

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2015

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Cardinal of Eldon Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Mike Kayser	President	2017
Todd Hart	Vice President (Resigned June 2015)	2017
Bill Steele	Board Member (Appointed June 2015)	2015
Fred Thomas	Board Member	2015
Carol Streeby	Board Member	2015
Roger Davis	Board Member	2015
School Officials		
Joel Pedersen	Superintendent	2015
Sherry VanBlaricom	Board Secretary	2015
Robin Leonard	Treasurer/Business Manager	2015
Ahlers & Cooney, P.C.	Attorney	2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Cardinal of Eldon 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 Cardinal of Eldon Community School District, Eldon, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Cardinal of Eldon 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 16 to the financial statements, Cardinal of Eldon 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 16 and 46 through 52 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 the 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 required supplementary 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 Cardinal of Eldon Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 22, 2016 on our consideration of Cardinal of Eldon 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 reports 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 and should be considered in assessing the results of our audit.



NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2016
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cardinal of Eldon 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 \$6,999,542 in fiscal year 2014 to \$7,600,250 in fiscal year 2015, while General Fund expenditures increased from \$7,075,049 in fiscal year 2014 to \$8,002,367 in fiscal year 2015. Expenditures exceeded revenues resulting in a decrease in the District's General Fund balance from \$2,151,776 at June 30, 2014 to \$1,749,659 at June 30, 2015.
- The increase in General Fund revenues was attributable in part to increases in tuition and state and federal source revenue in fiscal year 2015. The increase in expenditures was due primarily to increased spending in the support services functional area.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Cardinal of Eldon 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 Cardinal of Eldon 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 Cardinal of Eldon Community School District acts solely as an agent or custodial for the benefit of those outside of the School 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

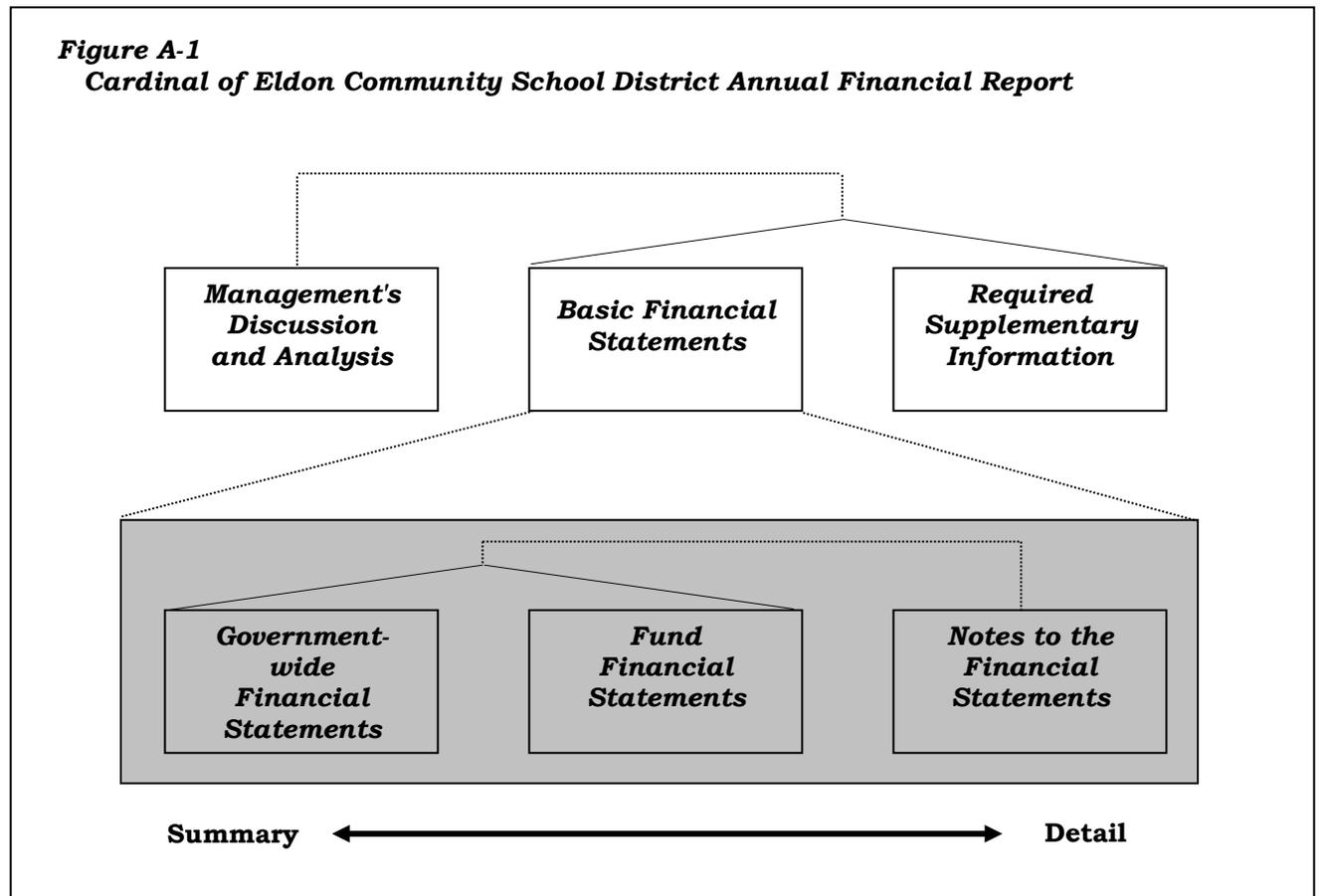


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

	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	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 program is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

The required financial statements for the proprietary funds include a Statement of Net Position, 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 Private-Purpose Trust Fund.

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

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

The required financial statements for fiduciary funds include the Statement of Fiduciary Net Position and the 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.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
Current and other assets	\$ 6,420,377	7,447,800	52,115	59,951	6,472,492	7,507,751	-13.79%
Capital assets	8,844,163	7,597,160	49,402	26,107	8,893,565	7,623,267	16.66%
Total assets	15,264,540	15,044,960	101,517	86,058	15,366,057	15,131,018	1.55%
Deferred outflows of resources	499,940	-	15,837	-	515,777	-	100.00%
Long-term liabilities	6,978,976	5,344,240	60,263	5,490	7,039,239	5,349,730	31.58%
Other liabilities	947,367	857,162	17,968	20,481	965,335	877,643	9.99%
Total liabilities	7,926,343	6,201,402	78,231	25,971	8,004,574	6,227,373	28.54%
Deferred inflows of resources	2,997,488	2,108,097	20,338	-	3,017,826	2,108,097	43.15%
Net position:							
Net investment in capital assets	4,834,163	3,274,537	49,402	26,107	4,883,565	3,300,644	47.96%
Restricted	1,347,797	1,865,518	-	-	1,347,797	1,865,518	-27.75%
Unrestricted	(1,341,311)	1,595,406	(30,617)	33,980	(1,371,928)	1,629,386	-184.20%
Total net position	\$ 4,840,649	6,735,461	18,785	60,087	4,859,434	6,795,548	-28.49%

