

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Eddyville-Blakesburg-Fremont Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Deb Bahr	President	2015
Kevin Lane	Vice-President	2015
Mike Mayberry	Board Member	2017
David Friedman	Board Member	2017
Gay Murphy	Board Member (Resigned July 2014)	2015
Dan Hulbert	Board Member	2017
Bruce Severson	Board Member	2017
Rena Shepherd	Board Member (Appointed July 2014)	2015
School Officials		
Dr. Dean Cook	Superintendent	2015
Susan Bayer	District Secretary/Treasurer	2015
Gruhn Law Firm	Attorney	2015

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(a professional corporation)
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Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of Eddyville-Blakesburg-Fremont 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 Eddyville-Blakesburg-Fremont Community School District, Eddyville, Iowa, as of and for the year ended June 30, 2015, 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 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 Eddyville-Blakesburg-Fremont Community School District as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Eddyville-Blakesburg-Fremont Community School District adopted new accounting guidance related to Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 48 through 53 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 Eddyville-Blakesburg-Fremont 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 two years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, 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 financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2016 on our consideration of Eddyville-Blakesburg-Fremont 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 Eddyville-Blakesburg-Fremont Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Eddyville-Blakesburg-Fremont Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$9,393,026 in fiscal year 2014 to \$9,440,562 in fiscal year 2015 while General Fund expenditures decreased from \$9,906,180 in fiscal year 2014 to \$9,647,379 in fiscal year 2015. This resulted in a decrease in the District's General Fund balance from \$2,343,197 at June 30, 2014 to \$2,136,380 at June 30, 2015, a 8.83% decrease.
- The increase in General Fund revenue for fiscal year 2015 was primarily due to an increase in local tax revenues received as compared to the previous year. The decrease in General Fund expenditures was primarily due to a decrease in support services expenditures incurred compared to the previous year.
- The District's solvency ratio was 21.67% at June 30, 2015 compared to 23.64% at June 30, 2014.

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 Eddyville-Blakesburg-Fremont 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 Eddyville-Blakesburg-Fremont 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 Eddyville-Blakesburg-Fremont Community School District acts solely as an agent or custodial for the benefit of those outside of the District.

Notes to 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, the District's proportionate share of the net pension liability and related contributions, 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-1
Eddyville-Blakesburg-Fremont Community School District Annual Financial Report

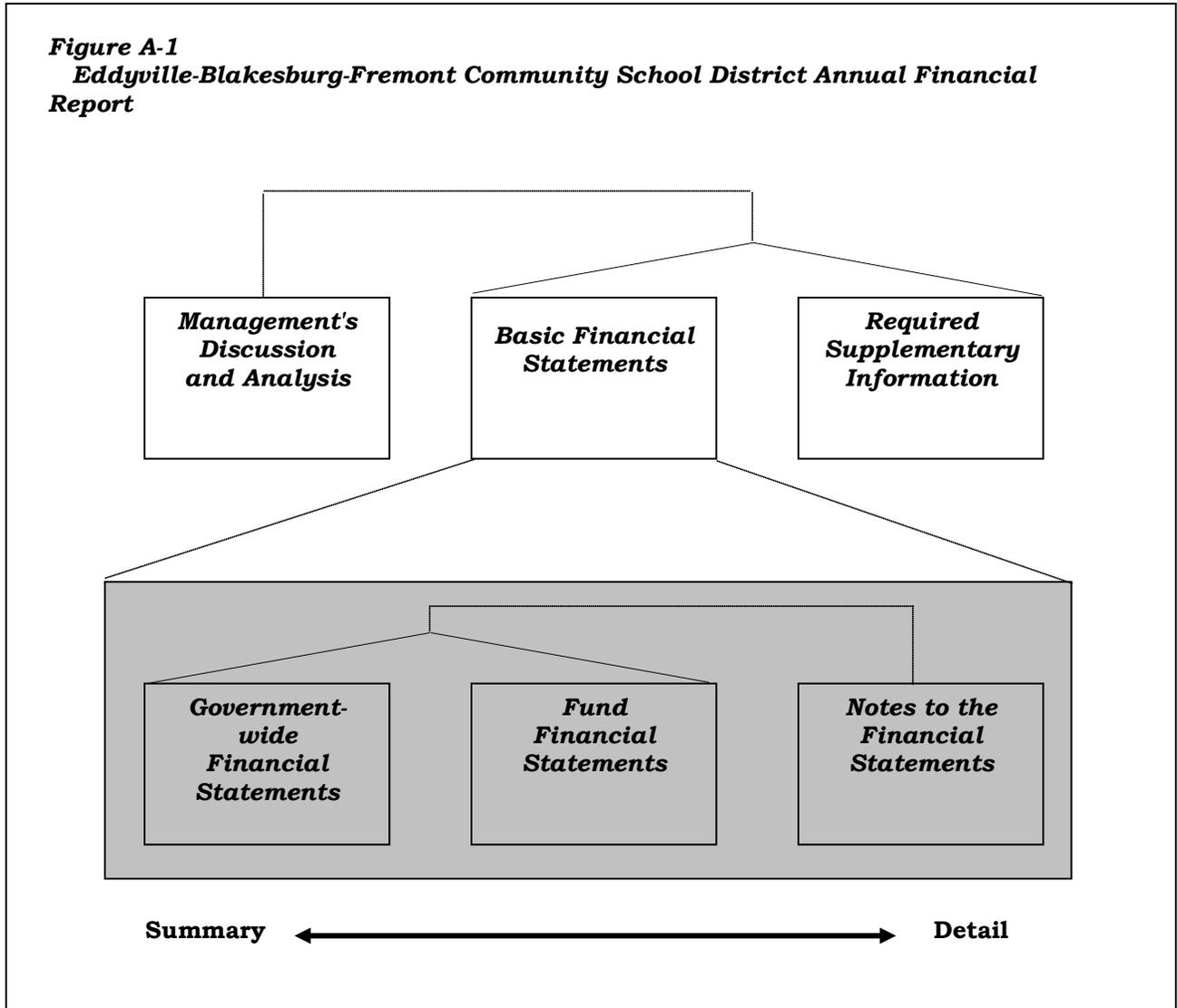


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food service, child care and FFA vocational.	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 deferred outflow / inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period.
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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

The District's Internal Service Funds, one type of proprietary fund, are the same as the governmental activities, but provide more detail and additional information, such as cash flows. The District currently has two Internal Service Fund accounts accounting for self-funded insurance and employee flex benefits.

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

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. This fund is the Agency fund.
- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Fund - These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other entities and the Empowerment Program, whereby the District acts as the fiscal agent.

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 governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2015 compared to June 30, 2014.

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,	
	2014		2014		2014		2014-15	
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)		
Current and other assets	\$ 8,841,337	9,029,009	50,570	68,442	8,891,907	9,097,451	-2.26%	
Capital assets	6,657,502	6,395,952	212,379	219,326	6,869,881	6,615,278	3.85%	
Total assets	15,498,839	15,424,961	262,949	287,768	15,761,788	15,712,729	0.31%	
Deferred inflows of resources	775,815	-	43,801	-	819,616	-	100.00%	
Long-term liabilities	4,857,327	1,839,915	210,184	20,795	5,067,511	1,860,710	172.34%	
Other liabilities	1,016,286	1,004,735	23,214	37,039	1,039,500	1,041,774	-0.22%	
Total liabilities	5,873,613	2,844,650	233,398	57,834	6,107,011	2,902,484	110.41%	
Deferred inflows of resources	5,655,391	4,356,981	71,452	-	5,726,843	4,356,981	31.44%	
Net position:								
Net investment in capital assets	6,172,533	5,744,060	212,379	219,326	6,384,912	5,963,386	7.07%	
Restricted	356,182	527,431	-	-	356,182	527,431	-32.47%	
Unrestricted	(1,783,065)	1,951,839	(210,479)	10,608	(1,993,544)	1,962,447	-201.58%	
Total net position	\$ 4,745,650	8,223,330	1,900	229,934	4,747,550	8,453,264	-43.84%	

