CEDAR FALLS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2015

CARNEY,
ALEXANDER,
MAROLD & CO., L.L.P.
Certified Public Accountants

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

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CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Officials

Name	Title	Term Expires
	Board of Education	
Joyce E. Coil	President	2015
David Williams	Vice President	2015
James R. Kenyon	Board Member	2015
Jenny Leeper	Board Member	2015
Susan Lantz	Board Member	2017
Jim Brown	Board Member	2017
Doug Shaw	Board Member	2017
	School Officials	
Dr. Andrew Pattee	Superintendent	2015
Doug Nefzger	District Secretary	2015
John Steen	District Treasurer	2015
John C. Larsen	Attorney	Indefinite

Cedar Falls Community School District

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Independent Auditors' Report

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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.

Members of American Institute of Certified Public Accountants

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 Cedar Falls Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Cedar Falls Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GSSB) 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 Proportunate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cedar Falls 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. The supplementary information included on pages 53 - 62, 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 January 15, 2016 on our consideration of Cedar Falls Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cedar Falls Community School District's internal control over financial reporting and compliance.

Carney, Alexander, Marold & Co., L.L.P.

Waterloo, Iowa
January 15, 2016

CEDAR FALLS COMMUNITY SCHOOL DISTRICT
CEDAR FALLS, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2015

This section of the Cedar Falls Community School District's annual financial report presents the District's management discussion and analysis of the District's financial activities during the fiscal year ending June 30, 2015.

The intent of this discussion and analysis is to look at the Cedar Falls Community School District's financial performance as a whole with comparisons to the previous fiscal year activities. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

This report is the first annual financial report reflecting improved accounting and financial reporting by state and local governments for pensions as required by the Governmental Accounting Standards Board (GASB) Statement 68. The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

As required by Iowa law, the District participates in the Iowa Public Employees' Retirement System (IPERS). Due to the new GASB Statement 68 reporting requirements, the reader will note that previous year balances have been restated, where appropriate, to accurately reflect the impact of pension liability on the District as required by GASB Statement 68. More detailed information is available in the Notes to Financial Statements, item 7.

Additional key financial highlights for the 2015 fiscal year include the following:

- In total, net assets, after restatement, increased by $3,757,660 or 7.49% from fiscal 2014. Net assets in governmental activities increased $3,744,446, which represented a 7.50% increase from fiscal year 2014. While total revenues and expenditures decreased from fiscal 2014 an overall increase in property taxes, state-wide one-cent sales taxes and unrestricted state grants combined with an overall decrease in expenditures made up the majority of the increase. Net assets in the business-type activity, which represents the Districts food service operations, increased $13,214, which represented a 6.36% increase from fiscal year 2014. An increase in operational revenue accounted for the change.

- General Fund revenues (which include the Instructional Support fund) accounted for $52,097,933 in revenue or 84.51% of all revenues. General Fund expenses (which include the Instructional Support fund) accounted for $53,037,735 in expenditures or 84.52% of all expenses.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Cedar Falls Community School District as a financial whole, or as an entire operating entity.

The statement of net assets and statement of activities provides information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. Fund financial statements report individual parts of District operations in more detail than District wide statements. For governmental funds these statements tell how educational and operational services were funded in the short term as well as what remains for future funding. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this report includes all the funds used by the District to provide programs and activities, the report strives to show how the District performed financially during the 2015 fiscal year. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These statements report the District's net assets and changes in those net assets. This change in net assets is important because it identifies whether the financial picture of the District has improved or diminished for the District as whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include District property tax assessed valuation, facility needs, required educational programs, and other factors.

In the statement of net assets and statement of activities, the District is divided into three distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here, including instruction, co-curricular activities, support services (nursing, guidance, media, and administration), custodial, building operations and maintenance, and pupil transportation.

Business-Type Activity – This service is provided on a charge for goods or services basis to recover all of the expenses for good or services provided. These types of activities are also known as Enterprise funds. The Nutrition Fund is reported as a business activity.

Fiduciary/Trust Activity – The District is the trustee or fiduciary for assets that belong to others. The District is responsible for ensuring that the assets in these funds are used for their intended purpose. These assets are excluded from the government-wide financial statements because the District cannot use these assets to finance it operations. The River Hills School consortium, private purpose trust and agency funds are reported here.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major fund(s). The District uses different funds in accordance with the Uniform Financial Accounting for Iowa LEA's, as required by the Iowa Department of Education, to record its financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds for 2015 are:

- Governmental Funds
    - General Fund
    - Debt Service Fund
    - Statewide Sales & Service Tax Fund
- Enterprise Fund
    - Nutrition Fund

Governmental Funds

Most of the District's transactions are reported in governmental funds, which focus on how monies flow into and out of these funds and the balances left at fiscal year end for spending in the future. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The difference between governmental activities reported in the statement of net assets and the statement of activities is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

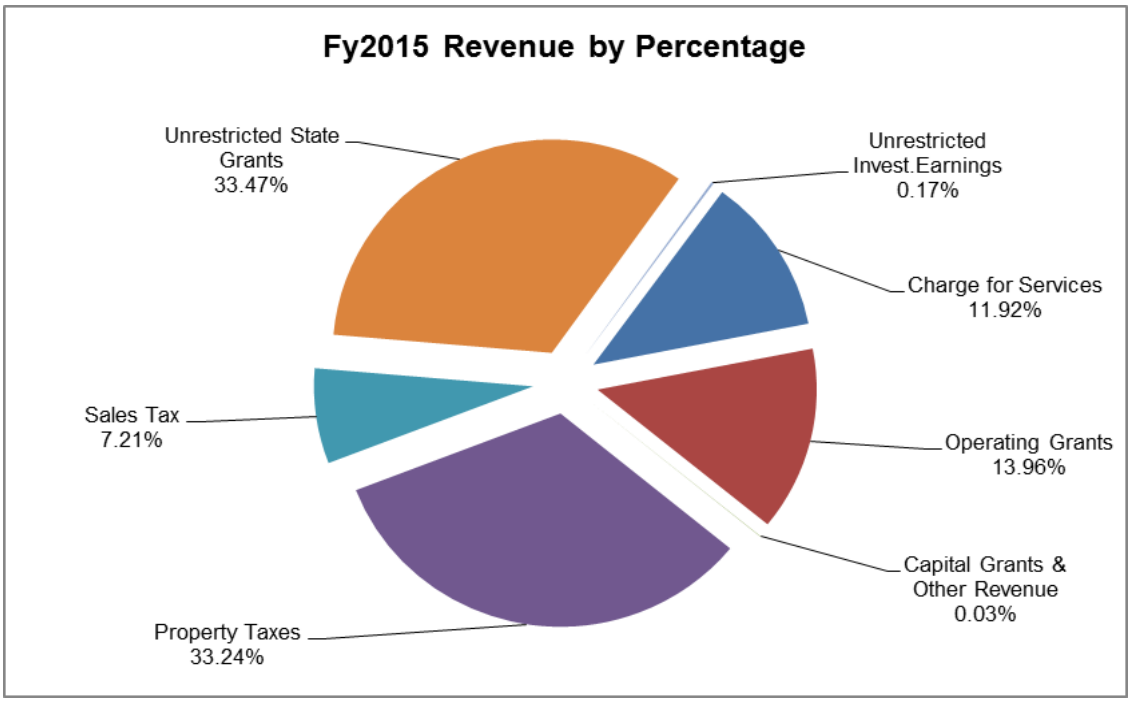
The following is a summary of the statement of net assets of the District as a whole. The Cedar Falls Community School District's net assets, restated at the end of fiscal year 2015 totaled $53,918,206, up 7.49% from the previous restated fiscal year total.

	Condensed Statement of Net Assets						
	Governmental Activities		Business-type Activities		Total		Percent
	2014	2015	2014	2015	2014	2015	Change
Current & Other Assets	$ 51,126,458	49,634,133	$ 613,012	572,858	$ 51,739,470	50,206,991	-2.96%
Capital Assets	76,543,508	78,012,890	110,070	147,761	76,653,578	78,160,651	1.97%
Total Assets	127,669,966	127,647,023	723,082	720,619	128,393,048	128,367,642	-0.02%
Deferred Outflows of Resources							
Pention Related Deferred Outflow	-	4,300,072	-	87,756	-	4,387,828	100.00%
Long-term Obligations:							
Due Within One Year	2,377,101	1,957,507	-	-	2,377,101	1,957,507	-17.65%
Due After One Year	25,026,990	41,157,107	-	362,240	25,026,990	41,519,347	65.90%
Other Liabilities	7,375,628	7,086,039	75,807	87,086	7,451,435	7,173,125	-3.73%
Total Liabilities	34,779,719	50,200,653	75,807	449,326	34,855,526	50,649,979	45.31%
Deferred Inflows of Resources							
Unavailable Property Tax Revenue	21,397,573	21,279,885	-	-	21,397,573	21,279,885	-0.55%
Pention Related Deferred Outflow	-	6,769,252	-	138,148	-	6,907,400	100.00%
Total Deferred Inflows of Resources	21,397,573	28,049,137	-	138,148	21,397,573	28,187,285	31.73%
Net Assets							
Invested in Capital Assets - Net of Related Debt	50,157,863	53,840,900	110,070	147,761	50,267,933	53,988,661	7.40%
Restricted	6,351,727	6,604,892	-	-	6,351,727	6,604,892	3.99%
Unrestricted	14,983,084	-6,748,487	537,205	73,140	15,520,289	-6,675,347	-143.01%
Sub-Total	$ 71,492,674	53,697,305	$ 647,275	220,901	$ 72,139,949	53,918,206	-25.26%
Fy14 Restatement Value	(21,539,815)	-	(439,588)	-	(21,979,403)	-	-100.00%
Total Net Assets	49,952,859	53,697,305	207,687	220,901	50,160,546	53,918,206	7.49%

The following analysis shows the change in net assets for the year ending June 30, 2015:

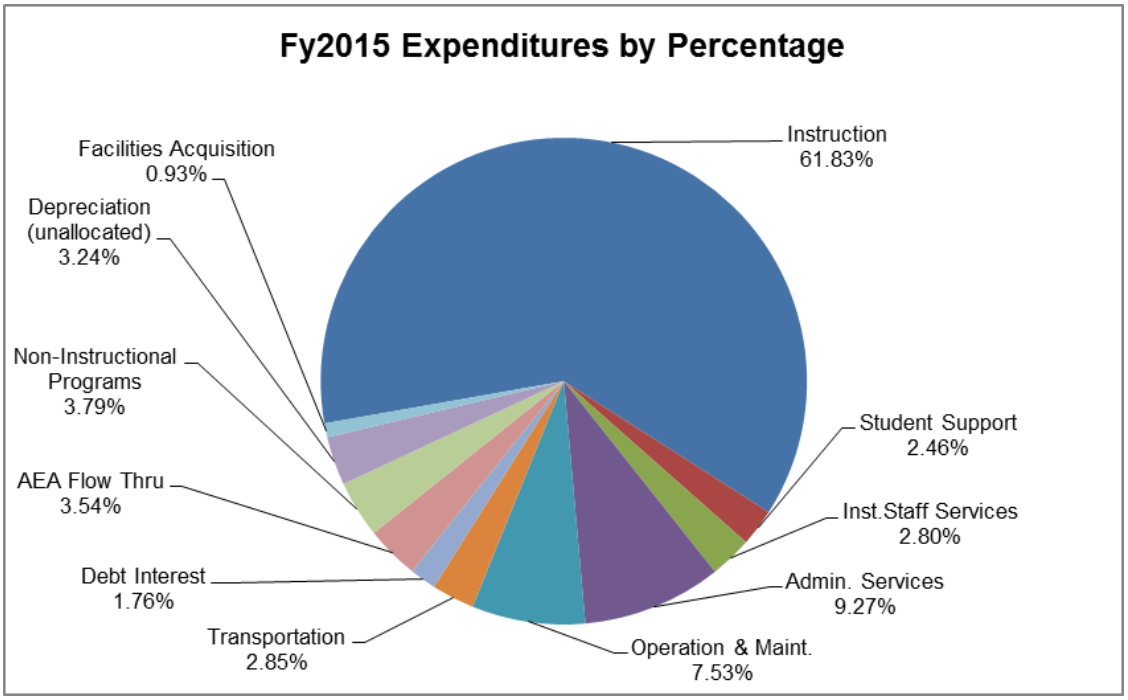
	Change in Net Assets						
	Governmental Activities		Business-type Activities		Total		Percent
	2014	2015	2014	2015	2014	2015	Change
Revenue							
Program Revenue							
Charge for Services	$ 7,918,265	6,162,731	$ 1,384,696	1,460,321	$ 9,302,961	7,623,052	-18.06%
Operating Grants	8,430,706	8,095,643	744,935	829,438	9,175,641	8,925,081	-2.73%
Capital Grants	537,485	-	-	-	537,485	-	-100.00%
General Revenue							
Property Taxes	22,720,487	21,261,265	-	-	22,720,487	21,261,265	-6.42%
Sales and Income Tax	4,227,019	4,613,875	-	-	4,227,019	4,613,875	9.15%
Unrestricted State Grants	19,137,954	21,403,150	-	-	19,137,954	21,403,150	11.84%
Unrestricted Invest. Earnings	101,974	108,839	1,935	1,919	103,909	110,758	6.59%
Other Revenue	131,592	17,502	-	-	131,592	17,502	-86.70%
Total Revenue	63,205,482	61,663,005	2,131,566	2,291,678	65,337,048	63,954,683	-2.12%
Program Expense							
Instruction	37,961,900	37,219,173	-	-	37,961,900	37,219,173	-1.96%
Student Support	1,693,477	1,483,236	-	-	1,693,477	1,483,236	-12.41%
Instructional Staff Services	1,572,126	1,688,213	-	-	1,572,126	1,688,213	7.38%
Administration Services	5,533,381	5,577,985	-	-	5,533,381	5,577,985	0.81%
Operation & Maint. Services	4,567,119	4,535,730	-	-	4,567,119	4,535,730	-0.69%
Transportation Services	1,564,450	1,713,728	-	-	1,564,450	1,713,728	9.54%
Long Term Debt Interest	1,122,089	1,061,202	-	-	1,122,089	1,061,202	-5.43%
Facilities Acquisition	1,085,761	557,136	-	-	1,085,761	557,136	-48.69%
AEA Flow Thru	2,052,254	2,132,291	-	-	2,052,254	2,132,291	3.90%
Non-Instructional Programs	-	-	2,206,060	2,278,464	2,206,060	2,278,464	3.28%
Depreciation (unallocated)	1,795,420	1,949,865	-	-	1,795,420	1,949,865	8.60%
Total Expenses	58,947,977	57,918,559	2,206,060	2,278,464	61,154,037	60,197,023	-1.56%
Increase (Decrease) Net Assets	4,257,505	3,744,446	(74,494)	13,214	4,183,011	3,757,660	-10.17%
Net Assets Beginning of Year	67,235,169	49,952,859	721,769	207,687	67,956,938	50,160,546	-26.19%
Fy14 Restatement Value	(21,539,815)	-	(439,588)	-	(21,979,403)	-	-100.00%
Net Assets End of Year	$ 49,952,859	53,697,305	$ 207,687	220,901	$ 50,160,546	53,918,206	7.49%

The following chart indicates total fiscal 2015 District revenue by percentage:



Note: Due to rounding percentages may not total 100.00 %

The following chart indicates total fiscal 2015 District expenses by percentage:



Note: Due to rounding percentages may not total 100.00 %

Financial Analysis of the District's Funds

The Cedar Falls Community School District uses fund accounting on the modified accrual basis to ensure and demonstrate compliance with finance-related legal requirements.

The District governmental funds reported combined fund balances of $21,349,122. This is a $1,089,350 decrease from the 2014 fiscal year combined fund balances of $22,438,472. A reduction of General Fund local tuition revenue due to a mid-year accounting change for receipts associated with the River Hills School consortium combined with an increase in support services expenses contributed to the overall decrease in combined fund balances for the year.

The District's General Fund (including the Instructional Support Fund) end of year fund balance decreased $922,300 to $7,096,648 from the 2014 fiscal year end balance of $8,018,948. The decrease in fund balance is described in the above paragraph.

Budgeting Highlights

The Cedar Falls Community School District Board of Education annually adopts a budget as required by Iowa law. Proper public notice and a required public hearing are held before final approval of the budget. The State of Iowa requires approval of the budget on or before April 15th of each year. The budget documents present functional disbursements by fund and the legal level of control is at the expense level by total Instruction, total Support Services, total Non-Instructional Programs, total Other Expenditures and Total Expenditures. The District amends the budget, as allowed by Iowa law, to reflect the additional revenues and expenditures that may occur during the school year. The District amended its budget for fiscal 2015 to allow for unanticipated increases in business type activities (non-instructional food service operations) and construction expenses due to the Hansen Elementary Phase II addition/remodeling project taking longer to complete than originally projected.

The following chart shows the original and amended budget for fiscal 2015 as well as the actual revenue and expenditures for the year:

	Budgetary Comparison Schedule			
	Original Budget	Final Amended	Actual	Variance
Revenue				
Local Sources	$ 31,859,482	$ 31,859,482	$ 29,006,220	$ (2,853,262)
Intermediate Sources	-	-	-	-
State Sources	31,456,817	31,456,817	32,025,342	568,525
Federal Sources	3,421,034	3,421,034	2,894,284	(526,750)
Total Budget Revenue	$ 66,737,333	$ 66,737,333	$ 63,925,846	$ (2,811,487)
Expenditures				
Instruction	$ 41,403,955	$ 41,403,955	$ 37,984,519	$ (3,419,436)
Support Services	16,757,915	16,757,915	15,252,201	(1,505,714)
Non-Instructional	2,378,320	2,409,616	2,278,464	(131,152)
Other Expenditures	8,451,994	9,766,988	9,490,620	(276,368)
Total Budget Expenses	$ 68,992,184	$ 70,338,474	$ 65,005,804	$ (5,332,670)

Fund Balance vs. Unspent (Unused) Budget Authority

Unspent budget authority is a unique feature of the Iowa school foundation formula. Iowa public school districts are required to keep track of fund balance and unused budget authority.

Simply stated, fund balance is the balance on the books assuming the District would cease operations at the end of the fiscal year. The following pages within the audit report will state fund balances for the various funds required to operate the District.

The Iowa public school funding formula is a pupil based formula. Each district receives an amount of funding (cash) and the authorization to spend it (authority). Another way to look at authority is to think of it as a credit card limit. Simply stated the budget authority is the number of student's times the formula amount per student. Unspent budget authority is the total authority (credit card limit) minus expenditures for the fiscal year. This "unspent budget authority" amount is carried forward and is included in the total authorized budget or spending authority for the next fiscal year.

Total authorized budget or spending authority is the legal limit an Iowa public school district can spend in a fiscal year. As stated above, this is not the same as cash or fund balance. The State of Iowa has established spending authority to enforce per pupil spending equity across the state. Unspent budget authority gained more importance in 2007 when the Iowa Legislature passed a law allowing the initiation of a Phase II review of public school districts that overspend their budget spending authority for two consecutive years. This review is both a financial viability review as well as a full academic review. At the completion of the review, the School Budget Review Committee (SBRC), through the State Board of Education, may order remedies up to and including dissolution of the school district.

Adequate unspent budget authority is critical in management of the District in the event of unforeseen increases or decreases in enrollment as well unanticipated mid-year across the board reductions in state foundation aid. With approximately 80% of a public school districts expenses directly tied to labor contracts, it is very difficult to make mid-year corrections when state mandated across the board funding reductions are implemented.

The following chart shows the change in Unspent Budget Authority between fiscal years 2014 and 2015.