The District’s combined net position decreased by 28.49%, or \$1,936,114 from the prior year. The largest portion of the District’s net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District’s restricted net position decreased \$517,721 or 27.75% from the prior year. This decrease was primarily due to a decrease in the fund balance of the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Unrestricted net position - the part of net position that can be used to finance day-by-day operations without constraints established by debt covenants, enabling legislation or other legal requirements- decreased \$3,001,314 or 184.20% compared to the prior year. 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 \$2,445,310 and \$64,699, 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	\$ 1,212,813	1,166,879	109,325	100,113	1,322,138	1,266,992	4.35%
Operating grants, contributions and restricted interest	1,183,268	719,094	329,757	293,194	1,513,025	1,012,288	49.47%
Capital grants, contributions and restricted interest	-	273,956	-	-	-	273,956	-100.00%
General revenues:							
Property tax	2,102,031	2,137,007	-	-	2,102,031	2,137,007	-1.64%
Income surtax	46,303	113,477	-	-	46,303	113,477	-59.20%
Statewide sales, services and use tax	570,238	512,052	-	-	570,238	512,052	11.36%
Unrestricted state grants	3,603,486	3,404,985	-	-	3,603,486	3,404,985	5.83%
Unrestricted investment earnings	7,677	2,670	1	-	7,678	2,670	187.57%
Other	105,347	142,635	915	60	106,262	142,695	-25.53%
Total revenues	<u>8,831,163</u>	<u>8,472,755</u>	<u>439,998</u>	<u>393,367</u>	<u>9,271,161</u>	<u>8,866,122</u>	<u>4.57%</u>
Program expenses:							
Instructional	4,748,758	4,925,305	-	-	4,748,758	4,925,305	-3.58%
Support services	2,914,756	2,393,909	2,746	2,594	2,917,502	2,396,503	21.74%
Non-instructional programs	-	-	413,855	340,174	413,855	340,174	21.66%
Other expenses	617,151	591,841	-	-	617,151	591,841	4.28%
Total expenses	<u>8,280,665</u>	<u>7,911,055</u>	<u>416,601</u>	<u>342,768</u>	<u>8,697,266</u>	<u>8,253,823</u>	<u>5.37%</u>
Change in net position	550,498	561,700	23,397	50,599	573,895	612,299	-6.27%
Net position beginning of year, as restated	4,290,151	6,173,761	(4,612)	9,488	4,285,539	6,183,249	-30.69%
Net position end of year	<u>\$ 4,840,649</u>	<u>6,735,461</u>	<u>18,785</u>	<u>60,087</u>	<u>4,859,434</u>	<u>6,795,548</u>	<u>-28.49%</u>

In fiscal year 2015, property tax and unrestricted state grants accounted for 64.61% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 99.79% of the revenue from business type activities.

The District's total revenues were approximately \$9.27 million, of which approximately \$8.83 million was for governmental activities and approximately \$0.44 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.57% increase in revenues and a 5.37% increase in expenses. The increase in revenues is primarily due to increases in operating grants, contributions, and restricted interest while the increase in expenses is primarily related to increases in costs incurred in the support services functional area compared to the prior year.

Governmental Activities

Revenues for governmental activities were \$8,831,163 and expenses were \$8,280,665 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 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	\$ 4,748,758	4,925,305	-3.58%	2,597,612	3,309,408	-21.51%
Support services	2,914,756	2,393,909	21.76%	2,913,248	2,083,796	39.80%
Other expenses	617,151	591,841	4.28%	373,724	357,922	4.41%
Totals	<u>\$ 8,280,665</u>	<u>7,911,055</u>	<u>4.67%</u>	<u>5,884,584</u>	<u>5,751,126</u>	<u>2.32%</u>

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$1,212,813.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$1,183,268.
- The net cost of governmental activities was financed with \$2,102,031 in property tax, \$46,303 in income surtax, \$570,238 in statewide sales, services and use tax, \$3,603,486 in unrestricted state grants, \$7,677 in interest income, and \$105,347 in other general revenues.

Business Type Activities

Revenues of the District's business type activities during the year ended June 30, 2015 were \$439,998, representing an 11.85% increase over the prior year, while expenses totaled \$416,602, a 21.54% increase from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and other general revenues.

INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,251,048, below last year's ending fund balances of \$4,434,971. The primary reason for the decrease in combined fund balances was from a decrease in the Capital Projects Fund balance due to expenditures incurred for District construction projects.

Governmental Fund Highlights

- The District's General Fund balance decreased from a balance of \$2,151,776 at June 30, 2014 to \$1,749,659 at June 30, 2015. The District's declining General Fund financial position is the product of many factors. District revenues increased compared to the prior year primarily with tuition source revenues, but the total increase in revenues was not enough to offset the increase in expenditures for fiscal year 2015. The increase in expenditures is primarily due to an increase in support services expenditures incurred during the year.
- The Management Levy Fund balance increased from \$606,563 at June 30, 2014 to \$678,689 at June 30, 2015. The primary reason for this increase in fund balance was an increase in other local revenues during the year.
- The Capital Projects Fund balance decreased from \$941,926 at June 30, 2014 to \$418,998 at June 30, 2015. The Capital Projects: Statewide Sales, Services and Use Tax Fund balance decreased from \$705,853 at June 30, 2014 to \$628,659 at June 30, 2014. The decrease is related to continued expenditures incurred for the Districts construction projects during the year. The Capital Projects: Physical Plant and Equipment Levy Fund balance decreased from \$236,073 at June 30, 2014 to \$188,754 at June 30, 2015. The Capital Projects: Building Projects account decreased from a balance of \$0 at June 30, 2014 to a deficit \$398,415 at June 30, 2015 due to expenditures incurred for District construction projects.
- The Debt Service Fund balance decreased from \$611,067 at June 30, 2014 to \$280,764 at June 30, 2015 primarily due to the reclassification of the revenue bond reserve fund to the Capital Projects: Statewide Sales, Services and Use Tax Fund.

Proprietary Fund Highlights

The School Nutrition Fund net position increased from a deficit \$4,612 restated at July 1, 2014 to \$18,785 at June 30, 2015, representing an increase of 507.31%. The increase in net position is primarily due to an increase in federal source revenues received compared to the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Cardinal of Eldon Community School District amended its budget one time to reflect additional expenditures in the support services and non-instructional programs functional areas.

The District's revenues were \$610,801 more than budgeted revenues, a variance of 7.01%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

It is the District's practice to budget expenditures close to what the District believes actual expenses will be for the General Fund, and then amend the budget if necessary. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the instructional, non-instructional programs and other expenditures functional areas, as well as in total during the year ended June 30, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$8,893,565, net of accumulated depreciation, in a broad range of capital assets, including buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 16.66% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$523,261.

The original cost of the District's capital assets was \$14,149,863. Governmental funds accounted for \$13,958,878 with the remainder of \$190,985 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$0 at June 30, 2014, compared to \$1,168,687 reported at June 30, 2015. The increase primarily represents the Cardinal School construction project which was started during the year.

	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
Construction in progress	\$ 1,168,687	-	-	-	1,168,687	-	100.00%
Buildings	6,393,180	6,413,268	-	-	6,393,180	6,413,268	-0.31%
Land improvements	655,522	622,956	-	-	655,522	622,956	5.23%
Machinery and equipment	626,774	560,936	49,402	26,107	676,176	587,043	15.18%
Total	\$ 8,844,163	7,597,160	49,402	26,107	8,893,565	7,623,267	16.66%

Long-Term Debt

At June 30, 2015, the District had \$7,039,239 in long-term debt outstanding. This represents an increase of 31.58%, or \$1,689,509 from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

The District had total outstanding general obligation bonds payable of \$5,000 at June 30, 2015. This amount has been outstanding since 1995.