The District's total net position decreased \$3,705,714 or 43.84%. The largest portion of the District's net position is invested in capital assets (e.g. land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the invested 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 decreased \$171,249 or 32.47%. The decrease was primarily a result of a decrease in amount restricted for school infrastructure as compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$3,955,991 or 201.58%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,897,740 and \$225,980, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not

available. In the past, pension expense was the amount of employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2015	2014 (Not Restated)	2014-15
Revenues:							
Program revenues:							
Charges for service	\$ 1,360,440	1,280,955	419,120	412,134	1,779,560	1,693,089	5.11%
Operating grants, contributions and restricted interest	788,874	930,873	251,456	261,714	1,040,330	1,192,587	-12.77%
Capital grants, contributions and restricted interest	-	500	-	-	-	500	-100.00%
General revenues:							
Property tax	4,344,652	4,294,095	-	-	4,344,652	4,294,095	1.18%
Income surtax	173,434	170,515	-	-	173,434	170,515	1.71%
Statewide sales, service and use tax	916,466	871,987	-	-	916,466	871,987	5.10%
Unrestricted state grants	3,699,865	3,555,273	-	-	3,699,865	3,555,273	4.07%
Unrestricted investment earnings	10,494	14,050	24	55	10,518	14,105	-25.43%
Other	50,543	139,747	1,745	4,121	52,288	143,868	-63.66%
Total revenues	11,344,768	11,257,995	672,345	678,024	12,017,113	11,936,019	0.68%
Program expenses:							
Governmental activities:							
Instructional	6,767,823	7,241,299	9,690	-	6,777,513	7,241,299	-6.40%
Support services	3,508,705	3,965,432	200	6,889	3,508,905	3,972,321	-11.67%
Non-instructional programs	7,109	3,505	671,426	699,198	678,535	702,703	-3.44%
Other expenses	634,154	619,292	-	-	634,154	619,292	2.40%
Total expenses	10,917,791	11,829,528	681,316	706,087	11,599,107	12,535,615	-7.47%
Excess(Deficiency) of revenues over(under) expenses	426,977	(571,533)	(8,971)	(28,063)	418,006	(599,596)	-169.71%
Transfers	(6,917)	(19,611)	6,917	19,611	-	-	0.00%
Change in net position	420,060	(591,144)	(2,054)	(8,452)	418,006	(599,596)	-169.71%
Net position beginning of year, as restated	4,325,590	8,814,474	3,954	238,386	4,329,544	9,052,860	-52.17%
Net position end of year	\$ 4,745,650	8,223,330	1,900	229,934	4,747,550	8,453,264	-43.84%

In fiscal year 2015, property tax, statewide sales, services and use tax and unrestricted state grants accounted for 78.99% of the revenue from governmental activities while charges for services and operating grants, contributions and restricted interest account for 99.74% of the revenue from business type activities.

The District's total revenues were approximately \$12.02 million, of which approximately \$11.35 million was for governmental activities and \$0.67 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.68% increase in revenues and a 7.47% decrease in expenses. The increase in revenues was primarily due to an increase in property tax revenues received as compared to the prior year while a decrease in expenditures incurred for instruction and support services activities were the primary reasons for the decrease in expenses during fiscal year 2015.

Governmental Activities

Revenues for governmental activities were \$11,344,768 and expenses were \$10,917,791 for the year ended June 30, 2015.

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, 2015 compared to the year ended June 30, 2014.

	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not Restated)	Change 2014-15	2015	2014 (Not Restated)	Change 2014-15
Instruction	\$ 6,767,823	7,241,299	-6.54%	4,969,621	5,377,971	-7.59%
Support services	3,508,705	3,965,432	-11.52%	3,502,986	3,959,720	-11.53%
Non-instructional programs	7,109	3,505	100.00%	7,109	3,505	100.00%
Other expenses	634,154	619,292	2.40%	288,761	276,004	4.62%
Totals	<u>\$ 10,917,791</u>	<u>11,829,528</u>	<u>-7.71%</u>	<u>8,768,477</u>	<u>9,617,200</u>	<u>-8.83%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,360,440.
- Federal and state governments and local contributions subsidized certain programs with grants and contributions totaling \$788,874.
- The net cost of governmental activities was financed with \$4,344,652 in property tax, \$173,434 in income surtax, \$916,466 in statewide sales, services and use tax, \$3,699,865 in unrestricted state grants, \$10,494 in interest income, and \$50,543 in other general revenues.

Business type Activities

Revenues of the District's business type activities were \$672,345 and expenses were \$681,316 for the year ended June 30, 2015. The District's business type activities include the School Nutrition Fund, Child Care Fund and FFA Vocational Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$3,159,042, below last year's ending fund balances of \$3,435,641. The primary reason for the decrease in combined fund balances is due to a decrease in fund balance of the General Fund.

Governmental Fund Highlights

The District's General Fund financial position is a result of many factors. The District's General Fund balance decreased from \$2,343,197 at June 30, 2014 to \$2,136,380 at June 30, 2015. Total revenues increased as compared to the prior year due to an increase in local taxes received, and total expenditures decreased primarily due to a decrease in support service expenditures. Total expenditures still outpaced total revenues for the year ensuring a decrease in fund balance for the General Fund.

The Management Levy Fund increased from \$780,323 at June 30, 2014 to \$831,545 at June 30, 2015.

The Capital Projects Fund balance decreased from \$156,999 at June 30, 2014 to \$54,807 at June 30, 2015. The decrease in fund balance was primarily due to an increase in capital outlay expenditures incurred for District capital projects and improvements.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from deficit \$45,629 restated at July 1, 2014 to deficit \$43,616 at June 30, 2015, an increase of \$2,013 or 4.41%.

The Child Care Fund net position decreased from \$49,583 restated at July 1, 2014 to \$41,618 at June 30, 2015, representing a decrease of \$7,965 or 16.06%.

The District continues to manage the cost of its proprietary funds by evaluating staffing levels on an annual basis.

BUDGETARY HIGHLIGHTS

Over the course of the year, Eddyville-Blakesburg-Fremont Community School District amended its budget one time to reflect reclassification of expenses between the instruction, support services and other expenditures functions.

The District's revenues were \$382,115 less than budgeted revenues, a variance of 3.08%. The most significant variance resulted from the District receiving less from local sources 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

At June 30, 2015, the District had invested \$6,869,881, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 3.85% from the prior year. Additional detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$446,011.

The original cost of the District's capital assets was \$15,496,663. Governmental funds accounted for \$14,988,723 with the remainder of \$507,940 in the Proprietary, School Nutrition Fund and Child Care Fund.

The largest percentage change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$743,229 at June 30, 2015, compared to \$640,643 at June 30, 2015. The increase was primarily the result of purchase of additional school vehicles during fiscal year 2015.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-15
Land	\$ 82,247	82,247	-	-	82,247	82,247	0.00%
Buildings	5,149,009	4,928,391	164,697	165,510	5,313,706	5,093,901	4.32%
Land improvements	730,698	798,487	-	-	730,698	798,487	-8.49%
Machinery and equipment	695,548	586,827	47,682	53,816	743,230	640,643	16.01%
Total	\$ 6,657,502	6,395,952	212,379	219,326	6,869,881	6,615,278	3.85%

Long-Term Debt

At June 30, 2015, the District had \$5,067,511 in other long-term debt outstanding. (See Figure A-7) This represents a 172.34% increase from the prior year. Additional detailed information about the District's long-term liabilities is available in Note 5 to the financial statements.

- At June 30, 2015 the District had \$484,969 in lease purchase agreements payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.
- The District had total outstanding termination benefits payable from the Special Revenue - Management Levy Fund of \$945,705 at June 30, 2015.
- Compensated absences totaled \$69,118 at June 30, 2015. The General Fund is accountable for \$54,534 while the School Nutrition Fund is accountable for \$2,112 and the Child Care Fund is accountable for \$12,472, at June 30, 2015.
- The District had total net OPEB liability of \$148,833 at June 30, 2015. \$140,588 of the total is attributed to the District's governmental activities while \$8,245 is attributed to the District's business type activities.

- The District had total net pension liability of \$3,418,886 at June 30, 2015. \$3,231,531 of the total is attributed to the District's governmental activities while \$187,355 is attributed to the District's business type activities.

Figure A-7
Long-term Liabilities

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2014		June 30, 2014		June 30, 2014		June 30, 2014-15
	2015	(Not Restated)	2015	(Not Restated)	2015	(Not Restated)	
Computer leases	\$ 208,246	387,952	-	-	208,246	387,952	-46.32%
Sports field lighting leases	242,690	263,940	-	-	242,690	263,940	-8.05%
Sports field lighting leases	34,033	-	-	-	34,033	-	100.00%
Termination benefits	945,705	1,031,341	-	-	945,705	1,031,341	-8.30%
Compensated absences	54,534	50,033	14,584	14,540	69,118	64,573	7.04%
Net pension liability	3,231,531	-	187,355	-	3,418,886	-	100.00%
Net OPEB liability	140,588	106,649	8,245	6,255	148,833	112,904	31.82%
Total	\$ 4,857,327	1,839,915	210,184	20,795	5,067,511	1,860,710	172.34%

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:

- Budget concerns at the state and federal funding level along with rising transportation costs will potentially adversely affect the District's unspent budget if appropriate funding levels are not approved.

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 Susan Bayer, District Secretary/Treasurer, Eddyville-Blakesburg-Fremont Community School District, 1301 Berdan Street, Eddyville, Iowa, 52553.