	Unspent Budget Authority Comparison		
	2014	**2015**	**Change**
Budget Revenue			
Maximum General Fund District Cost	$ 39,759,034	$ 42,162,610	$ 2,403,576
Preschool Foundation Aid	192,812	388,324	195,512
Instructional Support Fund	2,373,016	2,399,326	26,310
Other Miscellaneous Income	9,965,205	7,446,734	(2,518,471)
Previous Year Unspent Budget Authority	8,888,612	9,191,056	302,444
Maximum Budget Authority	$ 61,178,679	$ 61,588,050	$ 409,371
Total Expenditures	$ 51,987,623	$ 53,037,735	$ 1,050,112
End Fiscal Year Unspent Budget Authority	$ 9,191,056	$ 8,550,315	$ (640,741)

Capital Assets and Debt Administration

Capital Assets

At the end of the 2015 fiscal year, the District had invested $78,160,651 (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles, technology, media/audio visual equipment, and classroom equipment. The District had depreciation expense of $2,570,937 and total accumulated depreciation of $32,201,121 as of June 30, 2015. The following chart shows the comparison in capital assets for 2014 and 2015

	Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total		Percent
	2014	2015	2014	2015	2014	2015	Change
Land	$ 1,725,334	1,725,334	$ -	-	$ 1,725,334	1,725,334	0.00%
Construction in Progress	10,601,920	1,543,405	-	-	10,601,920	1,543,405	-85.44%
Land Improvements	3,169,966	3,169,966	-	-	3,169,966	3,169,966	0.00%
Buildings	83,846,649	96,427,199	-	-	83,846,649	96,427,199	15.00%
Furniture & Equipment	6,374,304	6,700,640	728,909	795,228	7,103,213	7,495,868	5.53%
Total	$ 105,718,173	109,566,544	$ 728,909	795,228	$ 106,447,082	110,361,772	3.68%

More detailed information is available in the Notes to Financial Statements, item 4.

Debt

As of June 30, 2015, total District outstanding restated long-term debt is $52,052,137. Debt consists of $24,171,990 in bond obligations, $1,192,852 in compensated absences and OPEB liabilities, as well as $18,112,012 in long-term pension liabilities. The inclusion of long-term pension liabilities as required by GASB 68 accounts for the increase. The following shows the debt comparison between 2014 and 2015.

	Long-term Debt Obligations				
	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities					
Revenue Bonds					
Bonds Payable	26,510,000	-	2,220,000	24,290,000	1,775,000
Discount	(169,850)	-	(11,400)	(158,450)	(11,400)
Premium	45,495	-	5,055	40,440	5,055
Total Bonds	$ 26,385,645	$ -	$ 2,213,655	$ 24,171,990	$ 1,768,655
Other Liabilities					
Compensated Absences	163,446	188,852	163,446	188,852	188,852
Net OPEB Liability	855,000	149,000	-	1,004,000	-
Total OtherLiabilities	$ 1,018,446	$ 337,852	$ 163,446	$ 1,192,852	$ 188,852
Long-term Debt less Pension	27,404,091	337,852	2,377,101	25,364,842	1,957,507
Net Pension Liability	24,155,085	-	6,405,313	17,749,772	-
Total Gov't Activities Long-term Debt	$ 51,559,176	$ 337,852	$ 8,782,414	$ 43,114,614	$ 1,957,507
Business Type Activities					
Net Pension Liability	492,961	-	130,721	362,240	-
Total District Long-Term Debt	$ 52,052,137	$ 337,852	$ 8,913,135	$ 43,476,854	$ 1,957,507

More detailed information can be found in the Notes to Financial Statements, item 5.

Current Issues

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.

- At the end of the 2015 legislative session, the Legislature established an increase in "supplemental state aid" (formally "allowable growth") of 1.25% ($80 per pupil) for the 2015/16 school year. In addition, the Legislature approved an additional one time allocation of $55 million for the 2015/16 school year. On July 3, 2016 Governor Branstad approved the additional supplemental state aid but vetoed legislation for the additional one time funds.

- Other 2015 legislative session actions that will directly impact Iowa public school districts include:
  - Increasing the new Teacher Leadership and Compensation System (TLC) funding from $50.0 to $50.6 million for the second year of implementation in Fy2016
    - TLC will take three years to fully implement across the entire State of Iowa
    - The goal of the Teacher Leadership and Compensation System is to
      - Promote continuous improvement in Iowa teachers
      - Provide Iowa teachers opportunities for career recognition as educational leaders
      - Raise annual Iowa minimum teacher salary to $33,500
      - Retain effective teachers by providing enhanced career opportunities
      - Develop and support opportunities for school districts statewide to learn from each other
      - Provide pathways for teaching career opportunities that come with increased leadership responsibilities and increased compensation
      - Cedar Falls will begin receiving TLC funds in the 2016/17 school year
  - Expanding the use of Dropout/Dropout Prevention funds to match the uses of at-risk supplementary weighted funds
  - Requiring local districts to pay the actual cost of education provided in a placement/facility rather than the current limitation of an amount not to exceed the regular cost per pupil.
  - Beginning July 2016, allows the use of Management Levy funds for the cost of mediation and/or arbitration procedures, including legal fees.
  - Expanded the use of Physical Plant and Equipment Levy funds to include transportation repair costs in excess of $2,500 per vehicle.

- The October 1, 2015 certified student enrollment count, which is used to determine state foundation aid for the District for 2016/17 school year, increased by 144.6 students from the October 1, 2014 count. The number of open enrollment students from neighboring district's decreased 13.0 from 355.0 to 342.0. The number of open enrollment students attending neighboring school districts decreased 7.0 from 108.0 to 101.0. The 241 open enrollment student net gain provides approximately $1.54 million in revenue for the District general operating fund.

- The District's 4 year old (pre-school) program enrollment increased slightly to 129 students, up from the previous year's enrollment of 128. The State of Iowa provides funding for 4 year old students enrolled in the program at 50% of regular program cost per student, or $3,223 per student for the 2015/16 school year.

- The District continues to experience gains in taxable valuation. Overall taxable assessed valuation, less Tax Increment Financing (TIF), increased 18.04% between Fy2012 and Fy2016. Tax Increment Financing (TIF) assessed valuation increased 11.54% for the same time period.

- The demand for new homes within the District continues to be strong. Five new residential neighborhoods with over 500 lots are planned or under development in the southern and western sections of Cedar Falls. New industrial and retail construction, including the new Cedar Falls North Industrial Park, expansion of Viking Road retail shopping district as well as the Pinnacle Prairie planned development will continue to increase the District's assessed valuation growth for the foreseeable future.

- Revenue received from the State Secure an Advanced Vision for Education (SAVE) one-cent sales tax increased from $4,227,019 in Fy2014 to $4,613,875 in Fy2015. Revenue from the SAVE fund is determined by dividing the total amount of one cent sales tax dollars generated throughout Iowa by the total number of student enrolled in Iowa public schools. District is projected to receive $4,442,897 in Fy2016.

- The Board of Education approved petitioning Iowa District Court to transfer the Elna Christensen Endowment Fund from the District to the Cedar Falls Community Schools Foundation. Transfer of the endowment fund will allow for:

    - Expenditures from the endowment fund for tangible or intangible assets that support student learning
    - Allow distributions, no more than quarterly, at the discretion of the Foundation
    - Expend or accumulate so much as the Foundation determines is prudent for the use, benefits, purposes and duration for which the endowment fund is established

  The Court granted the transfer in December 2015.

- The District continues to work on facility needs including the need for additional elementary student capacity, replacing the current high school and support services facility issues.

- The District continues to implement requirements of the Federal Patient Protection and Affordable Health Care Act (ACA). Most para-educators and clerical staff hours were changed in Fy2015 to comply with the District's collective bargaining agreements and/or ACA requirements for health insurance coverage. It is estimated that meeting the ACA requirements for District employees who are not covered by a collective bargaining agreement will exceed $50,000 annually.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. If you have any questions about this report, or need additional financial information, please contact Mr. Douglas J. Nefzger, Director of Business Affairs/Board Secretary, Cedar Falls Community School District, 1002 West First St., Cedar Falls, Iowa 50613.

It is the policy of the Cedar Falls Community School District to not discriminate in its educational activities on the basis of race, color, creed, marital status, socio-economic status, national origin, religion, sex, sexual orientation, gender identity or disability.

Basic Financial Statements

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	$ 26,308,864	$ 508,160	$ 26,817,024
Receivables:			
Property tax:			
Delinquent	127,050	-	127,050
Succeeding year	21,279,885	-	21,279,885
Accounts	545,734	2,235	547,969
Accrued interest	1,996	-	1,996
Due from other governments	1,338,109	-	1,338,109
Due from other funds	7,237	-	7,237
Inventories	25,258	62,463	87,721
Capital assets, net of accumulated depreciation	78,012,890	147,761	78,160,651
Total assets	127,647,023	720,619	128,367,642
Deferred Outflows of Resources			
Pension related deferred outflows of income	4,300,072	87,756	4,387,828
Liabilities			
Accounts payable	1,415,239	58,247	1,473,486
Salaries and benefits payable	5,409,949	28,839	5,438,788
Due to other governments	179,938	-	179,938
Due to other funds	-	-	-
Accrued interest payable	80,913	-	80,913
Long-term liabilities:			
Portion due within one year:			
Compensated absences	188,852	-	188,852
Revenue bonds	1,768,655	-	1,768,655
Portion due after one year:			
Revenue bonds	22,403,335	-	22,403,335
Net pension liability	17,749,772	362,240	18,112,012
Net OPEB liability	1,004,000	-	1,004,000
Total liabilities	50,200,653	449,326	50,649,979
Deferred Inflows of Resources			
Unavailable property tax revenue	21,279,885	-	21,279,885
Pension related deferred inflows of resources	6,769,252	138,148	6,907,400
Total deferred inflows of resources	28,049,137	138,148	28,187,285
Net Position			
Net investment in capital assets	53,840,900	147,761	53,988,661
Restricted for:			
Categorical funding	804,929	-	804,929
Management levy	999,898	-	999,898
Student activities	567,548	-	567,548
Other special revenue purposes	12,703	-	12,703
Physical plant and equipment levy	2,788,477	-	2,788,477
Permanent fund	1,431,337	-	1,431,337
Unrestricted	(6,748,487)	73,140	(6,675,347)
Total net position	$ 53,697,305	$ 220,901	$ 53,918,206

