$ 7,290,567</u>	<u>\$ 7,274,767</u>
Expenditures:				
Instruction	\$ 3,995,208	\$ 4,397,799	\$ 3,896,609	\$ 4,749,758
Support services:				
Student	101,894	27,368	26,908	26,466
Instructional staff	231,257	127,916	150,352	152,780
Administration	681,949	912,056	787,903	982,555
Operation and maintenance of plant	521,067	453,645	600,485	594,917
Transportation	270,000	252,191	232,712	274,646
Non-instructional programs	-	-	-	2,055
Other expenditures:				
Facilities acquisition	154,482	69,979	66,565	238,200
Long-term debt:				
Principal	216,267	263,749	250,293	198,160
Interest and fiscal charges	95,199	88,494	89,250	43,174
AEA flowthrough	214,958	209,713	211,064	237,125
Total expenditures	<u>\$ 6,482,281</u>	<u>\$ 6,802,910</u>	<u>\$ 6,312,141</u>	<u>\$ 7,499,836</u>

See accompanying independent auditor's report.

	2010	2009	2008	2007	2006	2005
\$	2,614,121	\$ 2,678,543	\$ 2,630,254	\$ 2,310,889	\$ 2,461,134	\$ 2,374,146
	172,171	247,583	260,764	247,180	295,282	387,580
	294,740	402,271	527,109	328,882	313,145	269,074
	2,936,242	2,968,223	3,405,799	3,355,294	3,113,321	3,025,100
	791,398	292,943	488,958	318,873	331,662	302,972
\$	<u>6,808,672</u>	<u>6,589,563</u>	<u>7,312,884</u>	<u>6,561,118</u>	<u>6,514,544</u>	<u>6,358,872</u>
\$	4,613,137	\$ 4,147,399	\$ 3,918,372	\$ 4,132,620	\$ 4,461,857	\$ 4,230,765
	68,554	93,767	91,569	96,963	97,821	97,550
	192,804	195,697	183,197	203,032	189,373	199,712
	859,628	1,304,820	869,479	813,955	750,145	646,285
	534,704	644,265	574,375	535,287	551,149	457,047
	224,338	223,436	473,581	221,468	270,654	257,980
	-	1,640	652	2,632	694	505
	1,857,480	38,592	516,926	11,365	33,326	3,113
	111,954	260,000	255,000	160,000	320,000	225,000
	-	12,160	23,835	30,875	45,220	54,870
	234,365	216,486	213,973	210,712	193,955	193,071
\$	<u>8,696,964</u>	<u>7,138,262</u>	<u>7,120,959</u>	<u>6,418,909</u>	<u>6,914,194</u>	<u>6,365,898</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of  
Sigourney Community School District:

We have audited in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sigourney Community School District as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be 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 a deficiency in internal control over financial reporting we consider to be a material weakness.

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 in internal control described in Part I of the accompanying Schedule of Findings as item I-A-14 to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Sigourney Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 a certain immaterial instance of non-compliance that is 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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Sigourney Community School District's Responses to Findings

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

Purpose of this Report

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

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

Oskaloosa, Iowa  
November 4, 2014

*Hunt & Associates, P.C.*

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2014

Part I: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

I-A-14 Financial Reporting – During the audit, we identified a material amount of receivables understated in the District’s financial statements. Adjustments were subsequently made by the District to properly include this amount in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables are properly recorded and included in the District’s financial statements so that the financial statements are free of material misstatements.

Response – We will double check these in the future to avoid missing any receivables.

Conclusion – Response accepted.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2014

Part II: Other Findings Related to Statutory Reporting:

- II-A-14 Certified Budget – Expenditures/expenses for the year ended June 30, 2014, did not exceed the amounts budgeted.
- II-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-14 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-14 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Don Arduser, Spouse of Board Member	Coach	\$5,877

In accordance with an Attorney General’s opinion dated November 9, 1976 the transaction does not appear to represent a conflict of interest.

- II-E-14 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- II-F-14 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-14 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- II-H-14 Supplementary Weighting – The District’s supplementary weighting certified to the Iowa Department of Education for October 1, 2013, was overstated by 0.05 due to one course that was claimed but was short of accreditation during the fall of 2013.

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

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

Conclusion – Response accepted.

- II-I-14 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-14 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.

SIGOURNEY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year Ended June 30, 2014

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

- II-K-14 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.
- II-L-14 Statewide Sales, Services and Use Tax – No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District’s CAR:

Beginning balance		\$ 612,533
Revenues:		
Interest	\$ 150	
Statewide sales, services and use tax	<u>465,007</u>	465,157
Expenditures/transfers out:		
Equipment	14,455	
Transfers to other funds:		
Debt Service Fund	311,466	
Intrafund transfers to other Capital Projects accounts:		
Physical Plant and Equipment Levy	<u>150,000</u>	<u>475,921</u>
Ending balance		<u>\$ 601,769</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.