*Eddyville-Blakesburg-Fremont
Community School District*

BASIC FINANCIAL STATEMENTS

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 3,668,884	53,548	3,722,432
Receivables:			
Property tax:			
Delinquent	43,601	-	43,601
Succeeding year	4,422,978	-	4,422,978
Income surtax	160,009	-	160,009
Accounts	-	1,988	1,988
Due from(to) other funds	14,000	(14,000)	-
Due from other governments	531,865	-	531,865
Inventories	-	9,034	9,034
Capital assets not being depreciated:			
Land	82,247	-	82,247
Capital assets, net of accumulated depreciation:			
Buildings	5,149,009	164,697	5,313,706
Land improvements	730,698	-	730,698
Machinery and equipment	695,548	47,682	743,230
TOTAL ASSETS	15,498,839	262,949	15,761,788
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	775,815	43,801	819,616
LIABILITIES			
Accounts payable	243,715	-	243,715
Salaries and benefits payable	756,113	23,214	779,327
Advances from grantors	1,052	-	1,052
Accrued interest payable	15,406	-	15,406
Long-term liabilities:			
Portion due within one year:			
Computer leases	185,967	-	185,967
Sports field lighting leases	22,255	-	22,255
Truck lease	8,020	-	8,020
Termination benefits payable	271,441	-	271,441
Compensated absences	54,534	14,584	69,118
Portion due after one year:			
Computer leases	22,279	-	22,279
Sports field lighting leases	220,435	-	220,435
Truck lease	26,013	-	26,013
Termination benefits payable	674,264	-	674,264
Net pension liability	3,231,531	187,355	3,418,886
Net OPEB liability	140,588	8,245	148,833
TOTAL LIABILITIES	5,873,613	233,398	6,107,011
DEFERRED INFLOWS OF RESOURCE			
Unavailable property tax revenue	4,422,978	-	4,422,978
Pension related deferred inflows	1,232,413	71,452	1,303,865
TOTAL DEFERRED INFLOWS OF RESOURCES	5,655,391	71,452	5,726,843
NET POSITION			
Net investment in capital assets	6,172,533	212,379	6,384,912
Restricted for:			
Categorical funding	165,065	-	165,065
Student activities	110,807	-	110,807
Other special purposes	25,503	-	25,503
School infrastructure	30,535	-	30,535
Physical plant and equipment	24,272	-	24,272
Unrestricted	(1,783,065)	(210,479)	(1,993,544)
TOTAL NET POSITION	\$ 4,745,650	1,900	4,747,550

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 4,225,541	789,255	51,383	(3,384,903)	-	(3,384,903)
Special	1,179,738	207,496	50,888	(921,354)	-	(921,354)
Other	1,362,544	363,689	335,491	(663,364)	-	(663,364)
	<u>6,767,823</u>	<u>1,360,440</u>	<u>437,762</u>	<u>(4,969,621)</u>	<u>-</u>	<u>(4,969,621)</u>
Support services:						
Student	126,778	-	-	(126,778)	-	(126,778)
Instructional	419,501	-	-	(419,501)	-	(419,501)
Administration	1,252,776	-	-	(1,252,776)	-	(1,252,776)
Operation and maintenance of plant	935,458	-	-	(935,458)	-	(935,458)
Transportation	774,192	-	5,719	(768,473)	-	(768,473)
	<u>3,508,705</u>	<u>-</u>	<u>5,719</u>	<u>(3,502,986)</u>	<u>-</u>	<u>(3,502,986)</u>
Non-instructional programs:						
Food service operations	7,109	-	-	(7,109)	-	(7,109)
Long-term debt interest	24,776	-	-	(24,776)	-	(24,776)
Other expenses:						
AEA flowthrough	345,393	-	345,393	-	-	-
Depreciation(unallocated)*	263,985	-	-	(263,985)	-	(263,985)
	<u>609,378</u>	<u>-</u>	<u>345,393</u>	<u>(263,985)</u>	<u>-</u>	<u>(263,985)</u>
Total governmental activities	<u>10,917,791</u>	<u>1,360,440</u>	<u>788,874</u>	<u>(8,768,477)</u>	<u>-</u>	<u>(8,768,477)</u>
Business type activities:						
Instruction:						
Other	9,690	13,588	-	-	3,898	3,898
Support services:						
Administration	200	-	-	-	(200)	(200)
Non-instructional programs:						
Food service operations	443,015	192,170	251,456	-	611	611
Other enterprise operations	228,411	213,362	-	-	(15,049)	(15,049)
	<u>671,426</u>	<u>405,532</u>	<u>251,456</u>	<u>-</u>	<u>(14,438)</u>	<u>(14,438)</u>
Total business type activities	<u>681,316</u>	<u>419,120</u>	<u>251,456</u>	<u>-</u>	<u>(10,740)</u>	<u>(10,740)</u>
Total	\$ <u>11,599,107</u>	<u>1,779,560</u>	<u>1,040,330</u>	<u>(8,768,477)</u>	<u>(10,740)</u>	<u>(8,779,217)</u>
General Revenues and Transfers:						
General Revenues:						
Property tax levied for:						
General purposes				\$ 4,202,976	-	4,202,976
Capital outlay				141,676	-	141,676
Income surtax				173,434	-	173,434
Statewide sales, services and use tax				916,466	-	916,466
Unrestricted state grants				3,699,865	-	3,699,865
Unrestricted investment earnings				10,494	24	10,518
Other				50,543	1,745	52,288
Transfers				(6,917)	6,917	-
Total general revenues and transfers				<u>9,188,537</u>	<u>8,686</u>	<u>9,197,223</u>
Change in net position				420,060	(2,054)	418,006
Net position beginning of year, as restated				<u>4,325,590</u>	<u>3,954</u>	<u>4,329,544</u>
Net position end of year				<u>\$ 4,745,650</u>	<u>1,900</u>	<u>4,747,550</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Management Levy	Capital Projects	Nonmajor	Total
ASSETS					
Cash and pooled investments	\$ 2,709,823	827,003	22,847	136,839	3,696,512
Receivables:					
Property tax:					
Delinquent	37,634	4,542	1,425	-	43,601
Succeeding year	3,789,639	490,000	143,339	-	4,422,978
Income surtax	160,009	-	-	-	160,009
Due from other funds	529	-	14,000	-	14,529
Due from other governments	389,274	-	142,591	-	531,865
TOTAL ASSETS	\$ 7,086,908	1,321,545	324,202	136,839	8,869,494
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	-	-	529	529
Excess warrants over bank balance	-	-	126,056	-	126,056
Accounts payable	243,715	-	-	-	243,715
Salaries and benefits payable	756,113	-	-	-	756,113
Advances from grantors	1,052	-	-	-	1,052
Total liabilities	<u>1,000,880</u>	<u>-</u>	<u>126,056</u>	<u>529</u>	<u>1,127,465</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,789,639	490,000	143,339	-	4,422,978
Income surtax	160,009	-	-	-	160,009
Total liabilities	<u>3,949,648</u>	<u>490,000</u>	<u>143,339</u>	<u>-</u>	<u>4,582,987</u>
Fund balances:					
Restricted for:					
Categorical funding	165,065	-	-	-	165,065
Management levy purposes	-	831,545	-	-	831,545
Student activities	-	-	-	110,807	110,807
Other special purposes	-	-	-	25,503	25,503
School infrastructure	-	-	30,535	-	30,535
Physical plant and equipment	-	-	24,272	-	24,272
Unassigned	1,971,315	-	-	-	1,971,315
Total fund balances	<u>2,136,380</u>	<u>831,545</u>	<u>54,807</u>	<u>136,310</u>	<u>3,159,042</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,086,908	1,321,545	324,202	136,839	8,869,494