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest
Governmental Activities				
Instruction:				
Regular instruction	$ 23,770,586	$ 2,123,643	$ 4,953,803	$ -
Special instruction	6,924,571	2,666,923	423,880	-
Other instruction	6,524,016	1,055,530	503,066	-
	37,219,173	5,846,096	5,880,749	-
Support services:				
Student services	1,483,236	-	-	-
Instructional staff services	1,688,213	-	-	-
Administration services	5,577,985	88,479	-	-
Operation and maintenance of plant services	4,535,730	183,408	-	-
Transportation services	1,713,728	44,748	82,603	-
	14,998,892	316,635	82,603	-
Other expenditures:				
Facilities acquisition	557,136	-	-	-
Long-term debt interest and other charges	1,061,202	-	-	-
AEA flowthrough	2,132,291	-	2,132,291	-
Depreciation (unallocated)	1,949,865	-	-	-
	5,700,494	-	2,132,291	-
Total governmental activities	57,918,559	6,162,731	8,095,643	-
Business Type Activities				
Non-instructional programs:				
Food service operations	2,278,464	1,460,321	829,438	-
Total	$ 60,197,023	$ 7,623,052	$ 8,925,081	$ -

General revenues:
Property taxes, levied for:
General purposes
Statewide sales, services and use tax
Unrestricted state grants
Unrestricted investment earnings
Other

Total general revenues

Change in net position

Net position beginning of year, as restated

Net position end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
$(16,693,140)	$ -	$(16,693,140)
(3,833,768)	-	(3,833,768)
(4,965,420)	-	(4,965,420)
(25,492,328)	-	(25,492,328)
(1,483,236)	-	(1,483,236)
(1,688,213)	-	(1,688,213)
(5,489,506)	-	(5,489,506)
(4,352,322)	-	(4,352,322)
(1,586,377)	-	(1,586,377)
(14,599,654)	-	(14,599,654)
(557,136)	-	(557,136)
(1,061,202)	-	(1,061,202)
-	-	-
(1,949,865)	-	(1,949,865)
(3,568,203)	-	(3,568,203)
(43,660,185)	-	(43,660,185)
-	11,295	11,295
(43,660,185)	11,295	(43,648,890)
21,261,265	-	21,261,265
4,613,875	-	4,613,875
21,403,150	-	21,403,150
108,839	1,919	110,758
17,502	-	17,502
47,404,631	1,919	47,406,550
3,744,446	13,214	3,757,660
49,952,859	207,687	50,160,546
$ 53,697,305	$ 220,901	$ 53,918,206

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2015

	General	Debt Service
Assets		
Cash, cash equivalents and pooled investments	$ 12,136,625	$ -
Receivables:		
Property tax:		
Delinquent	105,070	-
Succeeding year	17,569,371	-
Accounts	545,734	-
Accrued interest	-	-
Due from other governments	623,366	-
Due from other funds	7,237	-
Inventories	25,258	-
Total assets	$ 31,012,661	$ -
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	$ 756,755	$ -
Salaries and benefits payable	5,409,949	-
Due to other governments	179,938	-
Due to other funds	-	-
Total liabilities	6,346,642	-
Deferred Inflows of Resources:		
Unavailable revenues:		
Succeeding year property tax	17,569,371	-
Fund balances:		
Nonspendable	25,258	-
Restricted for:		
Categorical funding	804,929	-
Debt service	-	-
Management levy purposes	-	-
Student activities	-	-
Public purpose trust funds	-	-
School infrastructure	-	-
Physical plant and equipment	-	-
Unassigned	6,266,461	-
Total fund balances	7,096,648	-
Total liabilities, deferred inflows of resources and fund balances	$ 31,012,661	$ -

See notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
$ 11,146,221	$ 3,026,018	$ 26,308,864
19,049	2,931	127,050
3,179,493	531,021	21,279,885
-	-	545,734
1,996	-	1,996
714,743	-	1,338,109
-	-	7,237
-	-	25,258
$ 15,061,502	$ 3,559,970	$ 49,634,133
$ 641,021	$ 17,463	$ 1,415,239
-	-	5,409,949
-	-	179,938
-	-	-
641,021	17,463	7,005,126
3,179,493	531,021	21,279,885
-	1,431,337	1,456,595
-	-	804,929
-	-	-
-	999,898	999,898
-	567,548	567,548
-	12,703	12,703
8,452,511	-	8,452,511
2,788,477	-	2,788,477
-	-	6,266,461
11,240,988	3,011,486	21,349,122
$ 15,061,502	$ 3,559,970	$ 49,634,133

CEDAR FALLS 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		$21,349,122
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		78,012,890
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds		(80,913)
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	$ 4,300,072	
Deferred inflows of resources	(6,769,252)	(2,469,180)
Long-term liabilities, including notes payable, compensated absences, other postemployment benefits payable and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(43,114,614)
Net position of governmental activities		$53,697,305

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Debt Service
Revenues:		
Local sources:		
Local tax	$ 17,653,806	$ -
Tuition	4,490,514	-
Other	541,537	6,567
State sources	27,330,406	-
Federal sources	2,081,670	-
Total revenues	52,097,933	6,567
Expenditures:		
Current:		
Instruction:		
Regular instruction	23,998,744	-
Special instruction	7,107,009	-
Other instruction	5,568,584	-
	36,674,337	-
Support services:		
Student services	1,523,678	-
Instructional staff services	1,709,134	-
Administration services	5,660,277	-
Operation and maintenance of plant services	3,951,999	-
Transportation services	1,386,019	-
	14,231,107	-
Other expenditures:		
Facilities acquisition and construction	-	-
Long-term debt:		
Principal	-	2,220,000
Interest and other charges	-	1,058,841
AEA flowthrough	2,132,291	-
	2,132,291	3,278,841
Total expenditures	53,037,735	3,278,841
Excess (deficiency) of revenues over (under) expenditures	(939,802)	(3,272,274)
Other financing sources (uses):		
Revenue bonds issued	-	-
Revenue bonds issued premium	-	-
Proceeds from sale of real estate	17,502	-
Operating transfers in	-	3,272,274
Operating transfers out	-	-
Total other financing sources (uses)	17,502	3,272,274
Change in fund balances	(922,300)	-
Fund balances beginning of year	8,018,948	-
Fund balances end of year	$ 7,096,648	$ -

See notes to financial statements.

Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
$ 3,112,727	$ 494,732	$ 21,261,265
-	-	4,490,514
95,402	1,160,030	1,803,536
4,669,855	8,257	32,008,518
-	-	2,081,670
7,877,984	1,663,019	61,645,503
134,080	139,304	24,272,128
-	-	7,107,009
-	1,061,813	6,630,397
134,080	1,201,117	38,009,534
-	-	1,523,678
-	-	1,709,134
54,946	7,567	5,722,790
58,435	442,654	4,453,088
365,970	91,522	1,843,511
479,351	541,743	15,252,201
4,079,170	-	4,079,170
-	-	2,220,000
318	-	1,059,159
-	-	2,132,291
4,079,488	-	9,490,620
4,692,919	1,742,860	62,752,355
3,185,065	(79,841)	(1,106,852)
-	-	-
-	-	-
-	-	17,502
-	19,980	3,292,254
(3,272,274)	(19,980)	(3,292,254)
(3,272,274)	-	17,502
(87,209)	(79,841)	(1,089,350)
11,328,197	3,091,327	22,438,472
$ 11,240,988	$ 3,011,486	$ 21,349,122

CEDAR FALLS 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

Net change in fund balances - total governmental funds		$ (1,089,350)
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 Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation in the current year, as follows:		
Expenditures for capital assets	$ 4,011,691	
Depreciation expense	(2,542,309)	1,469,382
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments are as follows:		
Repayments		2,220,000
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.		4,302
Accretion of discount on long-term liabilities increases long-term liabilities on the Statement of Net Position, and is included with interest on long-term debt on the Statement of Activities.		(11,400)
Amortization of premium on long-term liabilities decreases long-term liabilities on the Statement of Net Position, and is included with interest on long-term debt on the Statement of Activities.		5,055
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		2,777,135
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:		
Compensated absences	$ (25,406)	
Pension expense	(1,456,272)	
Other postemployment benefits	(149,000)	(1,630,678)
Change in net position of governmental activities		$ 3,744,446

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds

June 30, 2015

	Enterprise		
	School Nutrition	Coffee Shop	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 501,592	$ 6,568	$ 508,160
Accounts receivable	2,235	-	2,235
Accrued interest receivable	-	-	-
Due from other governments	-	-	-
Inventories	62,463	-	62,463
Total current assets	566,290	6,568	572,858
Noncurrent assets:			
Capital assets, net of accumulated depreciation	147,761	-	147,761
Total assets	714,051	6,568	720,619
Dererred Outflows of Resources			
Pension related dererred outflows of resources	87,756	-	87,756
Liabilities			
Current liabilities:			
Accounts payable	58,247	-	58,247
Salaries and benefits payable	28,839	-	28,839
Total current liabilities	87,086	-	87,086
Noncurrent liabilities:			
Net pension liability	362,240	-	362,240
Total liabilities	449,326	-	449,326
Dererred Inflows of Resources			
Pension related dererred inflows of resources	138,148	-	138,148
Net position			
Investment in capital assets	147,761	-	147,761
Unrestricted	66,572	6,568	73,140
Total net position	$ 214,333	$ 6,568	$ 220,901