The District had total outstanding revenue bonds payable of \$4,005,000 at June 30, 2015, payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.

The District had a computer lease payable of \$142,780 at June 30, 2015, payable from the Capital Projects: Physical Plant and Equipment Levy Fund.

The District had total outstanding termination benefits payable of \$324,274 at June 30, 2015, payable from the Management Levy Fund.

The District had compensated absences payable in the amount of \$31,034 at June 30, 2015, payable from the General Fund.

The District had total outstanding net pension liability of \$2,068,915 at June 30, 2015. Governmental activities account for \$2,015,586 of this total while business type activities account for the remaining \$53,329.

The District has total outstanding net OPEB liability of \$462,236 at June 30, 2015. Governmental activities account for \$455,302 of this total while business type activities account for the remaining \$6,934.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-15
General obligation bonds	\$ 5,000	5,000	-	-	5,000	5,000	0.00%
Revenue bonds	4,005,000	4,240,000	-	-	4,005,000	4,240,000	-5.54%
Computer lease	142,780	210,452	-	-	142,780	210,452	-32.16%
Bus lease	-	77,623	-	-	-	77,623	-100.00%
Termination benefits	324,274	418,897	-	-	324,274	418,897	-22.59%
Compensated absences	31,034	31,914	-	-	31,034	31,914	-2.76%
Net pension liability	2,015,586	-	53,329	-	2,068,915	-	100.00%
Net OPEB liability	455,302	360,354	6,934	5,490	462,236	365,844	26.35%
Total	\$ 6,978,976	5,344,240	60,263	5,490	7,039,239	5,349,730	31.58%

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:

- Declining enrollment would negatively impact District finances. Low or no supplemental state aid over several years negatively impacts the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget. In addition, state budget concerns will affect future projections.

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 Robin Leonard, Treasurer/Business Manager, Cardinal of Eldon Community School District, 4045 Ashland Road, Eldon, Iowa, 52554.

BASIC FINANCIAL STATEMENTS

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 3,769,262	20,455	3,789,717
Receivables:			
Property tax:			
Delinquent	48,732	-	48,732
Succeeding year	2,228,802	-	2,228,802
Income surtax	42,540	-	42,540
Accounts	74	-	74
Due from other governments	330,967	15,383	346,350
Inventories	-	16,277	16,277
Capital assets, net of accumulated depreciation	8,844,163	49,402	8,893,565
TOTAL ASSETS	15,264,540	101,517	15,366,057
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	499,940	15,837	515,777
LIABILITIES			
Accounts payable	82,351	224	82,575
Salaries and benefits payable	762,586	15,975	778,561
Deposits payable	53,050	-	53,050
Accrued interest payable	49,380	-	49,380
Unearned revenue	-	1,769	1,769
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	235,000	-	235,000
Computer lease	70,121	-	70,121
Compensated absences	31,034	-	31,034
Termination benefits	92,102	-	92,102
Portion due after one year:			
General obligation bonds	5,000	-	5,000
Revenue bonds	3,770,000	-	3,770,000
Computer lease	72,659	-	72,659
Termination benefits	232,172	-	232,172
Net pension liability	2,015,586	53,329	2,068,915
Net OPEB liability	455,302	6,934	462,236
TOTAL LIABILITIES	7,926,343	78,231	8,004,574
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	768,686	20,338	789,024
Unavailable property tax revenue	2,228,802	-	2,228,802
TOTAL DEFERRED INFLOWS OF RESOURCES	2,997,488	20,338	3,017,826
NET POSITION			
Net investment in capital assets	4,834,163	49,402	4,883,565
Restricted for:			
Categorical funding	121,179	-	121,179
Debt service	560,511	-	560,511
Management levy purposes	354,415	-	354,415
Student activities	122,938	-	122,938
Physical plant and equipment	188,754	-	188,754
Unrestricted	(1,341,311)	(30,617)	(1,371,928)
TOTAL NET POSITION	\$ 4,840,649	18,785	4,859,434

SEE NOTES TO FINANCIAL STATEMENTS.

**CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,366,320	791,519	409,915	(1,164,886)	-	(1,164,886)
Special	931,360	188,754	207,938	(534,668)	-	(534,668)
Other	1,451,078	231,032	321,988	(898,058)	-	(898,058)
	<u>4,748,758</u>	<u>1,211,305</u>	<u>939,841</u>	<u>(2,597,612)</u>	<u>-</u>	<u>(2,597,612)</u>
Support services:						
Student	107,304	-	-	(107,304)	-	(107,304)
Instructional staff	865,091	-	-	(865,091)	-	(865,091)
Administration	965,317	-	-	(965,317)	-	(965,317)
Operation and maintenance of plant	548,699	-	-	(548,699)	-	(548,699)
Transportation	428,345	1,508	-	(426,837)	-	(426,837)
	<u>2,914,756</u>	<u>1,508</u>	<u>-</u>	<u>(2,913,248)</u>	<u>-</u>	<u>(2,913,248)</u>
Long-term debt interest	99,685	-	-	(99,685)	-	(99,685)
Other expenditures:						
AEA flowthrough	243,427	-	243,427	-	-	-
Depreciation(unallocated)*	274,039	-	-	(274,039)	-	(274,039)
	<u>517,466</u>	<u>-</u>	<u>243,427</u>	<u>(274,039)</u>	<u>-</u>	<u>(274,039)</u>
Total governmental activities	<u>8,280,665</u>	<u>1,212,813</u>	<u>1,183,268</u>	<u>(5,884,584)</u>	<u>-</u>	<u>(5,884,584)</u>
Business type activities:						
Support services:						
Operation and maintenance of plant	2,746	-	-	-	(2,746)	(2,746)
Non-instructional programs:						
Food service operations	413,855	109,325	329,757	-	25,227	25,227
Total business type activities	<u>416,601</u>	<u>109,325</u>	<u>329,757</u>	<u>-</u>	<u>22,481</u>	<u>22,481</u>
Total	<u>\$ 8,697,266</u>	<u>1,322,138</u>	<u>1,513,025</u>	<u>(5,884,584)</u>	<u>22,481</u>	<u>(5,862,103)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 1,877,353	-	1,877,353
Capital outlay				224,678	-	224,678
Income surtax				46,303	-	46,303
Statewide sales, services and use tax				570,238	-	570,238
Unrestricted state grants				3,603,486	-	3,603,486
Unrestricted investment earnings				7,677	1	7,678
Other general revenues				105,347	915	106,262
Total general revenues				<u>6,435,082</u>	<u>916</u>	<u>6,435,998</u>
Change in net position				550,498	23,397	573,895
Net position beginning of year, as restated				4,290,151	(4,612)	4,285,539
Net position end of year				<u>\$ 4,840,649</u>	<u>18,785</u>	<u>4,859,434</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Management Levy	Capital Projects	Debt Service	Nonmajor: Student Activity	Total
ASSETS						
Cash and pooled investments	\$ 2,308,465	326,076	728,250	280,764	125,707	3,769,262
Receivables:						
Property tax:						
Delinquent	37,740	5,779	5,213	-	-	48,732
Succeeding year	1,626,089	-	230,328	372,385	-	2,228,802
Income surtax	42,540	-	-	-	-	42,540
Accounts	74	-	-	-	-	74
Due from other governments	242,564	-	88,403	-	-	330,967
Due from other funds	-	349,818	-	-	-	349,818
TOTAL ASSETS	\$ 4,257,472	681,673	1,052,194	653,149	125,707	6,770,195
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Due to other funds	-	-	349,818	-	-	349,818
Accounts payable	76,598	2,984	-	-	2,769	82,351
Deposit payable	-	-	53,050	-	-	53,050
Salaries and benefits payable	762,586	-	-	-	-	762,586
Total liabilities	839,184	2,984	402,868	-	2,769	1,247,805
Deferred inflows of resources:						
Unavailable revenues:						
Succeeding year property tax	1,626,089	-	230,328	372,385	-	2,228,802
Income surtax	42,540	-	-	-	-	42,540
Total deferred inflows of resources	1,668,629	-	230,328	372,385	-	2,271,342
Fund balances:						
Restricted for:						
Categorical funding	121,179	-	-	-	-	121,179
Debt service	-	-	329,127	280,764	-	609,891
Management levy purposes	-	678,689	-	-	-	678,689
Student activities	-	-	-	-	122,938	122,938
Physical plant and equipment	-	-	188,754	-	-	188,754
Unassigned:						
School infrastructure	-	-	(98,883)	-	-	(98,883)
General	1,628,480	-	-	-	-	1,628,480
Total fund balances	1,749,659	678,689	418,998	280,764	122,938	3,251,048
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,257,472	681,673	1,052,194	653,149	125,707	6,770,195