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances of governmental funds(page 22)	\$	3,159,042
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in the governmental funds.		6,657,502
Accounts receivable income surtax, is not available to finance expenditures of the current period and, therefore, is recognized as deferred inflows of resources in the govenmental funds.		160,009
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		98,428
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(15,406)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payalbe in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 775,815	
Deferred inflows of resources	<u>(1,232,413)</u>	(456,598)
Long-term liabilities, including termination benefits payable, leases payable, compensated absences payable and other postemployment benefits payable and the net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		<u>(4,857,327)</u>
Net position of governmental activities(page 20)	\$	<u><u>4,745,650</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Management Levy	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 3,918,695	451,457	141,676	-	4,511,828
Tuition	979,966	-	-	-	979,966
Other	63,868	16,316	210	361,382	441,776
State sources	4,268,233	7,948	918,959	-	5,195,140
Federal sources	209,800	-	-	-	209,800
Total revenues	<u>9,440,562</u>	<u>475,721</u>	<u>1,060,845</u>	<u>361,382</u>	<u>11,338,510</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,166,490	175,662	96,533	-	4,438,685
Special	1,196,147	-	-	-	1,196,147
Other	960,501	-	-	380,194	1,340,695
	<u>6,323,138</u>	<u>175,662</u>	<u>96,533</u>	<u>380,194</u>	<u>6,975,527</u>
Support services:					
Student	94,933	-	-	-	94,933
Instructional staff	288,407	-	87,117	-	375,524
Administration	1,031,746	113,287	103,661	-	1,248,694
Operation and maintenance of plant	849,120	115,364	-	-	964,484
Transportation	714,642	13,077	21,527	-	749,246
	<u>2,978,848</u>	<u>241,728</u>	<u>212,305</u>	<u>-</u>	<u>3,432,881</u>
Non-instructional programs:					
Food service operations	-	7,109	-	-	7,109
	<u>-</u>	<u>-</u>	<u>660,372</u>	<u>-</u>	<u>660,372</u>
Capital outlay					
	<u>-</u>	<u>-</u>	<u>660,372</u>	<u>-</u>	<u>660,372</u>
Long-term debt:					
Principal	-	-	-	208,672	208,672
Interest and fiscal charges	-	-	-	26,904	26,904
	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,576</u>	<u>235,576</u>
Other expenditures:					
AEA flowthrough	345,393	-	-	-	345,393
Total expenditures	<u>9,647,379</u>	<u>424,499</u>	<u>969,210</u>	<u>615,770</u>	<u>11,656,858</u>
Excess(Deficiency) of revenues over(under)expenditures	(206,817)	51,222	91,635	(254,388)	(318,348)
Other financing sources(uses):					
Proceeds from truck lease	-	-	41,749	-	41,749
Transfer in	-	-	-	235,576	235,576
Transfer out	-	-	(235,576)	-	(235,576)
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>(193,827)</u>	<u>235,576</u>	<u>41,749</u>
Change in fund balances	(206,817)	51,222	(102,192)	(18,812)	(276,599)
Fund balances beginning of year	<u>2,343,197</u>	<u>780,323</u>	<u>156,999</u>	<u>155,122</u>	<u>3,435,641</u>
Fund balances end of year	<u>\$ 2,136,380</u>	<u>831,545</u>	<u>54,807</u>	<u>136,310</u>	<u>3,159,042</u>

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT 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, 2015

Change in fund balances - total governmental funds(page 24) \$ (276,599)

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

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

Capital outlay	\$ 696,509	
Depreciation expense	(432,147)	
Loss on disposal of capital assets	<u>(2,812)</u>	261,550

Net change in Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 2,993

Income surtax not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 6,258

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,128

Proceed from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances and repayments are as follows:

Issued	\$ (41,749)	
Repaid	<u>208,672</u>	166,923

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position. 479,247

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.

Termination benefits	85,636	
Pension expense	(269,636)	
Compensated absences	(4,501)	
Other postemployment benefits	<u>(33,939)</u>	<u>(222,440)</u>

Change in net position of governmental activities(page 21) \$ 420,060

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Business Type Activities: Enterprise Funds				Governmental Activities: Internal Service Fund
	School Nutrition	Child Care	FFA Vocational	Total	
ASSETS					
Current assets:					
Cash and pooled investments	\$ 37,405	12,245	3,898	53,548	98,428
Accounts receivable	1,988	-	-	1,988	-
Inventories	9,034	-	-	9,034	-
Total current assets	48,427	12,245	3,898	64,570	98,428
Noncurrent assets:					
Capital assets, net of accumulated depreciation:					
Buildings	-	164,697	-	164,697	-
Machinery and equipment	47,252	430	-	47,682	-
Total noncurrent assets	47,252	165,127	-	212,379	-
TOTAL ASSETS	95,679	177,372	7,796	276,949	98,428
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows	21,717	22,084	-	43,801	-
LIABILITIES					
Current liabilities:					
Due to other funds	-	14,000	-	14,000	-
Salaries and benefits payable	22,839	375	-	23,214	-
Total current liabilities	22,839	14,375	-	37,214	-
Noncurrent liabilities:					
Compensated absences	2,112	12,472	-	14,584	-
Net pension liability	93,336	94,019	-	187,355	-
Net OPEB liability	7,129	1,116	-	8,245	-
Total noncurrent liabilities	102,577	107,607	-	210,184	-
TOTAL LIABILITIES	125,416	121,982	-	247,398	-
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows	35,596	35,856	-	71,452	-
NET POSITION					
Net investment in capital assets	47,252	165,127	-	212,379	-
Unrestricted	(90,868)	(123,509)	7,796	(210,479)	98,428
TOTAL NET POSITION	\$ (43,616)	41,618	7,796	1,900	98,428

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities: Enterprise Funds				Governmental Activities: Internal Service Fund
	School Nutrition	Child Care	FFA Vocational	Total	
Operating revenues:					
Local sources:					
Charges for service	\$ 192,170	213,362	13,588	419,120	-
Miscellaneous	-	1,745	-	1,745	10,604
Total operating revenues	<u>192,170</u>	<u>215,107</u>	<u>13,588</u>	<u>420,865</u>	<u>10,604</u>
Operating expenses:					
Instruction:					
Other:					
Services	-	-	9,690	9,690	-
Support services:					
Administration:					
Benefits	-	-	-	-	7,659
Services	-	200	-	200	-
Total support services	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>7,659</u>
Non-instructional programs:					
Food service operations:					
Salaries	156,172	-	-	156,172	-
Benefits	38,068	-	-	38,068	-
Services	3,593	-	-	3,593	-
Supplies	235,757	-	-	235,757	-
Depreciation	7,298	-	-	7,298	-
Other	2,127	-	-	2,127	-
	<u>443,015</u>	<u>-</u>	<u>-</u>	<u>443,015</u>	<u>-</u>
Other enterprise operations:					
Salaries	-	183,077	-	183,077	-
Benefits	-	30,278	-	30,278	-
Services	-	2,868	-	2,868	-
Supplies	-	5,622	-	5,622	-
Depreciation	-	6,566	-	6,566	-
Total non-instructional programs	<u>443,015</u>	<u>228,411</u>	<u>-</u>	<u>671,426</u>	<u>-</u>
Total operating expenses	<u>443,015</u>	<u>228,611</u>	<u>9,690</u>	<u>681,316</u>	<u>7,659</u>
Operating income(loss)	<u>(250,845)</u>	<u>(13,504)</u>	<u>3,898</u>	<u>(260,451)</u>	<u>2,945</u>
Non-operating revenues					
State sources	4,001	-	-	4,001	-
Federal sources	247,455	-	-	247,455	-
Interest income	24	-	-	24	48
Total non-operating revenues	<u>251,480</u>	<u>-</u>	<u>-</u>	<u>251,480</u>	<u>48</u>
Change in net position before other financing sources	635	(13,504)	3,898	(8,971)	2,993
Other financing sources:					
Capital contributions	1,378	5,539	-	6,917	-
Change in net position	2,013	(7,965)	3,898	(2,054)	2,993
Net position beginning of year, as restated	<u>(45,629)</u>	<u>49,583</u>	<u>-</u>	<u>3,954</u>	<u>95,435</u>
Net position end of year	<u>\$ (43,616)</u>	<u>41,618</u>	<u>3,898</u>	<u>1,900</u>	<u>98,428</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Business Type Activities:				Governmental
	Enterprise Funds				Activities:
	School Nutrition	Child Care	FFA Vocational	Total	Internal Service Fund
Cash flows from operating activities:					
Cash received from sale of lunches and breakfasts	\$ 185,547	-	-	185,547	-
Cash received from child care operating activities	-	213,362	-	213,362	-
Cash received from FFA operating activities	-	-	13,588	13,588	-
Cash received from miscellaneous operating activities	-	1,745	-	1,745	10,604
Cash payments to employees for services	(208,031)	(217,694)	-	(425,725)	(7,659)
Cash payments to suppliers for goods or services	(221,623)	(8,690)	(9,690)	(240,003)	-
Net cash provided by(used in) operating activities	(244,107)	(11,277)	3,898	(251,486)	2,945
Cash flows from non-capital financing activities:					
Repayments to the Capital Projects: Sales, Services and Use Tax Fund	-	(7,000)	-	(7,000)	-
State grants received	4,001	-	-	4,001	-
Federal grants received	227,685	-	-	227,685	-
Net cash provided by(used in) non-capital financing activities	231,686	(7,000)	-	224,686	-
Cash flows from investing activities:					
Interest income	24	-	-	24	48
Net increase(decrease) in cash and pooled investments	(12,397)	(18,277)	3,898	(26,776)	2,993
Cash and pooled investments beginning of year	49,802	30,522	-	80,324	95,435
Cash and pooled investments end of year	\$ 37,405	12,245	3,898	53,548	98,428
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:					
Operating income(loss)	\$ (250,845)	(13,504)	3,898	(260,451)	2,945
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:					
Commodities consumed	19,770	-	-	19,770	-
Depreciation	7,298	6,566	-	13,864	-
Decrease in inventories	84	-	-	84	-
Increase in accounts receivable	(1,988)	-	-	(1,988)	-
Increase(Decrease) in salaries and benefits payable	(9,411)	221	-	(9,190)	-
Decrease in unearned revenue	(4,635)	-	-	(4,635)	-
Increase(Decrease) in compensated absences	(738)	782	-	44	-
Decrease in net pension liability	(32,994)	(33,236)	-	(66,230)	-
Increase in deferred outflows of resources	(7,965)	(8,231)	-	(16,196)	-
Increase in deferred inflows of resources	35,596	35,856	-	71,452	-
Increase in other postemployment benefits	1,721	269	-	1,990	-
Net cash provided by(used in) operating activities	\$ (244,107)	(11,277)	3,898	(251,486)	2,945

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$19,770 of federal commodities.