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2015

	Enterprise		
	School Nutrition	Coffee Shop	Total
Operating revenues:			
Local sources:			
Charges for service	$ 1,436,650	$ -	$ 1,436,650
Other	13,328	10,343	23,671
Total operating revenues	1,449,978	10,343	1,460,321
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	691,703	-	691,703
Benefits	162,035	-	162,035
Purchased services	47,131	-	47,131
Supplies	1,345,192	3,775	1,348,967
Depreciation	28,628	-	28,628
Total operating expenses	2,274,689	3,775	2,278,464
Operating loss	(824,711)	6,568	(818,143)
Non-operating revenues:			
State sources	16,824	-	16,824
Federal sources	812,614	-	812,614
Interest on investments	1,919	-	1,919
Total non-operating revenues	831,357	-	831,357
Change in net position	6,646	6,568	13,214
Net position beginning of year, as restated	207,687	-	207,687
Net position end of year	$ 214,333	$ 6,568	$ 220,901

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2015

	Enterprise		
	School Nutrition	Coffee Shop	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	$ 1,447,947	$ 10,343	$ 1,458,290
Cash payments to employees for services	(870,388)	-	(870,388)
Cash payments to suppliers for goods or services	(1,284,172)	(3,775)	(1,287,947)
Net cash provided by (used by) operating activities	(706,613)	6,568	(700,045)
Cash flows from non-capital financing activities:			
State grants received	16,824	-	16,824
Federal grants received	716,345	-	716,345
Net cash provided by non-capital financing activities	733,169	-	733,169
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(66,319)	-	(66,319)
Disposition of capital assets	-	-	-
Net cash used by capital and related financing activities	(66,319)	-	(66,319)
Cash flows from investing activities:			
Interest on investments	1,919	-	1,919
Net increase (decrease) in cash and cash equivalents	(37,844)	6,568	(31,276)
Cash and cash equivalents at beginning of year	539,436	-	539,436
Cash and cash equivalents at end of year	$ 501,592	$ 6,568	$ 508,160
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	$ (824,711)	$ 6,568	$ (818,143)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Commodities used	96,269	-	96,269
Depreciation	28,628	-	28,628
Increase in receivables	(2,031)	-	(2,031)
Decrease in inventories	10,909	-	10,909
Increase in accounts payable	973	-	973
Increase in salaries and benefits payable	(130,721)	-	(130,721)
Decrease in net pension liability	(34,383)	-	(34,383)
Increase in deferred outflows of resources	138,148	-	138,148
Increase in deferred inflows of resources	10,306	-	10,306
Net cash provided by (used by) operating activities	$ (706,613)	$ 6,568	$ (700,045)

Non-cash investing, capital and financing activities:
During the year ended June 30, 2015, the District received $96,269 of federal commodities.

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2015

	Private Purpose Trust - Scholarships	Agency Funds
Assets		
Cash, cash equivalents and pooled investments	$ 16,227	$ 16,270
Accrued interest receivable	-	-
Due from others	-	1,464,583
Total assets	16,227	1,480,853
Liabilities		
Accounts payable	5,000	1,463,137
Due to other funds	-	7,237
Due to others	-	10,479
Total liabilities	5,000	1,480,853
Net position		
Reserved for scholarships	$ 11,227	$ -

See notes to financial statements.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2015

	Private Purpose Trust - Scholarships
Additions:	
Local sources:	
Gifts and contributions	$ 5,000
Interest income	56
Total additions	5,056
Deductions:	
Support services:	
Scholarships awarded	-
Total deductions	-
Change in net position	5,056
Net position beginning of year	6,171
Net position end of year	$ 11,227

See notes to financial statements.

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, the 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 Cedar Falls Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, deferred outflows of resources, liabilities and deferred inflow 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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for the governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. 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 revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

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

The District reports the following major proprietary fund:

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

(1) Summary of Significant Accounting Policies - (continued)

B. Basis of Presentation - (continued)

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered 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.

(1) Summary of Significant Accounting Policies - (continued)

C. Measurement Focus and Basis of Accounting - (continued)

It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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

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

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

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

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

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

Property Tax Receivable - Property tax in the governmental funds is 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.

(1) Summary of Significant Accounting Policies - (continued)

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

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 becomes due and collectible in September and March of the fiscal year with a 1 1/2% 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 contributed value for 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, furniture, 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 repair 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.

Land	$ 2,000
Buildings and improvements	2,000
Improvements other than buildings	2,000
Intangibles	50,000
Furniture and equipment:	
School Nutrition Fund equipment	2,000
Other furniture and equipment	2,000
Vehicles	2,000

(1) Summary of Significant Accounting Policies - (continued)

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

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

Buildings and improvements	50 years
Improvements other than buildings	20 - 50 years
Intangibles	5 - 10 years
Furniture and equipment	5 - 20 years
Vehicles	4 - 7 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 that time. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

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

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, retirement or death. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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 thery are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accorfcance with the benefit terms. Investments are reported at fair value.

(1) Summary of Significant Accounting Policies - (continued)

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

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a 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 collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net deference between the projected and actual earnings on pension plan investments.

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

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form, such as inventories, or legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

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

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts that are constrained by the intent of the Board of Education, but are neither restricted nor committed.

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 expenditures in by functions did not exceed the amounts budgeted, and the District did not exceed its General Fund unspent authorized budget.

(1) Summary of Significant Accounting Policies - (continued)

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses, as appropriate during the reporting period. Actual results could differ from those estimates.

(2) Cash, Cash Equivalents and Pooled Investments

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

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; 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. However, the Board policy is to only invest in obligations of the United States government, its agencies and public funds instrumentalities and certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa.

During the year, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940, and the balance at June 30, 2015 was $0. The investments in the Iowa Schools Joint Investment Trust were rated AAAm by Moody's Investors Service.

(3) Iowa School Cash Anticipation Program (ISCAP)

The District is eligible, but did not participate in the Iowa Schools Cash Anticipation Program (ISCAP) during the year ended June 30, 2015. ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Co., N.A., is the trustee for the program.

(4) 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:				
Land	$ 1,725,334	$ -	$ -	$ 1,725,334
Construction in progress	10,601,920	2,800,616	11,859,131	1,543,405
Total capital assets not being depreciated	12,327,254	2,800,616	11,859,131	3,268,739
Capital assets being depreciated/amortized:				
Buildings and improvements	83,846,649	12,580,550	-	96,427,199
Improvements other than buildings	3,169,966	-	-	3,169,966
Furniture and equipment	2,903,654	124,499	44,428	2,983,725
Vehicles	3,470,650	365,157	118,892	3,716,915
Intangibles	-	-	-	-
Total capital assets being depreciated/amortized	93,390,919	13,070,206	163,320	106,297,805
Less accumulated depreciation/amortization for:				
Buildings and improvements	22,643,865	1,834,955	-	24,478,820
Improvements other than buildings	2,332,316	116,144	-	2,448,460
Furniture and equipment	1,802,484	281,818	44,428	2,039,874
Vehicles	2,396,000	309,392	118,892	2,586,500
Intangibles	-	-	-	-
Total accumulated depreciation/ amortization	29,174,665	2,542,309	163,320	31,553,654
Total capital assets being depreciated/amortized, net	64,216,254	10,527,897	-	74,744,151
Governmental activities capital assets, net	$ 76,543,508	$ 13,328,513	$ 11,859,131	$ 78,012,890
Business type activities:				
Furniture, equipment, vehicles	$ 728,909	$ 66,319	$ -	$ 795,228
Less accumulated depreciation	618,839	28,628	-	647,467
Business type activities capital assets, net	$ 110,070	$ 37,691	$ -	$ 147,761

(4) Capital Assets - (continued)

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Instruction:	
Regular	$ 83,953
Special	1,285
Other	34,881
Support services:	
Support staff	382
Instructional staff	12,775
Administration	21,637
Operation and maintenance of plant	175,862
Transportation	261,669
	592,444
Unallocated depreciation/amortization	1,949,865
Total depreciation/amortization expense - governmental activities	$ 2,542,309
Business type activities:	
School nutrition	$ 28,628

(5) Long-Term Liabilities

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

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
Governmental activities:					
Bonds payable	$ 17,920,000	$ -	$ 900,000	$ 17,020,000	$ 925,000
Discount	(169,850)	-	(11,400)	(158,450)	(11,400)
	17,750,150	-	888,600	16,861,550	913,600
Bonds payable	8,590,000	-	1,320,000	7,270,000	850,000
Premium	45,495	-	5,055	40,440	5,055
	8,635,495	-	1,325,055	7,310,440	855,055
Compensated absences	163,446	188,852	163,446	188,852	188,852
Net pension liab.	24,155,085	-	6,405,313	17,749,772	-
Net OPEB liab.	855,000	149,000	-	1,004,000	-
Total	$ 51,559,176	$ 337,852	$ 8,782,414	$ 43,114,614	$ 1,957,507
Business type activities:					
Net pension liab.	$ 492,961	$ -	$ 130,721	$ 362,240	$ -

Revenue bonds:

The District has pledged future school infrastructure sales, services and use tax revenues to repay the $20,500,000 of bonds issued June 1, 2011.

(5) Long-Term Liabilities - (continued)

Revenue bonds:

The bonds were issued for the purpose of: (i) financing the completion of the construction, furnishing, and equipping of additions to the existing school buildings and related remodeling and improvements; (ii) currently refund the District's outstanding School Infrastructure Sales, Services and Use Tax Revenue Bond Anticipation Notes, Series 2008; (iii) fund a debt service reserve fund in approximate amount of $1,720,000; and (iv) to pay the cost of issuance of the bonds. The bonds are not a general obligation of the district, however, the debt is subject to the constitutional debt limitation of the District.