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON 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 20)	\$	3,251,048
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		8,844,163
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(49,380)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal year, therefore, are recognized as deferred inflows of resources in the governmental funds.		42,540
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 499,940	
Deferred inflows of resources	<u>(768,686)</u>	(268,746)
Long-term liabilities, including bonds payable, termination benefits payable, accrued compensated absences, net pension liability, computer lease payable and other postemployment benefits payable are not due and payable in the current period and, therefore are not reported as liabilities in the governmental funds.		<u>(6,978,976)</u>
Net position of governmental activities (page 18)	\$	<u><u>4,840,649</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Management Levy	Capital Projects	Debt Service	Nonmajor: Student Activity	Total
Revenues:						
Local sources:						
Local tax	\$ 1,732,863	249,089	224,678	-	-	2,206,630
Tuition	973,433	-	-	-	-	973,433
Other	471,168	10,473	16	48	231,032	712,737
State sources	3,984,898	1,911	571,962	-	-	4,558,771
Federal sources	437,888	-	-	-	-	437,888
Total revenues	7,600,250	261,473	796,656	48	231,032	8,889,459
Expenditures:						
Current:						
Instruction:						
Regular	2,486,053	98,339	-	-	-	2,584,392
Special	1,001,033	-	-	-	-	1,001,033
Other	1,207,780	-	-	-	231,733	1,439,513
	4,694,866	98,339	-	-	231,733	5,024,938
Support services:						
Student	137,177	-	-	-	-	137,177
Instructional staff	841,016	-	-	-	-	841,016
Administration	885,158	31,162	35,397	-	-	951,717
Operation and maintenance of plant	874,768	44,448	-	-	-	919,216
Transportation	325,955	15,398	-	-	-	341,353
	3,064,074	91,008	35,397	-	-	3,190,479
Capital outlay	-	-	1,130,672	-	-	1,130,672
Long-term debt:						
Principal	-	-	-	380,295	-	380,295
Interest and fiscal charges	-	-	-	103,571	-	103,571
	-	-	-	483,866	-	483,866
Other expenditures:						
AEA flowthrough	243,427	-	-	-	-	243,427
Total expenditures	8,002,367	189,347	1,166,069	483,866	231,733	10,073,382
Excess(Deficiency) of revenues over(under) expenditures	(402,117)	72,126	(369,413)	(483,818)	(701)	(1,183,923)
Other financing sources(uses):						
Transfer in	-	-	329,127	482,642	-	811,769
Transfer out	-	-	(482,642)	(329,127)	-	(811,769)
Total other financing sources(uses)	-	-	(153,515)	153,515	-	-
Change in fund balances	(402,117)	72,126	(522,928)	(330,303)	(701)	(1,183,923)
Fund balances beginning of year	2,151,776	606,563	941,926	611,067	123,639	4,434,971
Fund balances end of year	\$ 1,749,659	678,689	418,998	280,764	122,938	3,251,048

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON 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 22) \$ (1,183,923)

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

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

Capital outlay	\$ 1,764,110	
Depreciation expense	<u>(517,107)</u>	1,247,003

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. 380,295

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. 3,886

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. 326,469

Income surtax account receivable is not available to finance expenditures of the current year and is not considered available revenue, therefore, recognized as deferred inflows of resources in the governmental funds. (58,296)

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

Termination benefits	94,623	
Pension expense	(165,491)	
Compensated absences	880	
Other postemployment benefits	<u>(94,948)</u>	<u>(164,936)</u>

Change in net position of governmental activities (page 19) \$ 550,498

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	Enterprise School Nutrition
ASSETS	
Current assets:	
Cash and pooled investments	\$ 20,455
Due from other governments	15,383
Inventories	16,277
Total current assets	52,115
Noncurrent assets:	
Capital assets, net of accumulated depreciation	49,402
TOTAL ASSETS	101,517
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	15,837
LIABILITIES	
Current liabilities:	
Accounts payable	224
Salaries and benefits payable	15,975
Unearned revenue	1,769
Total current liabilities	17,968
Noncurrent liabilities	
Net pension liability	53,329
Net OPEB liability	6,934
Total noncurrent liabilities	60,263
TOTAL LIABILITIES	78,231
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	20,338
NET POSITION	
Net investment in capital assets	49,402
Unrestricted	(30,617)
TOTAL NET POSITION	\$ 18,785

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 109,325
Miscellaneous	915
TOTAL OPERATING REVENUES	110,240
Operating expenses:	
Support services:	
Operation and maintenance of plant:	
Services	2,746
Total support services	2,746
Non-instructional programs:	
Food service operations:	
Salaries	128,294
Benefits	29,224
Services	2,531
Supplies	246,896
Other	756
Depreciation	6,154
Total non-instructional programs	413,855
Total operating expenses	416,601
Operating loss	(306,361)
Non-operating revenues:	
Interest income	1
State sources	3,561
Federal sources	326,196
Total non-operating revenues	329,758
Change in net position	23,397
Net position beginning of year, as restated	(4,612)
Net position end of year	\$ 18,785

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

	Enterprise School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 108,742
Cash received from miscellaneous	915
Cash payments to employees for services	(165,097)
Cash payments to suppliers for goods or services	(225,525)
Net cash used in operating activities	(280,965)
Cash flows from non-capital financing activities:	
State grants received	3,561
Federal grants received	274,217
Net cash provided by non-capital financing activities	277,778
Cash flows from capital financing activities:	
Purchase of assets	(29,449)
Cash flows from investing activities:	
Interest on investments	1
Net decrease in cash and pooled investments	(32,635)
Cash and pooled investments beginning of year	53,090
Cash and pooled investments end of year	\$ 20,455
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (306,361)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	36,596
Depreciation	6,154
Increase in inventories	(9,416)
Increase in accounts payable	224
Decrease in salaries and benefits payable	(2,154)
Decrease in unearned revenue	(583)
Decrease in net pension liability	(19,228)
Increase in deferred outflows of resources	(7,979)
Increase in deferred inflows of resources	20,338
Increase in other postemployment benefits liability	1,444
Net cash used in operating activities	\$ (280,965)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received Federal commodities valued at \$36,596.