During the year ended June 30, 2015, the Nutrition Fund received contributed capital of \$1,378 from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

During the year ended June 30, 2015, the Child Care Fund received contributed capital of \$5,539 from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	<u>\$ 86,165</u>	<u>526</u>
LIABILITIES		
Due to other groups	<u>-</u>	<u>526</u>
NET POSITION		
Held in trust for scholarships	<u>\$ 86,165</u>	<u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Additions:	
Local sources:	
Interest income	<u>\$ 1,091</u>
Deductions:	
Instruction:	
Other:	
Scholarships awarded	<u>6,113</u>
Change in net position	(5,022)
Net position beginning of year	<u>91,187</u>
Net position end of year	<u><u>\$ 86,165</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies

The Eddyville-Blakesburg-Fremont 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 cities of Eddyville, Blakesburg and Fremont, Iowa, and the predominate agricultural territory in Wapello, Monroe, Davis, Keokuk and Mahaska 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, Eddyville-Blakesburg-Fremont Community School District has included all funds, 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 Eddyville-Blakesburg 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 Wapello, Monroe, Davis, Keokuk and Mahaska Counties 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 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 the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are 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.

Unrestricted net position consists of net position not meeting the definition of the 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 that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts and the District's Internal Service 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 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 Management Levy Fund is used to account for the revenues and expenditures associated with unemployment benefits, termination benefits and the District's property insurance.

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 funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, Child Care Fund and the FFA Vocational Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Child Care Fund is used to account for the day care service operations of the District and the FFA Vocational Fund is used for FFA educational purposes.

The Internal Service Fund is used to account for the flexible health benefits program offered by the District and the District's partially self-funded health insurance. The Internal Service Fund is charged back to the Governmental funds and shown combined in the Statement of Net Position and the Statement of Activities.

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary 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 is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

D. Assets, Deferred Outflows of Resources, 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 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, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

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 and 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	\$ -
Buildings	2,000
Land improvements	2,000
Intangibles	35,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-12 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Position in the Proprietary Funds.

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 for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund. Compensated absences attributed to the business type activities will be paid by the School Nutrition and Child Care Funds.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means 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 in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in 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 and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$5,242 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAA by Standard and Poor's Financial Services.

(3) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Statewide Sales, Services and Use Tax	Child Care	\$ 14,000
General Total	Student Activity	529
		<u>\$ 14,529</u>

The Child Care Fund is repaying the Capital Projects: Statewide Sales and Services Tax Fund for money borrowed for cash flow purposes in prior fiscal years. The District repaid \$7,000 on this interfund loan during fiscal year 2015.

The Student Activity Fund is repaying the General Fund for moneys received as rent on text books and deposits related to the instrumental programs offered by the school district.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	<u>\$ 235,576</u>

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was needed for the payment of principal and interest on the District's sports field lighting leases, computer leases and truck lease indebtedness.

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year			Balance End of Year	Due Within One Year
	Restated	Additions	Deletions		
Governmental activities:					
Computer leases	\$ 387,952	-	179,706	208,246	185,967
Sports field lighting leases	263,940	-	21,250	242,690	22,255
Truck lease	-	41,749	7,716	34,033	8,020
Termination benefits	1,031,341	123,297	208,933	945,705	271,441
Compensated absences	50,033	54,534	50,033	54,534	54,534
Net pension liability	4,373,877	-	1,142,346	3,231,531	-
Net OPEB liability	106,649	33,939	-	140,588	-
Total	<u>\$ 6,213,792</u>	<u>253,519</u>	<u>1,609,984</u>	<u>4,857,327</u>	<u>542,217</u>
Business type activities:					
Compensated absences	\$ 14,540	14,584	14,540	14,584	14,584
Net pension liability	253,585	-	66,230	187,355	-
Net OPEB liability	6,255	1,990	-	8,245	-
Total	<u>\$ 274,380</u>	<u>16,574</u>	<u>80,770</u>	<u>210,184</u>	<u>14,584</u>

Computer Leases

Details of the District's June 30, 2015 computer lease indebtedness are as follows. Payments will be made from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Year Ending June 30,	Computer lease of June 18, 2013			Computer lease of July 15, 2012			Computer lease of December 1, 2012			Total		
	Rate	Principal	Interest	Rate	Principal	Interest	Rate	Principal	Interest	Principal	Interest	Total
2016	3.686%	\$ 21,487	1,613	1.900%	\$ 100,162	2,334	3.982%	\$ 64,318	2,562	185,967	6,509	192,476
2017	3.686	22,279	821		-	-	3.982	-	-	22,279	821	23,100
Total		<u>\$ 43,766</u>	<u>\$ 2,434</u>		<u>\$ 100,162</u>	<u>\$ 2,334</u>		<u>\$ 64,318</u>	<u>\$ 2,562</u>	<u>208,246</u>	<u>7,329</u>	<u>215,576</u>

Sports Field Lighting Leases

During the year ended June 30, 2009, the District obtained financing for lighting of the football, softball, and baseball fields. Details of this lease indebtedness at June 30, 2015 are as follows. Payments will be made from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Year Ending June 30,	BB light lease of August 7, 2008			SB light lease of September 2, 2008			FB light lease of July 23, 2008			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2016	4.69%	\$ 8,524	4,396	4.63%	\$ 3,078	1,588	4.73%	\$ 10,653	5,495	22,255	11,479	33,734
2017	4.69	8,927	3,993	4.63	3,223	1,443	4.73	11,158	4,991	23,308	10,427	33,735
2018	4.69	9,349	3,571	4.63	3,376	1,290	4.73	11,685	4,464	24,410	9,325	33,735
2019	4.69	9,791	3,129	4.63	3,536	1,130	4.73	12,238	3,911	25,565	8,170	33,735
2020	4.69	10,255	2,665	4.63	3,703	963	4.73	12,817	3,332	26,775	6,960	33,735
2021-2024	4.69	46,103	5,477	4.63	16,649	2,015	4.73	57,625	6,971	120,377	14,463	134,840
Total		<u>\$ 92,949</u>	<u>23,231</u>		<u>\$ 33,565</u>	<u>8,429</u>		<u>\$ 116,176</u>	<u>29,164</u>	<u>242,690</u>	<u>60,824</u>	<u>303,514</u>

Truck Lease

Details of the District's June 30, 2015 truck lease indebtedness are as follows. Payments will be made from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Year Ending June 30,	Truck lease dated August 26, 2014			
	Interest Rate	Principal	Interest	Total
2016	3.95%	\$ 8,020	1,344	9,364
2017	3.95	8,337	1,027	9,364
2018	3.95	8,667	698	9,365
2019	3.95	9,009	356	9,365
Total		<u>\$ 34,033</u>	<u>3,425</u>	<u>37,458</u>

Termination Benefits

During the year ended June 30, 2015 the District offered a voluntary early retirement plan for employees. The plan was offered to employees for only one year. Eligible employees must have completed twelve years of full-time contract service to the Eddyville Blakesburg and/or Fremont Community School District and reached the age of 55 on or before June 30, 2015. Employees must complete an application which is required to be approved by the Board of Education.

Each approved retiree shall receive a early retirement benefit of \$25,000 cash paid in three equal payments over three years with the first paid in July of 2015. In addition to the cash benefit each retiree shall also receive each month, full single health insurance coverage, the same as offered for active teachers, dental coverage at the current rate, and life insurance coverage in the maximum amount of \$40,000 or up until the retiree becomes eligible for medicare.

At June 30, 2015 the District had obligations to two participants from the current year offering. The District had total early retirement obligations of \$945,705 to twenty-eight participants including retirement offerings made by the Eddyville Blakesburg and Fremont Community School District's prior to the consolidation of these Districts' on July 1, 2012. Actual early retirement expenditures for the year ended June 30, 2015 total \$208,933.