The District has pledged future school infrastructure sales, services and use tax revenues to repay the $9,950,000 of bonds issued September 23, 2013. These bonds were issued to (i) finance the completion of the construction, furnishing, and equipping of additions to the existing school buildings and related remodeling and improvements; (ii) fund a debt service reserve fund in the amount of $995,000; and (iii) pay the cost of issuance of the Bonds. The bonds are not a general obligation of the district, however, the debt is subject to the constitutional debt limitation of the District.

Details of the District's June 30, 2015 School Infrastructure Sales, Services and Use Tax bonded indebtedness are as follows:

Year Ending June 30,	Bond Issued June 1, 2011			Bond Issued September 23, 2013		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest
2016	3.000%	$ 925,000	$ 830,591	2.000%	$ 850,000	$ 173,850
2017	4.500%	950,000	802,841	2.000%	860,000	156,850
2018	4.500%	985,000	760,092	2.000%	880,000	139,650
2019	4.500%	1,020,000	715,766	2.000%	900,000	122,050
2020	4.500%	1,065,000	669,866	2.500%	920,000	104,050
2021-2025	4.500%-5.125%	6,055,000	2,560,888	2.500-3.000%	2,860,000	166,700
2026-2029	5.375%-5.480%	6,020,000	832,680			
		$ 17,020,000	$ 7,172,724		$ 7,270,000	$ 863,150

Year Ending June 30,	Total		
	Principal	Interest	Total
2016	$ 1,775,000	$ 1,004,441	$ 2,779,441
2017	1,810,000	959,691	2,769,691
2018	1,865,000	899,742	2,764,742
2019	1,920,000	837,816	2,757,816
2020	1,985,000	773,916	2,758,916
2021-2025	8,915,000	2,727,588	11,642,588
2026-2029	6,020,000	832,680	6,852,680
	$ 24,290,000	$ 8,035,874	$ 32,325,874

(6) Construction Commitment

The District has entered into contracts for various building improvement and roofing projects totaling $2,242,824. As of June 30, 2015, costs of $1,543,405 on these contracts had been incurred, $968,964 had been paid, and $574,441 was included in the accounts payable on the balance sheet. The balance of $699,419 remaining at June 30, 2015 will be paid as work on the various projects progresses.

(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 by 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 informational 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.

(7) Pension Plan (continued)

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 $2,833,811.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District's liability for its proportionate share of the net pension liability totaled $18,112,012. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective 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 proportion was 0.456693 percent, which was an increase of 0.027410 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the District recognized pension expense of $1,485,992. 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
Difference between expected and actual experience	$ 196,842	$ -
Changes of assumptions	799,324	-
Net difference between projected and actual earnings on pension plan investments	-	6,907,400
Changes in proportion and differences between District contributions and proportionate share of contributions	557,851	-
District contributions subsequent to their measurement date	2,833,811	-
	$ 4,387,828	$ 6,907,400

(7) Pension Plan (continued)

$2,833,811 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	$ (1,363,762)
2017	(1,363,762)
2018	(1,363,762)
2019	(1,363,762)
2020	101,665
Total	$ (5,353,383)

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

Rate of inflation (effective June 30, 2014)	3.00 percent
Salary increases (effective June 30, 2014)	4.00 percent, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, corresponded annually, net of pension plan 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate
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	100%	

(7) Pension Plan (continued)

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	Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 34,222,138	$ 18,112,012	$ 4,513,397

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 $0 for legally required employer contributions and $0 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 retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 526 active and 20 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

(8) Other Postemployment Benefits (OPEB) - (continued)

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 District's net OPEB obligation:

Annual required contribution	$ 260,000
Interest on net OPEB obligation	38,000
Adjustment to annual required contribution	(33,000)
Annual OPEB cost	265,000
Contributions made	(116,000)
Increase in net OPEB obligation	149,000
Net OPEB obligation beginning of year	855,000
Net OPEB obligation end of year	$ 1,004,000

For calculation of the net OPEB obligation, the actuary has set the transition date as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2015, the District contributed $0 to the medical plan. Plan members eligible for benefits contributed $168,900, or 100% 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	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 152,000	0.00%	$ 855,000
June 30, 2014	-	0.00%	855,000
June 30, 2015	149,000	0.00%	1,004,000

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $2,034 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $2,034 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately $29,547,000, and the ratio of the UAAL to covered payroll was 6.88%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, 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.

(8) Other Postemployment Benefits (OPEB) - (continued)

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 at that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the Cedar Falls Community School District's funding policy. The projected annual medical trend rate is 8.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan approximate $800 per month for retirees under age 64. 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) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and education services provided through the Area Education Agency. The District's actual amount for this purpose totaled $2,132,291 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.

(10) Contingencies and Risk Management

At June 30, 2015, the District is involved in various claims and lawsuits against the District that arise in the normal course of operations, many of which are covered by insurance. The outcome and eventual liability of the District, if any, from these claims and any unasserted claims is not known at this time. The District is also 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.

(11) Interfund Transfers

Transfer to:	Transfer from:	
Debt Service Fund	Capital Projects Fund: Stateside Sales, Services and Use Tax	$ 3,272,274
Special Revenue Fund: Public Purpose Trust Fund	Permanent Fund	19,980
		$ 3,292,254

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

(12) Subsequent Events

Management has evaluated subsequent events through January 15, 2016, the date which the financial statements were available for issue.

(13) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business type Activities
Net position June 30, 2014, as previously reported	$ 71,492,674	$ 647,275
Net pension liability at June 30, 2014	(24,155,085)	(492,961)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	2,615,270	53,373
Net position July 1, 2014, as restated	$ 49,952,859	$ 207,687

Required Supplementary Information

CEDAR FALLS 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 Fund Types Actual	Proprietary Fund Type Actual
Revenues:		
Local sources	$ 27,555,315	$ 1,462,240
Intermediate sources	-	-
State sources	32,008,518	16,824
Federal sources	2,081,670	812,614
Total receipts	61,645,503	2,291,678
Expenditures		
Instruction	38,009,534	-
Support services	15,252,201	-
Non-instructional programs	-	2,278,464
Other expenditures	9,490,620	-
Total disbursements	62,752,355	2,278,464
Excess (deficiency) of revenues over (under) expenditures	(1,106,852)	13,214
Other financing sources, net	17,502	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,089,350)	13,214
Balance beginning of year	22,438,472	207,687
Balance end of year	$ 21,349,122	$ 220,901

See accompanying independent auditors' report.

Budget Adjustments	Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance-Positive (Negative)
$ 11,335	$ 29,006,220	$ 31,859,482	$ 31,859,482	$ (2,853,262)
-	-	-	-	-
-	32,025,342	31,456,817	31,456,817	568,525
-	2,894,284	3,421,034	3,421,034	(526,750)
11,335	63,925,846	66,737,333	66,737,333	(2,811,487)
25,015	37,984,519	41,403,955	41,403,955	3,419,436
-	15,252,201	16,757,915	16,757,915	1,505,714
-	2,278,464	2,378,320	2,409,616	131,152
-	9,490,620	8,451,994	9,766,988	276,368
25,015	65,005,804	68,992,184	70,338,474	5,332,670
(13,680)	(1,079,958)	(2,254,851)	(3,601,141)	2,521,183
-	17,502	10,000	10,000	7,502
(13,680)	(1,062,456)	(2,244,851)	(3,591,141)	2,528,685
1,457,720	21,188,439	20,833,384	20,833,384	355,055
$ 1,444,040	$ 20,125,983	$ 18,588,533	$ 17,242,243	$ 2,883,740

CEDAR FALLS 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 *Government Accounting Standards Board* Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by $1,346,290.

During the year ended June 30, 2015, expenditures by functions did not exceed the amounts budgeted, and the District did not exceed its General Fund unspent authorized budget.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Empoyees' Retirement System
Last Fiscal Year*
(In Thousands)

Other Information

		2015
District's proportion of the net pension liability		0.456693%
District's proportionate share of the net pension liability	$	18,112
District's covered employee payroll	$	28,891
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		62.69%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

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

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Other Information

	2015	2014	2013	2012
Statutorily required contribution	$ 2,834	$ 2,673	$ 2,445	$ 2,176
Contributions in relation to the statutorily required contribution	(2,834)	(2,673)	(2,445)	(2,176)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 28,891	$ 27,130	$ 25,639	$ 24,538
Contributions as a percentage of covered-employee payroll	9.81%	9.85%	9.54%	8.87%

See accompanying independent auditors' report.

2011	2010	2009	2008	2007	2006
$ 1,806	$ 1,784	$ 1,552	$ 1,398	$ 1,358	$ 1,242
(1,806)	(1,784)	(1,552)	(1,398)	(1,358)	(1,242)
$ -	$ -	$ -	$ -	$ -	$ -
$ 23,802	$ 23,706	$ 22,838	$ 21,472	$ 21,817	$ 19,873
7.59%	7.53%	6.80%	6.51%	6.22%	6.25%

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 to one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

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

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

CEDAR FALLS 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)
2009	July 1, 2008	$ -	$ 2,941	$ 2,941	0.00%	$ 19,031	15.45%
2010	July 1, 2008	$ -	$ 2,941	$ 2,941	0.00%	$ 25,060	11.74%
2011	July 1, 2010	$ -	$ 1,648	$ 1,648	0.00%	$ 21,358	7.72%
2012	July 1, 2010	$ -	$ 1,648	$ 1,648	0.00%	$ 21,847	7.54%
2013	July 1, 2012	$ -	$ 2,406	$ 2,406	0.00%	$ 24,946	9.64%
2014	July 1, 2012	$ -	$ 2,406	$ 2,406	0.00%	$ 26,676	9.02%
2015	July 1, 2014	$ -	$ 2,034	$ 2,034	0.00%	$ 29,547	6.88%

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

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

	Special Revenue		
Assets	Management Levy	Student Activity	Public Purpose Trust Fund
Cash, cash equivalents and pooled investments	$ 1,002,166	$ 579,812	$ 12,703
Receivables:			
Property tax:			
Delinquent	2,931	-	-
Succeeding year	531,021	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Total assets	$ 1,536,118	$ 579,812	$ 12,703
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 5,199	$ 12,264	$ -
Salaries and benefits payable	-	-	-
Due to other funds			
Total liabilities	5,199	12,264	-
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	531,021	-	-
Fund balances:			
Nonspendable	-	-	-
Restricted for:			
Management levy purposes	999,898	-	-
Student activities	-	567,548	-
Public purpose trust funds	-	-	12,703
Total fund balances	999,898	567,548	12,703
Total liabilities, deferred inflows of resources and fund balances	$ 1,536,118	$ 579,812	$ 12,703

See accompanying independent auditors' report.