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash and pooled investments	\$ <u>57,246</u>
Liabilities	<u>-</u>
Net Position	
Held in trust for scholarships	\$ <u><u>57,246</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ <u>1,500</u>
Deductions:	
Non-instructional programs:	
Scholarships awarded	<u>1,861</u>
Change in net position	(361)
Net position beginning of year	<u>57,607</u>
Net position end of year	<u>\$ <u>57,246</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies

The Cardinal of Eldon Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Eldon, Iowa, and the predominate agricultural territory in Jefferson, Wapello, Davis, and Van Buren 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, Cardinal of Eldon Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Cardinal of Eldon 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 Jefferson, Wapello, Davis, and Van Buren County Assessors' Conference Board.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports the following non-major proprietary fund:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

D. Assets, 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.

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 column 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	\$ 2,000
Buildings	2,000
Land improvements	2,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

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

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Furniture 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.

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.

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

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the Statement of Net Position and will be paid in the future out of the General Fund. 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 primarily paid by the General Fund.

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

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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period 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 on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied 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 other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015 the District exceeded the amounts budgeted for the instruction, non-instructional programs, and other expenditures functional areas, as well as in total.

(2) Cash and Pooled Investments

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

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

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 \$87,718 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were both rated AAA by Standard & Poor's Financial Services.

(3) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 327,179
Debt Service	Capital Projects: Physical Plant and Equipment Levy	155,463
Capital Projects: Statewide Sales, Services and Use Tax	Debt Service	<u>329,127</u>
Total		<u><u>\$ 811,769</u></u>

The transfer from the Capital Project: Statewide Sales, Services and Use Tax Fund to the Debt Service fund was to make principal and interest payments on the District's revenue bonded indebtedness.

The transfers from the Capital Project: Physical Plant and Equipment Levy to the Debt Service Fund were for principal and interest payments on the District's bus lease and computer lease indebtedness. \$80,174 was for the bus lease and \$75,289 was for the computer lease.

The transfer from the Debt Service Fund to the Capital Projects: Statewide Sales, Services and Use Tax Fund was to reclassify the reserve fund for the District's revenue bonds.

(4) Due From and Due To Other Funds

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Management Levy	Capital Projects: Building Projects	<u><u>\$ 349,818</u></u>

The Capital Projects: Building Projects Fund is repaying the Management Levy Fund for money borrowed to help pay for capital asset expenditures.

(5) **Capital Assets**

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	1,168,687	-	1,168,687
Total capital assets not being depreciated	-	1,168,687	-	1,168,687
Capital assets being depreciated:				
Buildings	8,776,489	190,628	-	8,967,117
Land improvements	1,444,479	95,889	-	1,540,368
Machinery and equipment	1,973,800	308,906	-	2,282,706
Total capital assets being depreciated	12,194,768	595,423	-	12,790,191
Less accumulated depreciation for:				
Buildings	2,363,221	210,716	-	2,573,937
Land improvements	821,523	63,323	-	884,846
Machinery and equipment	1,412,864	243,068	-	1,655,932
Total accumulated depreciation	4,597,608	517,107	-	5,114,715
Total capital assets being depreciated, net	7,597,160	78,316	-	7,675,476
Governmental activities capital assets, net	\$ 7,597,160	1,247,003	-	8,844,163
Business type activities:				
Machinery and equipment	\$ 161,536	29,449	-	190,985
Less accumulated depreciation	135,429	6,154	-	141,583
Business type activities capital assets, net	\$ 26,107	23,295	-	49,402

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 67,701
Other	20,314
Support services:	
Student services	645
Administration	41,791
Operation and maintenance of plant	18,381
Transportation	94,236
	<u>243,068</u>
Unallocated depreciation	<u>274,039</u>
Total governmental activities depreciation expense	<u>\$ 517,107</u>
Business type activities:	
Food service operations	<u>\$ 6,154</u>

(6) Long-Term Liabilities

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

	Restated Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 5,000	-	-	5,000	-
Revenue bonds	4,240,000	-	235,000	4,005,000	235,000
Computer lease	210,452	-	67,672	142,780	70,121
Bus lease	77,623	-	77,623	-	-
Compensated absences	31,914	31,034	31,914	31,034	31,034
Termination benefits	418,897	-	94,623	324,274	92,102
Net pension liability	2,742,288	-	726,702	2,015,586	-
Net OPEB liability	360,354	94,948	-	455,302	-
Total	\$ 8,086,528	125,982	1,233,534	6,978,976	428,257
Business type activities:					
Net pension liability	\$ 72,557	-	19,228	53,329	-
Net OPEB liability	5,490	1,444	-	6,934	-
Total	\$ 78,047	1,444	19,228	60,263	-

General Obligation Bonds

Details of the District's June 30, 2015 general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rate	Issue March 1, 1983		
		Principal	Interest	Total
1995	8.60 %	\$ 5,000	1,935	6,935

Revenue Bonds

Details of the District's June 30, 2015 statewide, sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Interest Rate	Issue June 1, 2012		
		Principal	Interest	Total
2016	1.00 %	\$ 235,000	90,303	325,303
2017	1.00	240,000	87,927	327,927
2018	1.25	240,000	85,228	325,228
2019	1.50	245,000	81,890	326,890
2020	1.75	245,000	77,911	322,911
2021-2025	2.00-2.70	1,310,000	306,846	1,616,846
2026-2030	2.80-3.10	1,490,000	116,069	1,606,069
Total		\$ 4,005,000	846,174	4,851,174

The District has pledged future statewide sales, services and use tax revenues to repay the \$4,465,000 of bonds issued in June 2012. The bonds were issued for the purpose of financing additions to current District buildings. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not general obligations of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 57% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,851,174. Current year principal and interest payments on the bonds were \$235,000 and \$92,652 respectively, and the total statewide sales, services and use tax revenues were \$570,238.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$329,127 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide, sales, services and use tax shall be placed in a reserve account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

Computer Lease

Details of the District’s June 30, 2015 computer lease indebtedness is as follows:

Year Ending June 30,	Interest Rate	Computer lease issue of June 4, 2012		
		Principal	Interest	Total
2016	3.62 %	\$ 70,121	5,168	75,289
2017	3.62	72,659	2,630	75,289
		<u>\$ 142,780</u>	<u>7,798</u>	<u>150,578</u>

Termination Benefits

The District offered a voluntary early retirement plan in fiscal years 2011, 2013 and 2014 to its licensed employees, each plan was only offered for one year. Eligible employees must have been at least fifty-five and must have completed ten years of continuous service as a full-time licensed employee to the District. Licensed employees must have completed an application which was required to be approved by the Board of Education. The Board of Directors does not plan to offer early retirement for the next several years.

Prior year early retirement incentives for each eligible licensed employee is the licensed employee are as follows: each retiree will receive credit for their first ten years of continuous service and will receive the difference between their placement on the tenth step of their educational lane on the salary schedule and the base salary for the current year. In addition to this amount the individual was reimbursed at the rate of \$50 per day for each unused accumulated sick day to the maximum of one hundred twenty days.

Fiscal year 2014 retirees received District provided single premium health insurance coverage up to age 65 so long as the employee continues to participate in the District’s group health insurance plan.

At June 30, 2015 the District had obligations to nine participants with a total liability of \$324,274. Termination benefits for the year ended June 30, 2015 totaled \$94,623.