(6) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 82,247	-	-	82,247
Total capital assets not being depreciated	82,247	-	-	82,247
Capital assets being depreciated:				
Buildings	9,991,747	412,904	-	10,404,651
Land improvements	1,815,247	3,910	-	1,819,157
Machinery and equipment	2,471,373	279,695	68,400	2,682,668
Total capital assets being depreciated	14,278,367	696,509	68,400	14,906,476
Less accumulated depreciation for:				
Buildings	5,063,356	192,286	-	5,255,642
Land improvements	1,016,760	71,699	-	1,088,459
Machinery and equipment	1,884,546	168,162	65,588	1,987,120
Total accumulated depreciation	7,964,662	432,147	65,588	8,331,221
Total capital assets being depreciated, net	6,313,705	264,362	(2,812)	6,575,255
Governmental activities capital assets, net	\$ 6,395,952	264,362	(2,812)	6,657,502
Business type activities:				
Capital assets being depreciated:				
Buildings	\$ 306,500	5,539	-	312,039
Machinery and equipment	194,523	1,378	-	195,901
Total capital assets being depreciated	501,023	6,917	-	507,940
Less accumulated depreciation for:				
Buildings	140,990	6,352	-	147,342
Machinery and equipment	140,707	7,512	-	148,219
Total accumulated depreciation	281,697	13,864	-	295,561
Business type activities capital assets, net	\$ 219,326	(6,947)	-	212,379

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 27,650
Other	25,707
Support services:	
Instructional staff	29,224
Administration	17,950
Operation and maintenance of plant	21,538
Transportation	46,093
	168,162
Unallocated depreciation	263,985
Total governmental activities depreciation expense	\$ 432,147
Business type activities:	
Food service operations	\$ 7,298
Other enterprise operations	6,566
Total business type activities depreciation expense	\$ 13,864

(7) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$505,855.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$3,418,886 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.084478 percent, which was an increase of 0.002749 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$285,270. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,157	\$ -
Changes of assumptions	150,883	-
Net difference between projected and actual earnings on pension plan investments	-	1,303,865
Changes in proportion and differences between District contributions and proportionate share of contributions	125,721	-
District contributions subsequent to the measurement date	505,855	-
Total	<u>\$ 819,616</u>	<u>\$ 1,303,865</u>

\$505,855 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (252,658)
2017	(252,658)
2018	(252,658)
2019	(252,658)
2020	20,528
	<u>\$ (990,104)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District's proportionate share of the net pension liability	\$ 6,459,888	\$ 3,418,886	\$ 851,964

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$60,939 for legally required employer contributions and \$40,603 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 67 active and 22 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits 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 of the District (ARC), 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 June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 67,193
Interest on net OPEB obligation	2,823
Adjustment to annual required contribution	<u>(8,832)</u>
Annual OPEB cost	61,184
Contributions made	<u>(25,255)</u>
Increase in net OPEB obligation	35,929
Net OPEB obligation beginning of year	<u>112,904</u>
Net OPEB obligation - end of year	<u><u>\$ 148,833</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2015.

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:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 73,145	49.05%	\$ 77,973
2014	68,736	49.18%	112,904
2015	61,184	41.28%	148,833

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$348,215 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$348,215. The covered payroll (annual payroll of active employees covered by the plan) was \$4,957,241, and the ratio of the UAAL to the covered payroll was 7.02%. As of June 30, 2015, 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 healthcare 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 for the Retiree Health Plan, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the 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 that are 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 RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement assumptions were developed from the 2006 Society of Actuaries Study. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

Eddyville-Blakesburg-Fremont 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.

(10) 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 \$345,393 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Deficit Balances

At June 30, 2015 the Eddyville-Blakesburg-Fremont Community School District had the following deficit balances: the School Nutrition Fund had deficit unrestricted net position of \$90,868 and total deficit net position of \$43,616. The Child care fund had deficit unrestricted net position of \$123,509 and the District's total business type activities had deficit unrestricted net position of \$210,479. The District also had deficit unrestricted net position of \$1,783,065 in its governmental activities.

(12) Categorical Funding

The District's ending balances for categorical funding at June 30, 2015 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Home School Assistance Program	\$ 99,618
Market Factor	1,246
Beginning Administrator Mentoring and Induction Program	905
Four-year-old Preschool State Aid	10,606
Successful Progression for Early Readers	10,579
Professional Development for Model Core Curriculum	36,258
Professional Development	4,156
Market Factor Incentives	1,328
Teacher Leadership Grants	369
Total	<u>\$ 165,065</u>

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows

	<u>Governmental</u>	<u>Business Type Activities</u>		
	<u>Activities</u>	<u>School</u>	<u>Child</u>	<u>Total</u>
		<u>Nutrition</u>	<u>Care</u>	
Net position June 30, 2014, as previously reported	\$ 8,223,330	\$ 66,949	162,985	229,934
Net pension liability at June 30, 2014	(4,373,877)	(126,330)	(127,255)	(253,585)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	476,137	13,752	13,853	27,605
Net position July 1, 2014, as restated	<u>\$ 4,325,590</u>	<u>\$ (45,629)</u>	<u>49,583</u>	<u>3,954</u>

(14) Reconciliation of Governmental Fund Balances to Net Position

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

	<u>Net investment in Capital Assets</u>	<u>Management Levy</u>	<u>Unassigned/ Unrestricted</u>
Fund balance (Exhibit C)	\$ -	831,545	1,971,315
Capital assets, net of accumulated depreciation	6,657,502	-	-
Truck lease capitalized indebtedness	(34,033)	-	-
Computer lease capitalized indebtedness	(208,246)	-	-
Lighting lease capitalized indebtedness	(242,690)	-	-
Income surtax receivable	-	-	160,009
Termination benefits	-	(831,545)	(114,160)
Compensated absences	-	-	(54,534)
Accrued interest payable	-	-	(15,406)
Internal service fund	-	-	98,428
Net pension liability	-	-	(3,231,531)
Pension related deferred outflows	-	-	775,815
Pension related deferred inflows	-	-	(1,232,413)
Net OPEB liability	-	-	(140,588)
Net position (Exhibit A)	<u>\$ 6,172,533</u>	<u>-</u>	<u>(1,783,065)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EDDYVILLE-BLAKESBURG-FREMONT 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, 2015

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Funds		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 5,933,570	420,889	6,354,459	7,603,201	7,603,201	(1,248,742)
Intermediate sources	-	-	-	250	250	(250)
State sources	5,195,140	4,001	5,199,141	4,264,519	4,264,519	934,622
Federal sources	209,800	247,455	457,255	525,000	525,000	(67,745)
Total revenues	<u>11,338,510</u>	<u>672,345</u>	<u>12,010,855</u>	<u>12,392,970</u>	<u>12,392,970</u>	<u>(382,115)</u>
Expenditures/expenses:						
Instruction	6,975,527	9,690	6,985,217	7,590,000	7,240,000	254,783
Support services	3,432,881	200	3,433,081	3,979,700	3,654,700	221,619
Non-instructional programs	7,109	671,336	678,445	761,000	761,000	82,555
Other expenditures	1,241,341	-	1,241,341	969,208	1,644,208	402,867
Total expenditures/expenses	<u>11,656,858</u>	<u>681,226</u>	<u>12,338,084</u>	<u>13,299,908</u>	<u>13,299,908</u>	<u>961,824</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(318,348)	(8,881)	(327,229)	(906,938)	(906,938)	579,709
Other financing sources, net	<u>41,749</u>	<u>6,917</u>	<u>48,666</u>	-	-	<u>48,666</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(276,599)	(1,964)	(278,563)	(906,938)	(906,938)	628,375
Balances beginning of year, as restated	<u>3,435,641</u>	<u>3,954</u>	<u>3,439,595</u>	<u>2,836,852</u>	<u>2,836,852</u>	<u>602,743</u>
Balances end of year	<u>\$ 3,159,042</u>	<u>1,990</u>	<u>3,161,032</u>	<u>1,929,914</u>	<u>1,929,914</u>	<u>1,231,118</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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. During the year, the District adopted one budget amendment, to reclassify expenses while leaving total expenditures unchanged.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FISCAL YEAR *
 REQUIRED SUPPLEMENTARY INFORMATION

	2015
District's proportion of the net pension liability	0.084478%
District's proportionate share of the net pension liability	\$ 3,418,886
District's covered-employee payroll	\$ 5,664,669
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.35%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amount presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS*
REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 505,855	502,955	458,289
Contributions in relation to the statutorily required contribution	<u>(505,855)</u>	<u>(502,955)</u>	<u>(458,289)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,664,669	5,632,195	5,285,917
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%

*The Eddyville-Blakesburg Community School District merged with the Fremont Community School District as of July 1, 2012 to form the Eddyville-Blakesburg-Fremont Community School District. The District will present information for those years for which information is available until a full ten-year trend is compiled.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION

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)
2013	July 1, 2012	-	\$ 423,691	423,691	0.0%	\$3,409,342	12.43%
2014	July 1, 2012	-	385,946	385,946	0.0%	5,420,313	7.12%
2015	July 1, 2012	-	348,215	348,215	0.0%	4,957,241	7.02%

See Note 8 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.