Total Special Revenue	Permanent Fund	Total
$ 1,594,681	$ 1,431,337	$ 3,026,018
2,931	-	2,931
531,021	-	531,021
-	-	-
-	-	-
-	-	-
$ 2,128,633	$ 1,431,337	$ 3,559,970
$ 17,463	$ -	$ 17,463
-	-	-
-	-	-
17,463	-	17,463
531,021	-	531,021
-	1,431,337	1,431,337
999,898	-	999,898
567,548	-	567,548
12,703	-	12,703
1,580,149	1,431,337	3,011,486
$ 2,128,633	$ 1,431,337	$ 3,559,970

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue		
	Management Levy	Student Activity	Public Purpose Trust Fund
Revenues:			
Local sources:			
Local tax	$ 494,732	$ -	$ -
Other	90,434	1,058,261	2,704
State sources	8,257	-	-
Federal sources	-	-	-
Total revenues	593,423	1,058,261	2,704
Expenditures:			
Current:			
Instruction:			
Regular instruction	114,289	-	25,015
Special instruction	-	-	-
Other instruction	-	1,061,813	-
Support services:			
Student services	-	-	-
Instructional staff services	-	-	-
Administration services	7,567	-	-
Operating and maintenance of plant services	442,654	-	-
Transportation services	91,522	-	-
Other expenditures:			
Facilities acquisition and construction	-	-	-
Total expenditures	656,032	1,061,813	25,015
Excess (deficiency) of revenues over (under) expenditures	(62,609)	(3,552)	(22,311)
Other financing sources (uses):			
Operating transfers in	-	-	19,980
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	19,980
Change in fund balances	(62,609)	(3,552)	(2,331)
Fund balances beginning of year	1,062,507	571,100	15,034
Fund balances end of year	$ 999,898	$ 567,548	$ 12,703

See accompanying independent auditors' report.

Total Special Revenue Funds	Permanent Fund	Total
$ 494,732	$ -	$ 494,732
1,151,399	8,631	1,160,030
8,257	-	8,257
-	-	-
1,654,388	8,631	1,663,019
139,304	-	139,304
-	-	-
1,061,813	-	1,061,813
-	-	-
-	-	-
7,567	-	7,567
442,654	-	442,654
91,522	-	91,522
-	-	-
1,742,860	-	1,742,860
(88,472)	8,631	(79,841)
19,980	-	19,980
-	(19,980)	(19,980)
19,980	(19,980)	-
(68,492)	(11,349)	(79,841)
1,648,641	1,442,686	3,091,327
$ 1,580,149	$ 1,431,337	$ 3,011,486

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen-ditures	Intra-Fund Transfers	Balance End of Year
Investment income	$ 58,800	$ 2,731	$ -	$ (200)	$ 61,331
Miscellaneous	18,745	24,314	23,075	(475)	19,509
Drama arts	18,757	9,821	6,688	647	22,537
Speech	1,900	-	3,194	3,500	2,206
Recog.-music/speech	6,457	2,856	3,035	-	6,278
Yearbook	91,796	28,946	32,632	(74)	88,036
Music/vocal	1,344	12,390	10,862	(585)	2,287
Music/orchestra	1,124	5,687	7,232	1,150	729
Music/band	5,364	140,486	140,286	239	5,803
Athletics	(41,826)	119,677	91,536	(42,045)	(55,730)
Athletic resale	2,137	6,950	5,701	(20)	3,366
Bowling	119	4,416	4,547	230	218
Track meets	6,690	10,456	13,244	3,000	6,902
Tennis	5,477	559	2,927	2,500	5,609
Golf	7,033	1,997	8,490	7,000	7,540
Cheerleaders	7,722	66,340	70,167	(342)	3,553
Pom poms	2,129	44,068	59,666	14,389	920
Basketball-boys	5,111	29,851	28,992	(6,388)	(418)
Football	19,734	66,655	77,868	(5,500)	3,021
Soccer-boys	2,547	6,695	8,051	2,000	3,191
Baseball	3,863	11,586	21,055	6,388	782
Track-boys	4,049	2,291	10,089	7,500	3,751
Swimming-boys	3,431	5,062	4,075	-	4,418
Wrestling	(1,340)	8,840	13,729	5,000	(1,229)
Basketball-girls	6,307	10,135	14,547	5,000	6,895
Volleyball	7,062	13,997	15,985	1,500	6,574
Soccer-girls	2,833	5,522	7,432	1,500	2,423
Softball	11,082	2,062	3,268	1,405	11,281
Track-girls	1,273	2,584	6,194	3,500	1,163
Swimming-girls	2,575	3,409	2,805	-	3,179
Concessions-Robinsen/Dresser	13,616	8,759	4,399	(6,000)	11,976
A.P.A.	(45,378)	11,160	8,831	(11)	(43,060)
Student Forum	2,089	17,558	19,365	(207)	75
A.V. Dept.	761	2,192	2,060	260	1,153
P.C.B.C.	49,291	708	-	-	49,999
Campus improvement	4,746	6,039	384	-	10,401
CFHS Memorial Fund	3,111	425	-	-	3,536
CHAT	100	-	-	(100)	-
Food Bank	1,781	6,443	8,368	1,214	1,070
DECA	511	-	-	-	511
Drug/alcohol prevention	448	-	-	-	448
English resource center	7,392	-	32	(238)	7,122
FBLA	53	-	-	-	53
Food service	174	21	-	-	195
General store	(614)	-	-	-	(614)
Activity tickets/Jr. high	2,303	9,157	180	(12,350)	(1,070)
Jr/Sr prom	(8,728)	8,571	5,464	(100)	(5,721)
Library	12,299	1,883	2,294	125	12,013
FTC	1,618	8,760	2,104	(5)	8,269
Mc Elroy Fund	1,170	9,963	8,471	(542)	2,120
Office education	(1,372)	-	-	(231)	(1,603)
M.R.C.	(96)	119	182	323	164

(continued)

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

Account	Balance Beginning of Year	Revenues and Interfund Transfers	Expen-ditures	Intra-Fund Transfers	Balance End of Year
Pop	15,760	4,887	4,683	(2,937)	13,027
AP textbooks	6,926	250	-	-	7,176
Programs	(3,356)	3,820	-	(230)	234
Revolving	9,716	67,207	79,501	13,968	11,390
Science club	246	-	-	-	246
Faculty	1,353	4,527	5,311	(34)	535
T & I Club	(78)	-	-	-	(78)
Tiger Hi-Line	5,191	-	-	-	5,191
Y.F.U.	2,614	-	-	(1,839)	775
Student forum	6,267	14,737	13,931	956	8,029
Renaissance	122	-	-	(122)	-
Class of 2003	4,492	3,678	7,601	-	569
Class of 2004	691	-	-	-	691
Cancer funds	1,606	-	-	(2)	1,604
Class of 2008	1,550	-	-	-	1,550
Special needs	565	-	-	(13)	552
Tiger bizness	188	6,784	6,161	20	831
PTA	813	-	-	-	813
PTA	33,401	420	-	2,226	36,047
Student council	28,126	29,997	26,478	(2,226)	29,419
Pictures	34,729	18,752	14,278	(200)	39,003
Lego League	9,375	5,885	5,376	675	10,559
Student activities	14,048	5,088	3,342	139	15,933
Special Olympics	1,269	-	-	(66)	1,203
Math club	430	-	-	-	430
Tiger Time	-	646	539	445	552
Magazines	39,487	25,547	23,960	(3,179)	37,895
Student fundraisers club	2,006	-	-	-	2,006
Gym padlocks	421	625	494	-	552
Recycling	5,286	103	-	4	5,393
Alpha	1,662	284	307	-	1,639
Robotics	6,846	87,630	72,466	(130)	21,880
SADD	2,618	473	376	-	2,715
Video yearbook	121	-	-	-	121
Weight room	941	-	941	-	-
Culture Fair	7	-	-	-	7
Trapshooting	1,188	16,875	14,075	-	3,988
Drama clubs	5,304	10,479	7,002	-	8,781
Tech clubs	45	-	-	-	45
Choral/Dramatic	5,730	-	5,780	-	(50)
Echoes concessions	2,083	1,600	1,809	(30)	1,844
Amnesty International	213	-	-	-	213
PATT concessions	5,435	4,537	6,167	(737)	3,068
Brick Fundraiser	5,645	12	-	-	5,657
Art Club	817	561	39	-	1,339
Baseball Booster	702	100	802	-	-
AW	929	-	42	-	887
PLTW	-	92	-	5	97
Rocket Club	-	524	846	350	28
	$ 571,100	$ 1,058,261	$ 1,061,813	$ -	$ 567,548

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Projects Accounts

June 30, 2015

	Capital Projects		
Assets	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Cash, cash equivalents and pooled investments	$ 7,749,152	$ 3,397,069	$ 11,146,221
Receivables:			
Property tax:			
Delinquent	-	19,049	19,049
Succeeding year	-	3,179,493	3,179,493
Accounts	-	-	-
Accrued interest	1,996	-	1,996
Due from other governments	714,743	-	714,743
Total assets	$ 8,465,891	$ 6,595,611	$ 15,061,502
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	$ 13,380	$ 627,641	$ 641,021
Salaries and benefits payable	-	-	-
Total liabilities	13,380	627,641	641,021
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	-	3,179,493	3,179,493
Fund balances:			
Restricted for:			
Debt service	-	-	-
School infrastructure	8,452,511	-	8,452,511
Physical plant and equipment	-	2,788,477	2,788,477
Total fund balances	8,452,511	2,788,477	11,240,988
Total liabilities, deferred inflows of resources and fund balances	$ 8,465,891	$ 6,595,611	$ 15,061,502