(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 \$337,715.

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 \$2,068,915 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 0.051121 percent, which was an increase of 0.001406 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$169,868. 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	\$ 22,485	\$ -
Changes of assumptions	91,306	-
Net difference between projected and actual earnings on pension plan investments	-	789,024
Changes in proportion and differences between District contributions and proportionate share of contributions	64,271	-
District contributions subsequent to the measurement date	337,715	-
Total	\$ 515,777	\$ 789,024

\$337,715 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	\$ (155,653)
2017	(155,653)
2018	(155,653)
2019	(155,653)
2020	11,650
	<u>\$ (610,962)</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.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 3,909,156	\$ 2,068,915	\$ 515,560

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 \$50,886 for legally required employer contributions and \$33,905 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 and dental benefits for employees, retirees and their spouses. There are 66 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/dental benefits are provided through a full-insured plan with ISEBA. Retirees under age 65 pay the same premium for the medical/ dental benefit as active employees, which results in an implicit rate of subsidy and an OPEB liability.

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

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

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 152,000
Interest on net OPEB obligation	16,463
Adjustment to annual required contribution	<u>(14,071)</u>
Annual OPEB cost	154,392
Contributions made	<u>(58,000)</u>
Increase in net OPEB obligation	96,392
Net OPEB obligation beginning of year	<u>365,844</u>
Net OPEB obligation end of year	<u><u>\$ 462,236</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. 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 actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$58,000 to the medical plan. Plan members receiving benefits contributed \$46,000 or 44.23% of the premium costs.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 152,956	35.3%	\$ 282,000
2014	153,844	45.5%	365,844
2015	154,392	37.6%	462,236

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 \$1.040 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.040 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2.938 million and the ratio of the UAAL to covered payroll was 35.4%.

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 health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress 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 designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced of 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific based. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of Jun 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical and dental.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2015 were \$682,611.

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

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

(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 \$243,427 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) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2015, expenditures in the instruction, non-instructional programs, and other expenditures functional areas, as well as in total exceeded the amounts budgeted.

(12) Operating Lease

During the year ended June 30, 2012 the District entered into a 60 month agreement to lease copy machines with Infomax Office Systems. Amounts remaining on lease are as follows:

Year Ending June 30,	Lease Payments
2016	\$ 9,792
2017	7,344
	<u>\$ 17,136</u>

(13) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
Gifted and talented programs	\$ 9,120
Returning dropout and dropout prevention programs	46,113
Beginning teacher mentoring and induction programs	3,348
Four-year-old preschool state aid	19,088
Successful progression for early readers	16,114
Professional development for model core curriculum	27,396
Total	<u>\$ 121,179</u>

(14) Construction Commitment

The District has entered into various contracts for the Cardinal School construction project. As of June 30, 2015, costs of \$1,168,687 had been incurred against the contracts.

(15) Reconciliation of Governmental Fund Balances to Net Position

Detailed reconciliation of certain governmental funds balances to the net position is as follows:

	Net investment in capital assets	Management Levy	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	678,689	609,891	1,628,480
Capital assets, net of accumulated depreciation	8,844,163	-	-	-
General obligation bond capitalized indebtedness	(5,000)	-	-	-
Revenue bond capitalized indebtedness	(4,005,000)	-	-	-
Accrued interest payable	-	-	(49,380)	-
Computer lease indebtedness	-	-	-	(142,780)
Termination benefits	-	(324,274)	-	-
Net pension liability	-	-	-	(2,015,586)
Pension related deferred outflows of resources	-	-	-	499,940
Pension related deferred inflows of resources	-	-	-	(768,686)
Income surtax	-	-	-	42,540
Compensated absences	-	-	-	(31,034)
Unassigned for school infrastructure	-	-	-	(98,883)
Net OPEB liability	-	-	-	(455,302)
Net position (Exhibit A)	<u>\$ 4,834,163</u>	<u>354,415</u>	<u>560,511</u>	<u>(1,341,311)</u>

(16) 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:

	Governmental Activities	Business Type Activities
Net position June 30, 2014, as previously reported	\$ 6,735,461	\$ 60,087
Net pension liability at June 30, 2014	(2,742,288)	(72,557)
Deferred outflows of resources related to the contributions made after the June 30, 2013 measurement date	296,978	7,858
Net position July 1, 2014, as restated	<u>\$ 4,290,151</u>	<u>\$ (4,612)</u>

(17) Deficit Net Position

The District's Capital Projects: Building Projects Account had a deficit unassigned fund balance of \$398,415 and the combined Capital Projects Fund had deficit unassigned fund balance for School Infrastructure of \$98,883 at June 30, 2015. At June 30, 2015, the District had a deficit unrestricted net position of \$1,341,311 in the governmental activities. The District also had a deficit unrestricted net position of \$30,617 in the Enterprise, School Nutrition Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 3,892,800	110,241	4,003,041	4,090,218	4,090,218	(87,177)
State sources	4,558,771	3,561	4,562,332	4,060,410	4,060,410	501,922
Federal sources	437,888	326,196	764,084	568,028	568,028	196,056
Total revenues	<u>8,889,459</u>	<u>439,998</u>	<u>9,329,457</u>	<u>8,718,656</u>	<u>8,718,656</u>	<u>610,801</u>
Expenditures/Expenses:						
Instruction	5,024,938	-	5,024,938	5,015,966	5,015,966	(8,972)
Support services	3,190,479	2,746	3,193,225	2,219,000	3,220,000	26,775
Non-instructional programs	-	413,855	413,855	300,000	400,000	(13,855)
Other expenditures	1,857,965	-	1,857,965	1,540,796	1,540,796	(317,169)
Total expenditures/expenses	<u>10,073,382</u>	<u>416,601</u>	<u>10,489,983</u>	<u>9,075,762</u>	<u>10,176,762</u>	<u>(313,221)</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(1,183,923)	23,397	(1,160,526)	(357,106)	(1,458,106)	297,580
Other financing sources, net	-	-	-	(11,171)	(11,171)	11,171
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(1,183,923)	23,397	(1,160,526)	(368,277)	(1,469,277)	308,751
Balances beginning of year, as restated	4,434,971	(4,612)	4,430,359	4,651,084	4,651,084	(220,725)
Balances end of year	<u>\$ 3,251,048</u>	<u>18,785</u>	<u>3,269,833</u>	<u>4,282,807</u>	<u>3,181,807</u>	<u>88,026</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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 a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund 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 ended June 30, 2015, the District adopted one budget amendment, increasing budgeted expenditures by \$1,101,000.

During the year ended June 30, 2015, expenditures in the instruction, non-instructional programs, and other expenditures functional area, as well as in total, exceeded the amounts budgeted.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN (IN THOUSANDS)
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)
2010	July 1, 2009	-	\$ 1,072	1,072	0.0%	\$ 2,550	42.0%
2011	July 1, 2009	-	1,072	1,072	0.0%	2,554	42.0%
2012	July 1, 2009	-	1,072	1,072	0.0%	2,523	42.5%
2013	July 1, 2012	-	1,040	1,040	0.0%	2,562	40.6%
2014	July 1, 2012	-	1,040	1,040	0.0%	2,739	38.0%
2015	July 1, 2012	-	1,040	1,040	0.0%	2,938	35.4%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy annual OPEB cost, net OPEB obligation, funded status and funding progress.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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	0.051121%
District's proportionate share of the net pension liability	\$ 2,068,915
District's covered-employee payroll	\$ 3,781,809
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.71%
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.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 337,715	304,836	278,812	252,178	219,486	209,010	205,306	191,617	188,504	177,594
Contributions in relation to the statutorily required contribution	<u>(337,715)</u>	<u>(304,836)</u>	<u>(278,812)</u>	<u>(252,178)</u>	<u>(219,486)</u>	<u>(209,010)</u>	<u>(205,306)</u>	<u>(191,617)</u>	<u>(188,504)</u>	<u>(177,594)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,781,809	3,413,617	3,215,825	3,124,882	3,158,072	3,007,338	3,233,165	3,167,223	3,278,330	3,088,591
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.95%	6.35%	6.05%	5.75%	5.75%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

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.