*Eddyville-Blakesburg-Fremont
Community School District*

SUPPLEMENTARY INFORMATION

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue		
	Student Activity	Support Trust	Total
ASSETS			
Cash and pooled investments	\$ 111,336	25,503	136,839
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 529	-	529
Deferred inflows of resources:	-	-	-
Fund balances:			
Restricted for:			
Student activities	110,807	-	110,807
Other special purposes	-	25,503	25,503
Total fund balances	110,807	25,503	136,310
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 111,336	25,503	136,839

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015

	Special Revenue			Debt Service	Total
	Student Activity	Support Trust	Total		
Revenues:					
Local sources:					
Other	\$ 361,306	76	361,382	-	361,382
Expenditures:					
Current:					
Instruction:					
Other	380,194	-	380,194	-	380,194
Long-term debt:					
Principal	-	-	-	208,672	208,672
Interest and fiscal charges	-	-	-	26,904	26,904
Total expenditures	380,194	-	380,194	235,576	615,770
Excess(Deficiency) of revenues over(under) expenditures	(18,888)	76	(18,812)	(235,576)	(254,388)
Other financing sources:					
Transfer in	-	-	-	235,576	235,576
Change in fund balances	(18,888)	76	(18,812)	-	(18,812)
Fund balances beginning of year	129,695	25,427	155,122	-	155,122
Fund balances end of year	\$ 110,807	25,503	136,310	-	136,310

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ -	22,847	22,847
Receivables:			
Property tax:			
Delinquent	-	1,425	1,425
Succeeding year	-	143,339	143,339
Due from other funds	14,000	-	14,000
Due from other governments	142,591	-	142,591
TOTAL ASSETS	\$ 156,591	167,611	324,202
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Excess warrants over bank balances	\$ 126,056	-	126,056
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	143,339	143,339
Fund balances:			
Restricted for:			
School infrastructure	30,535	-	30,535
Unassigned	-	24,272	24,272
Total fund balances	30,535	24,272	54,807
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 156,591	167,611	324,202

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	141,676	141,676
Other	210	-	210
State sources	916,466	2,493	918,959
Total revenues	<u>916,676</u>	<u>144,169</u>	<u>1,060,845</u>
Expenditures:			
Current:			
Instruction:			
Regular	96,533	-	96,533
Support services:			
Instructional staff	87,117	-	87,117
Administration	-	103,661	103,661
Transportation	21,527	-	21,527
Capital outlay	655,772	4,600	660,372
Total expenditures	<u>860,949</u>	<u>108,261</u>	<u>969,210</u>
Excess of revenues over expenditures	55,727	35,908	91,635
Other financing sources(uses):			
Proceeds from truck lease	41,749	-	41,749
Transfer out	(235,576)	-	(235,576)
Total other financing sources(uses)	<u>(193,827)</u>	<u>-</u>	<u>(193,827)</u>
Change in fund balances	(138,100)	35,908	(102,192)
Fund balances beginning of year	<u>168,635</u>	<u>(11,636)</u>	<u>156,999</u>
Fund balances end of year	<u>\$ 30,535</u>	<u>24,272</u>	<u>54,807</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2015

Account	Balance Beginning of Year,	Revenues	Expendi- tures	Intra- Fund Transfers	Balance End of Year
Fremont	\$ 5,475	-	5,475	-	-
Activity Management	13,475	108,712	102,007	1,515	21,695
Other Designated Fund Bal	100	3,038	4,116	1,480	502
Fremont Sports	4,563	-	4,563	-	-
Cross Country	2,902	2,420	3,443	592	2,471
Drill/Dance Team	-	7,020	7,125	105	-
Boys Basketball	1,631	8,752	9,936	888	1,335
Football	5,255	5,325	6,156	-	4,424
Baseball	2,259	32,798	31,274	2,369	6,152
JH Baseball	1,171	1,125	1,348	-	948
Boys Track	616	261	333	-	544
Golf	292	2,631	2,093	-	830
Wrestling	15,702	11,481	20,021	-	7,162
Girls Basketball	6,185	2,460	5,068	888	4,465
Volleyball	2,901	12,786	11,166	296	4,817
Softball	5,882	11,475	14,259	592	3,690
Girls Track	2,220	1,623	1,808	-	2,035
JH Softball	530	706	890	-	346
Cheerleading Basketball	-	5,281	2,642	(493)	2,146
EBF Special Olympics	-	4,185	1,676	-	2,509
Interest	-	104	-	(104)	-
Fremont Fundraiser	3,832	-	3,832	-	-
Fremont Resale	1,544	-	1,544	-	-
Class of 2014	1,205	-	1,205	-	-
Class of 2015	2,283	-	43	-	2,240
Class of 2016	-	6,324	3,381	297	3,240
Class of 2018	32	-	-	-	32
Class of 2019	60	28	-	-	88
Fremont Book Fair	245	-	245	-	-
National Honor Society	434	175	-	-	609
HS Student Council	631	2,818	2,130	-	1,319
EEAC Student Council	622	599	240	-	981
HS Speech	-	505	1,352	847	-
Fremont Blue Jeans	85	-	85	-	-
E-B-F ELI	25	-	-	-	25
E-B Jr High Student Council	5,265	1,970	1,259	-	5,976
BAC Activity	7,741	370	1,738	-	6,373
BAC Elementary	3,226	970	707	-	3,489
FFA	4,009	34,877	37,817	-	1,069
Archery Club	1,983	17,636	18,593	-	1,026
Thespian Club	855	2,041	2,157	19	758
Tri M Society	484	-	300	(113)	71
Drama/Play	1,791	2,689	2,456	296	2,320
FFA CD	3,464	-	-	-	3,464
Weightroom	-	900	73	-	827
Yearbook	8,363	3,792	7,518	-	4,637
Concessions	1,188	53,855	42,104	(9,770)	3,169
Family Career	1,801	8,056	8,014	296	2,139
FCA	437	615	937	-	115
Fremont Student Council	55	50	-	33	138
Fremont 6th Grade	218	33	218	(33)	-
Fremont Garden	95	-	95	-	-
Math and Science	-	195	-	-	195
Future Business Leaders	285	525	374	-	436
Fremont Yearbook	2,561	-	2,561	-	-
Fremont Fieldtrip	3,717	100	3,817	-	-
Total	\$ 129,695	361,306	380,194	-	110,807

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2015

	Governmental Activities: Internal Service Funds		
	Partially Self-Funded	Flex Benefit	Total
ASSETS			
Cash and pooled investments	\$ 78,265	20,163	98,428
LIABILITIES	-	-	-
NET POSITION			
Unrestricted	\$ 78,265	20,163	98,428

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2015

	Governmental Activities: Internal Service Funds		
	Partially Self-Funded	Flex Benefit	Total
Operating revenues:			
Local sources:			
Miscellaneous	\$ -	10,604	10,604
Operating expenses:			
Support services:			
Administration:			
Benefits	-	7,659	7,659
Operating income	-	2,945	2,945
Non-operating revenues			
Interest income	39	9	48
Change in net position	39	2,954	2,993
Net position beginning of year	78,226	17,209	95,435
Net position end of year	\$ 78,265	20,163	98,428

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2015

	Governmental Activities:		
	Internal Service Funds		
	Partially Self-Funded	Flex Benefit	Total
Cash flows from operating activities:			
Cash received from miscellaneous operating activities	\$ -	10,604	10,604
Cash payments to employees for services	-	(7,659)	(7,659)
Net cash provided by operating activities	-	2,945	2,945
Cash flows from investing activities:			
Interest income	39	9	48
Net increase in cash and pooled investments	39	2,954	2,993
Cash and pooled investments beginning of year	78,226	17,209	95,435
Cash and pooled investments end of year	\$ 78,265	20,163	98,428

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST ACCOUNTS
 YEAR ENDED JUNE 30, 2015

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
SCHROEDER SCHOLARSHIP	\$ 1,030	-	-	1,030
SHEFFLER SCHOLARSHIP	4,200	-	-	4,200
BAC FFAC SCHOLARSHIP	6,718	45	113	6,650
FFA MEMORIAL SCHOLARSHIP	6,796	19	-	6,815
THELMA HOHL SCHOLARSHIP	3,359	-	1,000	2,359
CAROLL D MCMULLIN SCHOLARSHIP	47,750	-	2,000	45,750
CHRISTINA MCKENNA SCHOLARSHIP	9,423	1,027	1,500	8,950
REX & LOUISE MORRIS SCHOLARSHIP	4,000	-	1,000	3,000
LOYAL & OPAL MORRIS SCHOLARSHIP	4,500	-	500	4,000
FREMONT FFA SCHOLARSHIP	3,411	-	-	3,411
Total	<u>\$ 91,187</u>	<u>1,091</u>	<u>6,113</u>	<u>86,165</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 YEAR ENDED JUNE 30, 2015