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Capital Projects Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	$ -	$ 3,112,727	$ 3,112,727
Other	35,647	59,755	95,402
State sources	4,613,875	55,980	4,669,855
Federal sources	-	-	-
Total revenues	4,649,522	3,228,462	7,877,984
Expenditures:			
Current:			
Instruction:			
Regular instruction	-	134,080	134,080
Special instruction	-	-	-
Other instruction	-	-	-
Support services:			
Student services	-	-	-
Instructional staff services	-	-	-
Administration services	-	54,946	54,946
Operating and maintenance of plant services	-	58,435	58,435
Transportation services	-	365,970	365,970
Other expenditures:			
Facilities acquisition and construction	1,958,675	2,120,495	4,079,170
Long -term debt:			
Interest and other charges	318	-	318
Total expenditures	1,958,993	2,733,926	4,692,919
Excess (deficiency) of revenues over (under) expenditures	2,690,529	494,536	3,185,065
Other financing sources (uses):			
Revenue bonds issued	-	-	-
Revenue bonds issued premium	-	-	-
Proceeds of sale of real estate	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(3,272,274)	-	(3,272,274)
Total other financing sources (uses)	(3,272,274)	-	(3,272,274)
Change in fund balances	(581,745)	494,536	(87,209)
Fund balances beginning of year	9,034,256	2,293,941	11,328,197
Fund balances end of year	$ 8,452,511	$ 2,788,477	$ 11,240,988

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year ended June 30, 2015

Assets	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Cash, cash equivalents and pooled investments	$ 5,805	$ 557,473	$ 547,008	$ 16,270
Due from others	10,199	1,464,583	10,199	1,464,583
Total assets	$ 16,004	$ 2,022,056	$ 557,207	$ 1,480,853
Liabilities				
Accounts payable	$ 8,166	$ 1,463,137	$ 8,166	$ 1,463,137
Due to other funds	765	7,237	765	7,237
Due to others	7,073	551,682	548,276	10,479
Total liabilities	$ 16,004	$ 2,022,056	$ 557,207	$ 1,480,853

See accompanying independent auditors' report.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function

All Governmental Funds

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Local sources:				
Local tax	$ 21,261,265	$ 26,947,506	$ 25,250,148	$ 23,292,769
Tuition	4,490,514	6,327,680	6,215,310	2,517,523
Other	1,803,536	1,747,736	1,745,114	1,574,806
State sources	32,008,518	25,394,763	24,493,545	24,626,293
Federal sources	2,081,670	2,656,205	1,928,685	2,432,186
Total revenues	$ 61,645,503	$ 63,073,890	$ 59,632,802	$ 54,443,577
Expenditures:				
Instruction:				
Regular instruction	$ 24,272,128	$ 24,038,032	$ 21,896,495	$ 21,562,482
Special instruction	7,107,009	6,691,764	6,490,150	6,825,387
Other instruction	6,630,397	7,247,235	8,059,569	4,235,767
Support services:				
Student services	1,523,678	1,691,188	1,264,113	1,117,153
Instructional staff services	1,709,134	1,547,129	1,358,477	1,391,869
Administration services	5,722,790	5,585,773	5,003,083	4,823,745
Operation and maintenance of plant services	4,453,088	4,520,518	3,982,925	3,800,984
Transportation services	1,843,511	1,703,982	1,599,625	1,428,608
Other expenditures:				
Facilities acquisition and construction	4,079,170	10,081,475	10,268,105	8,284,764
Long-term debt:				
Principal	2,220,000	2,235,000	860,000	845,000
Interest and other charges	1,059,159	1,100,464	910,141	990,232
AEA flowthrough	2,132,291	2,052,254	1,929,402	1,925,667
Total expenditures	$ 62,752,355	$ 68,494,814	$ 63,622,085	$ 57,231,658

See accompanying independent auditors' report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
$ 22,492,144	$ 22,318,784	$ 21,484,048	$ 19,327,239	$ 18,191,684	$ 17,768,871
2,308,568	2,153,596	1,963,269	2,138,692	2,331,925	1,921,414
1,621,478	1,878,786	1,749,316	2,086,376	2,414,261	1,855,625
21,450,797	17,994,493	20,934,389	19,951,468	18,280,648	17,610,943
2,301,223	4,581,606	1,495,445	1,085,547	1,038,884	1,078,199
$ 50,174,210	$ 48,927,265	$ 47,626,467	$ 44,589,322	$ 42,257,402	$ 40,235,052
$ 19,480,531	$ 18,736,430	$ 17,780,433	$ 16,609,178	$ 16,382,335	$ 15,270,446
6,558,307	6,247,935	5,673,623	5,495,881	5,067,331	4,720,786
4,127,564	3,743,650	4,117,251	3,508,710	2,812,842	3,039,278
1,215,980	1,169,510	1,144,030	1,088,585	1,098,064	1,078,517
1,353,387	1,333,883	1,300,243	1,212,844	1,275,388	1,254,972
4,495,179	4,274,983	3,993,170	3,796,461	3,620,974	3,386,839
3,552,168	3,708,966	3,360,535	3,327,109	3,213,667	3,025,461
1,109,410	1,469,613	1,363,560	983,877	852,118	903,632
8,215,722	14,636,512	4,416,650	2,941,763	3,367,014	9,991,694
10,000,000	-	-	5,000,000	-	-
358,845	265,400	132,700	175,400	175,400	116,867
1,952,999	1,875,964	1,595,539	1,477,405	1,373,489	1,296,035
$ 62,420,092	$ 57,462,846	$ 44,877,734	$ 45,617,213	$ 39,238,622	$ 44,084,527

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Grantor/Program	CFDA Number	Grant Number	Program Expenditures
Direct:			
U.S. Department of Education:			
Carol M. White Physical Education Program (PEP)	84.215F	FY14	$ 422,620
Total U.S. Department of Education			422,620
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY14	96,269
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY14	85,586
National School Lunch Program	10.555	FY14	630,759
			716,345
Total U.S. Department of Agriculture			812,614
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Education Agencies	84.010	FY14	344,193
Vocational Education - Basic Grants to States	84.048A	FY14	29,096
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	FY14	38,916
Advanced Placement Program	84.330	FY14	-
English Language Acquisition Grants	84.365	FY14	4,559
Improving Teacher Quality State Grants	84.367	FY14	150,540
Grants for State Assessments and Related Activities	84.369	FY14	25,860
Area Education Agency 267:			
Special Education - Grants to States (IDEA)	84.027	FY14	227,533
Total U.S. Department of Education			820,697
U.S. Department of Health & Human Services:			
Tri-County Child & Family Development Council, Inc.:			
Head Start	93.600	FY14	106,869
Total U.S. Department of Health & Human Services			106,869
Total Expenditures of Federal Awards			$ 2,162,800

(continued)

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Grantor/Program	CFDA Number	Grant Number	Program Expenditures

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cedar Falls 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 auditors' report.

Internal Controls and Compliance

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Independent Auditors' 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
Cedar Falls Community School District

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Cedar Falls 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 January 15, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cedar Falls 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 other matters which 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 statues.

Cedar Falls Community School District's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an internal 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 Cedar Falls 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.

Carney, Alexander, Marold & Co., L.L.P.

Waterloo, Iowa
January 15, 2016

CARNEY,
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Independent Auditors' 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
Cedar Falls Community School District

Report on Compliance for Each Major Federal Program

We have audited Cedar Falls Community School District's compliance 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 Cedar Falls Community School District's major federal programs for the year ended June 30, 2015. Cedar Falls 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Cedar Falls 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 Cedar Falls 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 program. However, our audit does not provide a legal determination of Cedar Falls Community School District's compliance.

Members of American Institute of Certified Public Accountants

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of Cedar Falls 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 of compliance, we considered Cedar Falls Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Cedar Falls Community School District's internal control over compliance.

A deficiency in 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 a 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.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

Purpose of this Report

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.

Carney, Alexander, Marold & Co., L.L.P.

Waterloo, Iowa
January 15, 2016

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part I: Summary of the Independent Auditors' Results

(a) Unmodified opinions were issued on the financial statements.

(b) The audit did not disclose any significant deficiencies in internal control over financial reporting.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) The audit did not disclose any significant deficiencies in internal control over major programs.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit did not disclose any findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) Major programs were as follows:

Clustered Programs:	
CFDA Number 10.553	School Breakfast Program
CFDA Number 10.555	National School Lunch Program
CFDA Number 84.010	Title I Grants to Local Educational Agencies

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Cedar Falls Community School District did qualify as a low-risk auditee.

CEDAR FALLS 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:

No matters were noted.

CEDAR FALLS 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:

No matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-15 Certified Budget - Expenditures for the year ended June 30, 2015 did not exceed the amended certified budget amounts.

IV-B-15 Questionable Disbursements - We noted no disbursements that 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 - We noted no business transactions between the District and District officials or employees.

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 had not been approved by the Board.

IV-G-15 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Iowa Department of Education.

IV-H-15 Supplementary Weighting - We noted no variances regarding the supplementary weighting certified to the Iowa Department of Education.

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 and Services Tax - No instances of non-compliance with the use of the statewide sales and services 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.

Part IV: Other Findings Related to Required Statutory Reporting (continued):

For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		$ 9,034,256
Revenues/transfers in:		
Sales tax revenues	$ 4,613,875	
Other local revenues	35,647	
Sale of long-term debt	-	4,649,522
		13.683.778
Expenditures/transfers out		
School infrastructure construction	1,958,675	
Other	318	
Transfers to other funds:		
Debt service fund	3,272,274	5,231,267
Ending balance		$ 8,452,511

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.

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Audit Staff

This audit was performed by:

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