SUPPLEMENTARY INFORMATION

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Building Projects	Physical Plant and Equipment Levy	
ASSETS				
Cash and pooled investments	\$ 540,256	4,453	183,541	728,250
Receivables:				
Property tax:				
Delinquent	-	-	5,213	5,213
Succeeding year	-	-	230,328	230,328
Due from other governments	88,403	-	-	88,403
TOTAL ASSETS	\$ 628,659	4,453	419,082	1,052,194
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Due to other funds	\$ -	349,818	-	349,818
Deposit payable	-	53,050	-	53,050
Total liabilities	-	402,868	-	402,868
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	230,328	230,328
Fund balances:				
Restricted for:				
Debt Service	329,127	-	-	329,127
School infrastructure	299,532	(398,415)	-	(98,883)
Physical plant and equipment	-	-	188,754	188,754
Total fund balances	628,659	(398,415)	188,754	418,998
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 628,659	4,453	419,082	1,052,194

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 YEAR ENDED JUNE 30, 2015

	Capital Projects			Total
	Statewide Sales, Services and Use Tax	Building Projects	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ -	-	224,678	224,678
Other	16	-	-	16
State sources	570,238	-	1,724	571,962
Total revenues	<u>570,254</u>	<u>-</u>	<u>226,402</u>	<u>796,656</u>
Expenditures:				
Current:				
Support services:				
Administration	1,000	34,397	-	35,397
Capital outlay	648,396	364,018	118,258	1,130,672
Total expenditures	<u>649,396</u>	<u>398,415</u>	<u>118,258</u>	<u>1,166,069</u>
Excess(Deficiency) of revenues over(under) expenditures	(79,142)	(398,415)	108,144	(369,413)
Other financing sources(uses):				
Transfer in	329,127	-	-	329,127
Transfer out	(327,179)	-	(155,463)	(482,642)
Total other financing sources(uses)	<u>1,948</u>	<u>-</u>	<u>(155,463)</u>	<u>(153,515)</u>
Change in fund balances	(77,194)	(398,415)	(47,319)	(522,928)
Fund balances beginning of year	<u>705,853</u>	<u>-</u>	<u>236,073</u>	<u>941,926</u>
Fund balances end of year	<u>\$ 628,659</u>	<u>(398,415)</u>	<u>188,754</u>	<u>418,998</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON 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 Transfer	Balance End of Year
Concessions	\$ 9,121	-	-	-	9,121
Football club	1,944	366	598	-	1,712
Drama	367	2,247	1,728	-	886
Band	507	1,003	1,592	82	-
Vocal	1,253	1,064	254	-	2,063
Season tickets	15,420	4,834	3,234	(5,816)	11,204
Track club	1,112	1,903	3,224	209	-
Boys basketball	1,604	4,143	3,176	-	2,571
Football	6,810	5,157	4,279	-	7,688
Baseball	-	2,056	2,298	242	-
Boys track	449	1,050	1,179	-	320
Wrestling	482	1,058	1,349	-	191
Girls basketball	2,234	4,724	4,282	-	2,676
Volleyball	1,663	2,801	1,903	-	2,561
Softball	214	3,451	3,632	-	33
Girls track	2,524	856	1,640	-	1,740
Yearbook	-	3,877	2,968	1,000	1,909
Baseball club	1,716	7,085	4,511	3	4,293
Cross country	-	1,215	805	188	598
Art club	875	88	-	-	963
BB Cheerleaders	451	773	-	-	1,224
General activity	2,377	333	5,470	2,823	63
Sophomore	269	-	131	(104)	34
Freshman	176	-	42	-	134
Seniors	2,521	-	876	-	1,645
Juniors	1,939	14,124	13,093	(1,456)	1,514
Girls baseball club	900	5,435	5,540	-	795
National honor society	183	-	-	-	183
JH trip fund	24,498	76,656	82,332	-	18,822
FFA	2,550	5,220	7,515	-	255
Softball club	1,681	1,314	1,920	-	1,075
HS student council	2,305	5,939	5,533	12	2,723
Volleyball club	1,136	8,359	5,698	-	3,797
Wrestling club	2,021	5,443	4,541	-	2,923
Foreign language club	321	-	38	-	283
Boys basketball club	1,598	2,762	1,965	-	2,395
JH student council	741	-	30	-	711
Elementary concessions	562	-	-	-	562
Patriotism day	1,183	1,193	1,568	-	808
JH cheerleading	437	-	-	-	437
Wrestling cheerleading	675	-	-	-	675
Weight room club	2,098	3,951	1,800	-	4,249
A club	21,715	21,821	23,489	(500)	19,547
Music boosters	2,013	19,486	17,011	85	4,573
FCCLA	994	-	-	-	994
Musical	-	2,459	4,491	2,032	-
Band trip	-	1,500	100	-	1,400
Football cheerleading	-	5,286	5,898	1,200	588
Total	\$ 123,639	231,032	231,733	-	122,938

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Local sources:										
Local tax	\$ 2,206,630	2,349,550	2,956,256	2,861,094	2,689,978	2,461,639	2,447,699	2,125,457	1,946,426	2,000,954
Tuition	973,433	894,284	607,698	438,937	386,679	392,400	260,015	310,638	202,536	136,657
Other	712,737	449,850	346,069	500,295	501,733	570,132	504,749	449,606	414,059	389,077
State sources	4,558,771	4,296,343	3,746,287	3,722,111	3,612,696	3,295,213	3,756,251	3,818,424	3,520,413	3,361,618
Federal sources	437,888	581,794	546,886	310,165	489,572	795,138	260,834	220,338	215,168	240,156
Total	\$ 8,889,459	8,571,821	8,203,196	7,832,602	7,680,658	7,514,522	7,229,548	6,924,463	6,298,602	6,128,462
Expenditures:										
Current:										
Instruction:										
Regular	\$ 2,584,392	2,435,555	2,426,137	2,429,017	2,397,749	2,505,063	2,363,404	2,316,023	2,098,677	2,468,967
Special	1,001,033	1,101,949	906,505	1,009,450	879,489	1,124,563	866,255	861,924	903,023	974,648
Other	1,439,513	1,196,464	1,128,656	1,065,168	1,125,463	520,244	946,487	1,081,030	1,031,130	704,381
Support services:										
Student	137,177	148,540	138,157	126,544	156,450	113,684	149,593	139,142	142,842	125,741
Instructional staff	841,016	386,019	146,173	126,068	153,504	186,561	917,079	235,689	228,787	198,643
Administration	951,717	898,448	823,227	816,108	778,532	736,879	722,909	744,771	695,910	726,219
Operation and maintenance of plant	919,216	545,825	443,886	388,711	410,427	459,020	392,274	399,678	400,112	330,961
Transportation	341,353	488,959	637,209	370,227	284,708	316,796	297,923	283,734	354,127	370,615
Other	-	-	-	-	-	1,854	-	-	-	-
Non-instructional:										
Operation of non-instructional programs	-	-	-	-	-	-	-	-	-	3,931
Capital outlay	1,130,672	2,030,264	2,966,290	500,176	472,281	30,450	347,032	305,226	349,243	228,548
Long Term Debt:										
Principal	380,295	365,460	150,831	170,389	295,390	295,390	285,390	110,000	105,000	100,000
Interest and fiscal charges	103,571	112,206	61,428	-	6,325	12,025	17,200	21,585	25,995	30,045
Other expenditures:										
AEA flow-through	243,427	233,919	228,436	227,554	251,075	249,117	230,908	224,738	207,648	196,840
Total	\$ 10,073,382	9,943,608	10,056,935	7,229,412	7,211,393	6,551,646	7,536,454	6,723,540	6,542,494	6,459,539