	Beginning Balance	Increases	Decreases	Ending Balance
BAC FACULTY				
Assets:				
Cash and other investments	\$ 277	142	87	332
Liabilities:				
Due to other groups	\$ 277	142	87	332
E-B-F HS FACULTY				
Assets:				
Cash and other investments	\$ 138	-	30	108
Liabilities:				
Due to other groups	\$ 138	-	30	108
BAND BOOSTERS				
Assets:				
Cash and other investments	\$ 86	-	-	86
Liabilities:				
Due to other groups	\$ 86	-	-	86
TOTAL				
Assets:				
Cash and other investments	\$ 501	142	117	526
Liabilities:				
Due to other groups	\$ 501	142	117	526

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 FOR THE LAST THREE FISCAL YEARS
 ALL GOVERNMENTAL FUNDS

	Modified Accrual Basis		
	2015	2014	2013
Revenues:			
Local sources:			
Local tax	\$ 4,511,828	4,454,128	5,531,292
Tuition	979,966	936,816	715,329
Other	441,776	498,436	429,113
Intermediate sources			
State sources	5,195,140	5,107,067	4,204,002
Federal sources	209,800	251,066	238,130
Total	<u>\$ 11,338,510</u>	<u>11,247,513</u>	<u>11,117,866</u>
Expenditures:			
Current:			
Instruction:			
Regular	\$ 4,438,685	4,390,214	4,939,450
Special	1,196,147	1,193,736	1,005,708
Other	1,340,695	1,173,028	1,325,722
Support services:			
Student	94,933	65,476	78,159
Instructional staff	375,524	353,110	609,218
Administration	1,248,694	1,297,531	1,204,299
Operation and maintenance of plant	964,484	1,033,198	916,279
Transportation	749,246	849,190	748,128
Non-instructional programs	7,109	3,505	5,643
Capital outlay	660,372	414,456	404,180
Long-term debt:			
Principal	208,672	193,949	148,585
Interest and fiscal charges	26,904	32,263	24,989
Other expenditures:			
AEA flow-through	345,393	343,288	329,436
Total	<u>\$ 11,656,858</u>	<u>11,342,944</u>	<u>11,739,796</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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 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 Eddyville-Blakesburg-Fremont 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 Eddyville-Blakesburg-Fremont Community School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eddyville-Blakesburg-Fremont 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 Eddyville-Blakesburg-Fremont Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Eddyville-Blakesburg-Fremont 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 a deficiency in internal control we consider to be 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 described in Part I of the accompanying Schedule of Findings as item I-A-15 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 noted no deficiency that we considered to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eddyville-Blakesburg-Fremont 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, 2015 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.

Eddyville-Blakesburg-Fremont Community School District's Responses to Findings

Eddyville-Blakesburg-Fremont Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Eddyville-Blakesburg-Fremont 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 Eddyville-Blakesburg-Fremont Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2016
Newton, Iowa

EDDYVILLE-BLAKESBURG-FREMONT COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-15 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 one or more of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions, handling and recording cash and bank reconciliations.
- 2) Receipts - recording, journalizing, posting and reconciling.
- 3) Disbursements - purchase order processing, check preparation, mailing and recording.
- 4) Inventories - ordering, receiving, issuing and storing.
- 5) Capital assets - purchasing, recording and reconciling.
- 6) Wire transfers - processing and approving.
- 7) Payroll - recordkeeping, preparation and posting.
- 8) Financial reporting - preparing, reconciling and approving.
- 9) School lunch program - collecting, receipting and deposit preparation.

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 will review its procedures to obtain maximum internal control, utilizing current personnel, including elected officials.

Conclusion - Response accepted.

OTHER MATTERS:

I-B-15 Deficit Lunch Account Balances - During our audit we noted that the Nutrition Fund is carrying several deficit student account balances.

Recommendation - The District should develop policies regarding the treatment of negative account balances aimed at discouraging accounts from becoming negative. The District may also wish to encourage alternatives to bring deficit accounts back to a positive balance, such as trying various collection techniques to collect the balances from the families. Another option would be to give these families a free/reduced lunch application to see if they qualify.

Response - The District has developed policies regarding negative lunch account balances and continues to discourage accounts from becoming negative. Free/reduced applications are provided to the families and alternative collection methods are applied.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-15 Certified Budget - District expenditures for the year ended June 30, 2015, did not exceed the certified budget amounts in any of the functional areas.
- II-B-15 Questionable Disbursements - No expenditures that do not appear to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-15 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-15 Business Transactions - No business transactions between the District and District officials were noted.
- II-E-15 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-15 Board Minutes - No transactions requiring Board approval which have not been approved by the Board were noted.
- II-G-15 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-15 Supplementary Weighting - No variances regarding in the supplementary weighting data certified to the Department of Education were noted.
- II-I-15 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-15 Certified Annual Report - The Certified Annual Report was filed with the Iowa Department of Education timely, however, we noted significant deficiencies in the amounts reported. The District's Certified Annual Report did not include amounts recorded in the District's flex benefits-Aflac Insurance Internal Service Fund.

Recommendation - The District should ensure the funds and amounts certified on the Certified Annual Report to the Department of Education are a complete and accurate listing of all funds included in the District's financial statements. The District should take the necessary steps to include the Flex Benefits –Aflac -Internal Service Fund on the District's next Certified Annual Report.

Response - The District will include the Flex Benefits (Aflac and Internal Service Fund) on the next Certified Annual Report.

Conclusion - Response accepted.

- II-K-15 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-15 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, 2015, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit.

Beginning Balance		\$	168,635
Revenues/transfers in:			
Sales tax revenues	\$	916,466	
Other local revenues		210	
Proceeds from truck lease		41,749	
		<u>41,749</u>	<u>958,425</u>
			1,127,060
Expenditures/transfers out:			
School infrastructure		655,772	
Equipment		96,533	
Other		108,644	
Transfers to other funds:			
Debt service fund		235,576	
		<u>235,576</u>	<u>1,096,525</u>
Ending Balance			<u>\$ 30,535</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-15 Interfund Loan - We noted during our audit that the District had an interfund loan which was on District balance sheets in prior years and is still on the current year balance sheets. As of June 30, 2015, the Child Care Fund owed the Capital Projects: Statewide Sales, Services and Use Tax Fund \$14,000 and the Student Activity Fund owes the General Fund. \$529.

According to a declaratory order issued by the Iowa Department of Education to the Auditor of State dated April 11, 2008, interfund loans on the District's year-end financial statements must be repaid to their respective funds on or before October 1st of the following fiscal year or the date of the District's Board of Directors organizational meeting, whichever is later. If the District is unable to repay the interfund loans by that time, the District must seek outside funding to repay the interfund loans according to Iowa Code Chapter 74.

Recommendation - The District repaid \$7,000 against this loan in fiscal year 2015. The District should continue to evaluate their repayment plan for repaying this loan. The District should seek outside funding to comply with the declaratory ruling dated April 11, 2008 in needed.

Response - The District has evaluated the repayment plan for Fund 64 (Daycare) and is seeking outside funding for the remaining \$14,000 owed.

Conclusion - Response accepted.

II-N-15 Financial Condition - At June 30, 2015 the District had the following deficit balances: The District had deficit unrestricted net position of \$90,868 and a deficit total net position of \$43,616 in the Enterprise, School Nutrition Fund. The District had deficit unrestricted net position of \$123,509 in the Child Care Fund. The District also had total deficit unrestricted net position of \$210,479 in its business type activities and deficit unrestricted net position in the District's governmental activities of \$1,783,065 at June 30, 2015. The primary reason for these deficit net positions is due to the implementation of GASB Statements No. 68 and No. 71 during the year.

Recommendation - The District should take steps to ensure the District's administration and Board of Education understand this accounting change/restatement and how GASB Statements No. 68 and 71 will affect the District's financials moving forward.

Response - The District has taken steps to ensure the Administration and Board of Education understands the accounting change/restatement of how GASB Statements No.68 and 71 affect the District's Financials.

Conclusion - Response accepted.

II-O-15 Student Activity Fund - In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), the purpose of the Student Activity Fund is to account for financial transactions related to the co-curricular and extracurricular activities offered as a part of the education program for students.

FFA Account: We noted during our audit the FFA account in the Student Activity Fund was writing checks to individual students for money received from participation in the county fair.

Recommendation - According to Chapter 9 of the Uniform Administrative Procedures handbook, "It is never appropriate for a school district to give cash to student members of activity groups." The District should request the fair board to write the checks directly to the students.

Response - The District has requested the local fair boards to write the checks directly to the students.

Conclusion - Response accepted.