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Grantor/Program	CFDA Number	Grant Number	Expendi- tures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY 15	\$ 67,568
National School Lunch Program	10.555	FY 15	237,262 *
Summer Food Service Program for Children	10.559	FY15	21,366
			<u>326,196</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 14	22,061
Title I Grants to Local Educational Agencies	84.010	FY 15	128,876
			<u>150,937</u>
Special Education - Grants to States	84.027	FY 15	<u>28,932 **</u>
Parental Assistance Centers (SAI) (ISPIN)	84.310	FY11	237
Parental Assistance Centers (SAI) (ISPIN)	84.310	FY12	4,000
			<u>4,237</u>
Rural Education	84.358	FY 15	<u>30,208</u>
Improving Teacher Quality State Grants	84.367	FY 15	<u>27,901</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>3,145</u>
Van Buren Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY15	<u>13,523</u>
Great Prairie Area Education Agency:			
Special Education - Grants to States	84.027	FY15	<u>30,145 **</u>
Total			<u>\$ 615,224</u>

* - Includes \$36,596 of non-cash awards.

** Total for Special Education Cluster (IDEA) is \$59,077.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Cardinal of Eldon Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the Cardinal of Eldon Community School District:

We have audited in accordance with U.S. generally accepted auditing standard 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 Cardinal of Eldon 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 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cardinal of Eldon Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cardinal of Eldon Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cardinal of Eldon Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-15 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cardinal of Eldon Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could

have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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.

Cardinal of Eldon Community School District's Responses to Findings

Cardinal of Eldon Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Cardinal of Eldon Community School District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Cardinal of Eldon 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.

March 22, 2016
Newton, Iowa


NOLTÉ, CORNMAN & JOHNSON, P.C.

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 Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Board of Education of Cardinal of Eldon Community School District:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Cardinal of Eldon Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Cardinal of Eldon Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cardinal of Eldon Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cardinal of Eldon Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal programs. Our audit does not provide a legal determination on Cardinal of Eldon Community School District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Cardinal of Eldon Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect to each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Cardinal of Eldon Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Cardinal of Eldon Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cardinal of Eldon Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified deficiencies in internal control over compliance we consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-15 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Cardinal of Eldon Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Cardinal of Eldon Community School District's responses and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2016
Newton, Iowa

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Child Nutrition Cluster:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Cardinal of Eldon Community School District did not qualify as a low-risk auditee.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over the following areas for the District:

- 1) Cash - initiating disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Disbursements - purchase order processing, check preparation, mailing and recording.
- 4) Capital assets - purchasing, recording and reconciling.
- 5) Wire transfers - processing and approving.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 7) Transfers - preparing and approving.
- 8) Financial reporting - preparing, reconciling and approving.
- 9) Computer systems - performing all general accounting functions and controlling all data input and output.

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

Response - The District will continue to review internal control procedures. We have hired a part-time employee to help with accounting duties and may be able to transfer some of the duties performed solely by the Business Manager to this employee to help with segregation.

Conclusion - Response accepted.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Sumer Food Service Program for Children

Federal Award Year: 2015
U.S. Department of Agriculture
Passed through the Iowa Department of Education

III-A-15 Segregation of Duties - One important aspect of the internal control structure is the (2015-001) segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over the following areas for the District:

- 1) Cash - initiating disbursement transactions and handling and recording cash.
- 2) Disbursements - purchase order processing, check preparation, mailing and recording.
- 3) Wire transfers - processing and approving.
- 4) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 5) Financial reporting - preparing, reconciling and approving.
- 6) Computer systems - performing all general accounting functions and controlling all data input and output.

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

Response and Corrective Action Planned - The District will continue to review internal control procedures. We have hired a part-time employee to help with accounting duties and may be able to transfer some of the duties performed solely by the Business Manager to this employee to help with segregation.

Conclusion - Response accepted.

CARDINAL OF ELDON COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - District disbursements for the year ended June 30, 2015 exceeded the certified budget amounts in the instruction, non-instructional programs, and other expenditures functional areas, as well as in total.

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

Response - The budget will be more closely monitored to ensure that the amendment will sufficiently cover any overages of the original budget publication.

Conclusion - Response accepted.

IV-B-15 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-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.

IV-D-15 Business Transactions - No business transactions between the District and District officials or employees were noted.

IV-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.

IV-F-15 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-15 Certified Enrollment - We noted variances regarding the enrollment data certified to the Iowa Department of Education. The number certified to the Iowa Department of Education was overstated by 2.0 students for the fall of 2014 count date.

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

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

Conclusion - Response accepted.

IV-H-15 Supplementary Weighting - No variances regarding the supplementary weighting data certified to the Iowa Department of Education were noted.

IV-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.

IV-J-15 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

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

IV-L-15 Statewide Sales, Services and Use Tax - No instances of non-compliance noted with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 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		\$	705,853
Revenues:			
Sales tax revenues	\$	570,238	
Other local revenues		16	
Transfer in		329,127	
			<u>899,381</u>
			1,605,234
Expenditures/transfers out:			
School infrastructure construction		605,471	
Other		43,925	
Transfers to other funds:			
Debt service fund		327,179	
			<u>976,575</u>
Ending Balance		\$	<u><u>628,659</u></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.

IV-M-15 Student Activity Fund - During our audit concerns arose about certain accounts within the Student Activity Fund. In accordance with 298A.8 of the Code of Iowa and Iowa Administrative Code 281-12.6(1), moneys in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program.

Questionable Accounts - We noted the Foreign Language Club, Patriotism Day, and FCS accounts within the Student Activity Fund do not appear to be extra or co-curricular in nature.

Recommendation - The District should review the propriety of the revenues and expenditures that are approved in the Student Activity Fund. The revenues and expenditures in the Foreign Language Club, Patriotism Day, and FCS accounts appear to be more instructional in nature and would be more appropriate in the General Fund.

Response - The District has done away with the Foreign Language Club, Patriotism Day, and FCS accounts by transferring the balances to more appropriate Student Activity Funds by the direction of the School Board.

Conclusion - Response accepted.

Interest Allocation: We noted that the District received interest on Student Activity Funds, but that the interest was not allocated to the various Student Activity Fund accounts.

Recommendation - The interest earned each year should be allocated out on an annual basis to the individual accounts.

Response - The Business Manager will make a year-end entry allocating interest between funds based on average cash balances.

Conclusion - Response accepted.